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**PROCEEDINGS
OF
THE INDIAN LEGISLATIVE COUNCIL**

ASSEMBLED FOR THE PURPOSE OF MAKING

LAWS AND REGULATIONS

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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. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Wednesday, the 10th March, 1920.

PRESENT :

The Hon'ble SIR GEORGE LOWNDES, K.C., K.C.S.I., Vice-President, *presiding*,
and 60 Members, of whom 58 were Additional Members.

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

The Hon'ble Sir George Barnes :—" Sir, I beg to introduce the 11-3 A.M.
following heads of the Financial Statement for 1920-21 :—

REVENUE.	EXPENDITURE.
Salt.	Salt.
Excise.	Excise.
Posts and Telegraphs.	Customs.
Stationery and Printing.	Posts and Telegraphs.
State Railways.	Stationery and Printing.
Subsidised Companies.	Protective Works, Railways.
	Subsidised Companies.
	Miscellaneous Railway Expenditure.
	Capital Outlay on State Railways.

" I shall adopt the procedure, which has been usually followed, of leaving it to the President of the Railway Board to deal with the subject of Railways. I must, however, add a word of explanation with regard to two of the subjects in the list I have just read out. I notice, in reading through the proceedings of last year, that my Hon'ble friend Sir Thomas Holland said that the only serious difference of opinion that ever occurred between us arose regarding our competing claims for relief from work, in which competition he said that he mourned my success. In one respect he has this year succeeded in turning the tables upon me, for, as you will see, he has used his well-known

[*Sir George Barnes.*] [10TH MARCH, 1920.]

powers of persuasion to induce me to introduce two heads of the Financial Statement, *viz.*, Salt and Stationery and Printing, for which he has just become responsible as part of the new Department of Industries. He would, I know, be able to place the case before you with more lucid and picturesque power of expression than I am able to command. Hon'ble Members will, I am sure, look forward to hearing him on the subject next year.

"I will turn first to the head of Posts and Telegraphs. The estimated revenue for next year in pounds sterling converted at Rs. 15 for the pound is £6,050,300 and the estimated expenditure £5,665,900, leaving a surplus of only £384,400. This compares with the estimated surplus of £1,210,500 for the current year. The great reduction in the surplus is largely due to the increases which have been given, and I think rightly given, to the staff of the Post and Telegraph Service.

"We are still working under difficulties. We are short of skilled men and short of material. Many of the officers and men deputed to overseas expeditionary forces returned to India during the year, but we had again to lend a considerable number of them for field service on the North-West Frontier. We are also still short of material, for the supply of stores from abroad has not kept pace with the high requirements of the Department which are necessarily abnormal after several years of the strictest economy. We are, however, hopeful of making up part of our deficiency in this country. Attempts are being made to manufacture telegraph material as quickly as possible in the departmental workshop at Alipore, and orders are being placed with the firms in India wherever there is a power to manufacture.

"As you are aware, the inland telegraph rates had to be increased in 1918 in order to relieve the congestion of traffic. This increase was made with great regret, but there was no other course open to us. As soon however as it becomes possible, there is every intention of reducing the telegraph rates. We are still suffering from the effects of the war, and are unable to get all the apparatus that we need, and the efficiency of the high speed telegraph instruments has steadily deteriorated during the last few years owing to the lack of renewals and spares. The position, however, is improving and I hope that very soon the improvement will become more rapid. As soon as we can get supplies of copper wire, there is without doubt a great field in this country for long distance telephones. We have made a substantial beginning with entire success. The Delhi-Lahore trunk telephone has been extended to Rawalpindi and Peshawar, and speech from Simla to Rawalpindi has proved to be as clear on the telephone as from one part of Simla to another. A new trunk line has been erected between Lucknow and Allahabad, and two trunk lines have been erected between Bombay and Poona. We have other long distance telephones under construction, and provision has been made in the budget for the coming year for considerable expenditure in this respect.

"With the object of further increasing our means of communication, the development of wireless telegraphy on a commercial basis has now been seriously taken in hand. A special branch with a Director in charge is being organised for wireless work, and experts have arrived from England to study the conditions of India with a view to solving the problem of atmospheric disturbances which are the chief cause in this country of interruptions in wireless communications.

"Mr. Crum mentioned in his speech the question of the charges on foreign telegrams. The Government realise to the full the great importance to Indian trade of a reduction in telegraph rates to foreign countries, and as from March 1st the rate to Europe has been reduced from Rs. 1-4-0 to Re. 1-0-0 per word. This is the result of the rise in exchange. In some respects India gains by the rise in exchange and in other respects she loses, but she gains more than she loses, and hence a reduction has become possible. At the end of three months, under Article 27 of the International Telegraph Convention, the rate of Re. 1 will be again revised in the light of the rates of exchange ruling during the three months, and a further reduction may then be possible. It is obvious of course that I cannot prophesy as to this.

[10TH MARCH, 1920.] [Sir George Barnes.]

"I cannot leave the subject of the Posts and Telegraph Department without some words about the pay of the subordinate staff. In order to meet the increased cost of living, very substantial revisions of pay have been made during the current year. The most important of these took effect on the 1st of February last, and involves an annual recurring cost of about Rs. 20 lakhs in improving the pay of the subordinate clerical staff. At the present moment, a Committee is sitting, composed of officials and non-officials and members of the staff, to examine the question of the pay and conditions of service of the staff in departmental telegraph offices.

"A general scheme of time-scale of pay for all other classes of the subordinate staff is being prepared by the Director General, and you will hear the figures in greater detail from him at a later stage. While, on the one hand, Government are bound to exercise economy in the interests of the general taxpayer, it is, on the other hand, obviously the duty of Government to be a good employer and to pay wages to the persons in its service sufficient to maintain an adequate standard of comfort, and our efforts will always be directed to this end.

"In passing from the subject of Posts and Telegraphs, I should like to say just a word on a somewhat kindred subject, *viz.*, Aviation. A short time ago, as you all know, we organised a mail service by aeroplane between Bombay and Karachi in connection with the incoming and outgoing mail steamers at Bombay. Many people may smile at this experiment when they read the accounts in the press of the weight of mails carried. I fully admit that financially the experiment has not been successful. Nobody ever expected it would be. I wish to say, however, that the object of this experiment was by no means merely to test the amount of support which the public are likely to give to an aerial mail service. Probably an experiment between other centres, if it could have been arranged, would have been more useful from this point of view. But the service was established partly also as an experiment to test the reliability of the aeroplane for the carriage of mails, and still more to gain accurate knowledge as to the cost of maintaining such a service. Instructions were given to keep detailed accounts of the cost, and when these are available the experiment will have proved of some importance and value. Many of us may possibly have doubts whether commercial aviation will for some time be a paying proposition. I am inclined myself to the view, that as far as the carriage of mails is concerned, this will probably be unremunerative until at any rate we have a through connection by air with the United Kingdom. Possibly such a scheme is nearer realisation than many of us anticipate. I do not want to trench upon what is perhaps technically the domain of my Hon'ble friend Sir Claude Hill, but you will notice that a provision of Rs. 5 lakhs has been made under 'Scientific and Miscellaneous Departments' for the development of Civil Aviation, and I should like just to say a word on what we are doing. We are at present carrying out, through the medium of Royal Air Force officers, a survey of the primary air routes between important commercial centres. These officers will report on the provision required in the way of aerodromes and emergency landing grounds to serve these routes. Meanwhile we are taking steps to establish permanent Government aerodromes at Calcutta and Rangoon, and others no doubt will follow. I hope that before long we may be able to obtain from England an experienced officer as Director of Civil Aviation to organise and direct the machinery necessary for the control and development of Civil Aviation in this country.

"Turning to Excise, there is very little to be said. The receipts from Excise again show an increase, due, as the explanatory memorandum points out, to the result of higher wages earned by the labouring population, speculative biddings at auction sales, and to a minor degree to enhancement of duties.

"With regard to Customs, there is little to be said except to give you the figures, which, I think, you will consider to be quite satisfactory. Our import duties for the year 1917-18 brought in a revenue of just under 12 crores of rupees. For 1918-19 the revenue was 12½ crores of rupees. The revised estimate for 1919-20 is 15½ crores of rupees, and the budget estimate for 1920-21 is nearly 16½ crores.

[*Sir George Barnes.*] [10TH MARCH, 1920.]

"Turning to export duties, the revenue was in round figures Rs. 3,32,00,000 for the year 1917-18 and Rs. 3,69,00,000 for the year 1918-19. The revised estimate for 1919-20 is Rs. 5 crores and the budget estimate for 1920-21 is Rs. 6,68,00,000. This progressive rise in the Customs revenue, both with regard to import and export duties, is of course largely due to the great increase in prices, and the present budget estimate of export duties is swollen by the expected revenue from the export duty on hides and skins. The values of exports of Indian merchandise for the calendar year 1919 compared with the previous year for the most part show large increases both with regard to raw materials and manufactured articles. In the latter case, cotton twist and yarn exported show an increase of nearly £7 million. Tanned hides show an increase of £2 million in value, and tanned skins an increase of £3,900,000. In order to arrive at these figures rupees have been converted into sterling at the old ratio of Rs. 15 to the pound.

"Now I turn to Stationery and Printing. The control of Stationery and Printing will, as I have said, in future rest with the new Board of Industries and Munitions, and I only wish to say that, as in the case of other Departments, we are faced with growing expenditure in increased pay to the staff. The pay of the establishment employed in Government Printing Presses will come under examination by the Controller of Printing, and in the meanwhile, temporary allowances to the lower paid employes, which were given during the war, have been increased all round. The work of Government printing is carried on under very great stress, and I think the good work done, so far as Delhi and Simla are concerned, is apparent to every Member of this Council. I think we may all acknowledge that the printing of papers relevant to the business of this Council is done with commendable despatch and accuracy. The heavy work which is done at the Central establishment at Calcutta also deserves commendation. I only wish to conclude my remarks under this head, as this is the last occasion on which I shall have the opportunity of dealing with the subject, by saying that I fully recognise the greatly-increased burden of work and responsibilities which the war has thrown upon the Department, and have been much impressed by the zeal and energy with which the Controller and his Department have surmounted the difficulties with which they have been faced.

"I might well repeat these remarks with regard to the Commissioner, Northern India Salt Revenue, and the Department under his charge.

"The problems to which the supplies of salt during the war have given rise have been of an anxious and difficult nature. We were faced throughout with the deficiency of supplies of imported salt, and, to meet this, every possible effort has been made to stimulate local production at the Khewra mines, at Sambhar and elsewhere. These efforts have never been relaxed, and India is now in a greater measure self-supporting with regard to salt than she was before the war. I may give the Council a few figures, I will not weary them with many. The output of salt in India during the year 1915-16 amounted to 361 lakhs of maunds, and the output of salt during the year 1918-19 amounted to 520 lakhs of maunds. And if we turn to the figures relating to imports, we find that—

in 1914	the amount imported was	562,000 tons.
" 1915	it was	519,000 tons.
" 1916	"	446,000 "
" 1917	"	341,000 "
" 1918	"	388,000 "
" 1919	"	481,000 "

So that in the last year we have imported substantially less than we did before the war, and in the meanwhile the internal production has gone up.

"Although it is true that the record figures of output from the Northern India Salt sources, which were reached in 1918-19, as a result mainly of the copious supply of brine available in the Sambhar Lake after the excessive rains of 1917, will not be approached in the current year, the results have

[10TH MARCH, 1920.] [Sir George Barnes; Sir Arthur Anderson.]

nevertheless been good. The output up to the 31st January, which is the latest date up to which I have complete figures, was 91 lakhs of maunds, and another 20 lakhs may be expected during February and March. I only wish to conclude by saying that the work of the Department has been exceptionally heavy and difficult during all these last few years, and I wish now that I am handing over charge of the Department to Sir Thomas Holland, to give ungrudging praise to the way in which all ranks from the Commissioner downwards have laboured, sometimes at the sacrifice of health, to meet their responsibilities.

"Now, Sir, I have finished, for I propose to ask Sir Arthur Anderson to deal with the heads relating to Railways, but before I sit down I must remind Members of this Council that when we meet in Simla we shall no longer count among our number Sir Arthur Anderson and Mr. Ley. Sir Arthur Anderson, I am sorry to say, leaves India for good. The Railway Board will be poorer by his departure, and I shall lose a very steady and wise adviser. Mr. Ley and I have worked together the whole time that I have been in India, and it is difficult to tell you how much I owe to him. I can, however, say with truth that it is largely due to his industry, skill and good counsel that we have come through the troubled waters of the last few years."

The Hon'ble Sir Arthur Anderson:—"In the statement which 11-28 A.M.
I made just a year ago I referred to the difficulties which railways had been labouring under during the war years. These difficulties have not materially lessened in the interval which has since elapsed. Owing to the transition from war to peace work, and to the unrestful condition of labour in England, we have been disappointed in the delivery of many of the orders placed there, and though materials and equipment have been arriving in this country, they have not done so to the extent anticipated. Railways have therefore continued to work under great disabilities, and it must of necessity be some little time yet before much of the new equipment can be brought into use and make itself felt. Deliveries will probably be freely made in the early months of the new financial year, and these supplemented by the new orders which we have been enabled to place against the provision which the Hon'ble the Finance Member has found himself in a position to make for the coming year, will, it is hoped, prevent any interruption occurring in the work of restoration. A marked improvement in the services which railways render should therefore be evident in the near future.

"It will perhaps be of interest to the Council if I give a few figures based on the latest information available to show the present position in regard to the vital matter of rolling stock.

"First as regards engines.—We had under order for this year a total of 619 engines broad and metre gauge. Of these, we anticipate that only 158 will arrive and the balance of 461 will therefore form a liability against next year. In addition to this we are placing orders for 262 more, so that we shall have 723 under order with a reasonable expectation of receiving the large majority during the year.

"In regard to goods stock we had 17,023 wagons under order in this year of which we expect to receive the materials for 11,753. The balance of 5270 supplemented by 8,376 further orders make our provision for next year 18,646. These further orders include 3,000 wagons to be built in this country. If deliveries in this respect come up to expectations, a very sensible relief in the present difficult position should be secured.

"In regard to coaching vehicles the figures are naturally more modest. We had under order 1,167, of which only 303 are expected to be delivered, and we have ordered a further 594 against next year. Taking into account the balance of the current year we shall therefore have a total of 1,458 under supply next year.

"In regard to this question of rolling stock the fact must not be lost sight of that until India has reached the stage of manufacturing wheels, axles, brake-gear and other component parts, our efforts at improvement are dependent upon

[*Sir Arthur Anderson,*] [10TH MARCH, 1920.]

English supplies, and while the present world demand lasts and labour troubles continue, this is, as shown by this year's experience, a very uncertain factor.

"The unexpected failure of English supplies has had the effect of heavily increasing our net Indian Capital liabilities by the reduction in credits for issues of revenue stores. After allowing for expenditure on special works necessitated by the movement of troops on the frontier, the Indian expenditure (excluding credits obtained for the sale of stores to the Military Department which amounted to 68.03 lakhs) was higher by 342.89 lakhs, and a transfer of grant to this extent from England to India was in consequence effected.

"The value of local purchases is estimated at 1725.31 lakhs which is nearly 7½ crores greater than the purchases in the last year before the war.

"Our Revenue Budget estimate of traffic receipts for the current year provided for an increase of Rs. 3,77.39 lakhs compared with 1918-19 actuals. It was based on the assumption that consequent on the termination of hostilities the trade of the country would greatly expand. According to the latest estimate the earnings will exceed those of 1918-19 by Rs. 3,02.39 lakhs. The comparatively small decrease of Rs. 75 lakhs as compared with the budget estimate, is in a large measure due to the disturbances in the Punjab and consequent restrictions imposed on traffic.

"The saving in working expenses, which amounted to Rs. 1.20 lakhs is mainly attributable to gain by exchange on English stores issued on revenue account.

"The funds allotted for railway purposes in the coming year, *viz.*, Rs. 21,97.64 which would have been equivalent to Rs. 31,72.13 had the old rate of exchange continued, are again record figures, and I congratulate the Hon'ble Mr. Hailey on the effort he has made. The demands made upon railways are ever increasing, and so long as the scarcity of shipping between local ports continues, congestion is bound to occur. Inconvenience will still therefore require to be put up with, but with the increased provision of funds at our disposal the capacity of the Railways will steadily increase and the worst may, I hope, be regarded as over.

"The large English grant provided for next year is in some degree the result of the failure of supplies in 1919-20, provision being necessary to meet liabilities thrown forward. Apart from this special feature our budget has been designed in the first place to provide, as far as possible, for the improvement of traffic facilities, such as the doubling of main tracks, extensions of yards, sidings, station accommodation, etc., which have been unavoidably deferred during the war, and are now urgently required to meet a rapidly expanding trade.

"The figures adopted for receipts are Rs. 4.75 lakhs more than the revised estimate of 1919-20. It is expected that the traffic will show considerable expansion next year owing to the favourable agricultural prospect and to the development of the trade of the country.

"The budget of working expenses shows an increase of Rs. 4.86 lakhs over the current year's revised estimate due mainly to a larger programme of renewals of Permanent-way and rolling stock, to additional expenditure to meet the increased traffic, and for increased establishment charges. The increase would have been greater but for the fact that the value of English stores issued to revenue is taken at a higher rate of exchange than in the current year.

"The provision for programme revenue during the next year is placed at Rs. 10.75 lakhs against Rs. 9.75 lakhs in the current year's budget estimate.

"It will help the Council to some realisation of the increasing demands made on railways if I quote a few figures. In the pre-war year 1913-14 the freight ton mileage of goods traffic was approximately 15,623 millions. In 1918-19 the figure was 22,140 millions, an increase of 42 per cent. For coal alone the ton mileage increased during the same period from 5,203 millions to 9,987 millions or by 92 per cent. When it is remembered that these enormous increases had to be dealt with by a depleted staff and a rapidly deteriorating stock, and that additions and replacements were impossible, railways may, I

[10TH MARCH, 1920.]

[Sir Arthur Anderson.]

consider, justly congratulate themselves on the manner in which they have met the call made on them.

"The increasing consumption of coal and its continued dependence on rail carriage is one of the chief difficulties presenting itself at the present time. The development of the principal coal carrying lines to meet this evergrowing trade is receiving the closest attention, and, in addition, Government have taken steps to open out the Sor coal-field near Quetta with a view to meeting requirements of the North-Western Railway as far as possible from that source.

"In common with other local industries, railways have not been free from labour troubles during the year which has passed, but though there have been partial interruptions of work occasioning a certain amount of dislocation, railway men generally may be congratulated on the sound common sense they have shown in representing in a regular manner the economic disabilities they regard themselves to be labouring under. Railway administrations have in their turn recognised legitimate claims by the revision of scales of pay from time to time as occasion arose. The enhanced cost resulting therefrom has increased the wages bill by nearly 4 crores of rupees per annum over what it would have stood at had the old scales of pay remained in force. The Hon'ble Mr. Crum during the earlier stage of this debate said he would like to be informed as to the percentages of increase in working costs. For his information I may say that, assuming his inquiry relates to the current year, ordinary expenses are estimated to cost about 17 per cent., Fuel 11½ per cent. and Renewals and replacements about 150 per cent. over those of 1918-19. These substantial increases in the cost of working our railways have compelled us reluctantly to slightly revise some of our rates on commodities which can best bear an increase. The most important change is in coal freights which are being enhanced by from 5 per cent. to 7½ per cent. This may be compared with the increase of coal rates in England where they have gone up by 25 per cent, while other merchandise traffic there has had freights enhanced practically all round by from 50 per cent. to 60 per cent. Generally speaking, railway administrations are averse to raising rates and fares, but with the constant and growing increase in operating expenses, there has been no option left to them but to follow in a modified form the lead set by every other industry in the country.

"During the discussion which took place two days ago Hon'ble Members laid stress on the shortcomings both in the accommodation provided in passenger trains and in their number. As they are aware a very considerable curtailment of passenger services occurred during the war, but I stated last year that Government would use their best endeavours to restore the services to their former level at the earliest possible date. I am pleased to be able to say that considerable progress has been made in this direction, as during the past year the passenger train mileage has increased by over 36,000 miles daily.

"Steps are also being taken to improve the type of 3rd class carriages on long distance trains. In the improved type already introduced on one of the principal railways considerably more room is provided for passengers than is the case in the existing type, while improvements in other directions have also been effected.

"Hon'ble Members are aware that of recent years new construction has practically been at a standstill. It will be a satisfaction to them to learn that we can look forward to making a beginning during the coming year with some lines which have for long had to be held in abeyance. It will not be possible even now to secure a full measure of materials required to push work forward in an energetic manner, and in any case our first concern must be to bring existing lines to a satisfactory standard before hampering them with new traffic arising from an increased open mileage. In our Budget for the coming year we have provided a sum of 94.50 lakhs for new projects and 84.75 lakhs for the purpose of carrying to completion works already in progress. In this connection we have not been blind to the urgent calls which have come from Bombay and from Calcutta for the improvement of suburban train services

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PAY AND PROSPECTS OF THE POSTAL DEPARTMENT
AND APPOINTMENT OF COMMITTEE TO INQUIRE INTO
GRIEVANCES.

[*Sir Arthur Anderson; Mr. G. S. Khaparde; Mr. V. J. Patel; The Vice-President.*] [10TH MARCH, 1920.]

arising out of housing difficulties. A committee representing local interests presided over by a Member of the Railway Board is now inquiring as to the best means of meeting Calcutta's requirements, while in Bombay where increased facilities are even more urgently required, considerable progress has been made towards bringing the electrification of local railways serving suburban areas into being. Sufficient funds to secure a good start being made with the work have been arranged for.

"Another class of work which invites early attention is that of the restoration of lines dismantled in order to transfer the materials obtained from them to war areas. Funds have been provided for this work being taken up during the coming year, and it will be pushed forward as quickly as materials are obtainable. The lines which it is proposed to take in hand are the Guntur-Tenali, the Bhagalpur-Bausi, the Hyderabad-Badin and the Dhakia-Sambhal.

"The Hon'ble Mr. Crum has expressed himself as not quite satisfied with the reply I gave to his question relating to the proposed new bridge over the Hooghly. It is manifestly impossible for me to give an undertaking that a work for which the preliminary investigations are not yet complete, will be put in hand at once. The original designs did not prove acceptable to all interests concerned in that the technical officers of the Port Commissioners recommended modification with a view to reducing obstruction to the waterway. These are now under consideration by the Bengal Government. All I can therefore say is that the work has been accepted in principle, and that, though I shall not be here to take a hand in it, I hope no time will be lost in making a start as soon as the necessary preliminaries have been completed."

**RESOLUTIONS *RE* PAY AND PROSPECTS OF THE
POSTAL DEPARTMENT AND APPOINTMENT OF
COMMITTEE TO INQUIRE INTO GRIEVANCES.**

11-40 A.M.

The Hon'ble Mr. G. S. Khaparde:—"I ask your permission, Sir, to move resolution No. 13, before moving resolution No. 12, on the list. My remarks will apply to both resolutions, and I beg you will put No. 13 first and No. 12 next."

The Hon'ble Mr. V. J. Patel:—"Will it not be convenient, Sir, if we take Nos. 12, 13 and 14 all together, because they relate to the same subject?"

The Vice-President:—"As the Hon'ble Members like. Mr. Khaparde will speak once and Mr. Patel will speak once, but both will have the right of reply. Is that satisfactory?"

The Hon'ble Mr. G. S. Khaparde:—"Quite, Sir. The resolution which I have to move runs as follows:—

*"This Council recommends to the Governor General in Council that the grant under the head 'Posts and Telegraphs' in the budget estimates for 1920-21 be increased by twenty-five lakhs of rupees to provide for the betterment of the pay and prospects of the clerical and telephone establishments of the Postal Department."

"The next resolution I have to move reads as follows:—

†"This Council recommends to the Governor General in Council that the grant under the sub-head 'Special Commissions of Enquiry' of the major head 'Miscellaneous' be increased by Rs25,000 to meet the expenses of a committee to inquire into the grievances of the clerical and telephone establishments of the Postal Department."

RESOLUTIONS *RE* PAY AND PROSPECTS OF THE POSTAL 1229
DEPARTMENT AND APPOINTMENT OF COMMITTEE TO
INQUIRE INTO GRIEVANCES.

[10TH MARCH, 1920.] [Hon'ble Mr. G. S. Khaparde.]

As a preliminary to the observations which I wish to make, I request that I may be believed when I say that my object in moving these resolutions is not really to say that the people in other departments get more than they ought to. They probably get what they deserve. My position is that the postal subordinates really ought to get more. It is not that I want others to get less, but I want the Postal Department to get more and possibly get as much as the other departments do, and that is my position. So in instituting comparisons which are always rather unpleasant, but all the same they have to be brought in if the position is to be established, I hope I may not be misunderstood. Now, that there are grievances under which postal subordinates labour I believe there is no doubt. Many Hon'ble Members here have received numerous telegrams, and I have received so many of them that for two nights I could not sleep; every few minutes a telegraph man would be at the door knocking to wake me up to receive a telegram; and I have brought them all here. I could make quite a good show as if I were a very busy man indeed, because I think they would easily go beyond a few hundreds. But, these telegraphic messages are genuine. That is why I say that these grievances of these postal subordinates are real and very real as I shall presently explain. Council will remember that the present department, Posts and Telegraphs, was formerly two different departments, namely, Posts under a separate Director General and Telegraphs under a separate Director General. In the year 1913 they were brought under one administration, and one Director General of Posts and Telegraphs has the whole department under him. That department is like this. There is first the Telegraph Department. There are the telegraph people, that is the operators on the telegraph machines. Then there are what are called signal room clerks, that is people who take your money and who take down messages and deal generally with the public, and there is also a class of people called telephone operators attached to the same line. Whereas in the Postal Department there are three branches; in fact it might be called tri-partite. There is a purely postal branch, then there is a subordinate service called the Railway Mail Service. Then there is a combined branch, that is a branch which does postal as well as telegraphic work. If you put them together, the whole department now administered by my Hon'ble friend Mr. Clarke is something partly telephonic, partly telegraphic, and partly postal, and this mixed department which partly deals with telegraphic work and partly with the postal. I dwell upon this difference to some extent because I hope to show that the telegraphic part of this department has been very very fortunate. I do not grudge them their good fortune—I really wish they had more if possible, but they have been very fortunate indeed.

“There are two scales in this department, one is called the general scale and the other is called the local scale. The general scale means that the servants of that department are likely to be transferred from any place to almost any other place in British India, and therefore they get a little more than the local people who are supposed to be confined to their province or to the particular part where they are serving. The general scale people begin with Rs. 75 and can go to Rs. 200, whereas local scale people begin with Rs. 50 and can go to Rs. 130 or Rs. 150. In the case of the postal people, however, before the 18th February, there was what I would call real confusion in different circles because they began with different pay. A circle is a term more or less technical in this department, and roughly corresponds to the different provinces. The Punjab is the Punjab circle, Bengal is the Bengal circle, and so on. It is not quite accurate but it will do for general purposes. So people begin in some circles or some provinces with Rs. 15, in others they begin with Rs. 20 and in some cases they begin with Rs. 30. Now that was a difficult thing with people of the same department, because they served in different provinces they began with this small pay. Then there is no general or local scale as there is in the telegraphic department. Further difficulties arose in that respect when the pay of these postal people were very

1330 RESOLUTIONS *RE* PAY AND PROSPECTS OF THE POSTAL DEPARTMENT AND APPOINTMENT OF COMMITTEE TO INQUIRE INTO GRIEVANCES.

[*Mr. G. S. Khaparde.*] [10TH MARCH, 1920.]

much lower than the pay of the other departments of the Government. For that purpose I have just compiled a little memorandum to show how the situation is, and I will take Delhi itself. Under the memorandum, which was issued on the 18th February, these inequalities in different circles have to a great extent been removed and everyone in the postal department begins with Rs. 30, whereas the clerks in the Chief Commissioner's office begin with Rs. 35 and by yearly increments go higher. The people in the Chief Engineer's Office begin with Rs. 40 and the Postal Audit Office, which is in the same department begin with Rs. 40. The clerks in the Controller's Office begin with Rs. 50, whereas the telegraphists on the general scale begin with Rs. 75. So the unfortunate postal clerk appears to draw the least as he only draws Rs. 30 and people of nearly the same education, and having less work to do, draw higher pay. Then there is a further difficulty in this case, that is to say, that these inequalities between one branch of a department and another branch of a department because they are all lower paid in comparison with other departments similarly situated in the same place. This circular No. 83 of the 18th February, that is only a few days ago, has removed to some extent these inequalities in the postal department. Then there used to be a complaint about the time-scale. I did not quite understand the meaning of time-scale before, but I have studied it and I find that time-scale means that people rise automatically and get an increase every year which is a sort of an annual increment.

"Formerly the system in vogue in the postal department used to be called the grade system, which means that people would get, say, Rs. 50 in one grade, Rs. 60 in another grade and so on, and promotion was given from one grade to another which meant that the senior man in the lower grade had to wait until there was a vacancy in the higher, and under this arrangement promotions were very uncertain and sometimes new people were appointed to the department which meant so much loss to the people placed below.

"The time-scale service has this advantage, that everybody begins and receives increases automatically, and there is no complaint on that ground at any rate. It is more economical also, because a person retiring on Rs. 500 may not necessarily be succeeded by a person drawing Rs. 500, and another person may be appointed whose pay is on the time-scale basis and he may not be drawing Rs. 500. I am glad to say that these advantages have been recognised and endeavour is being made now to give them the time scale. I myself think the scale begins too low and it may be said that this circular letter of the 18th February last really equalises all this and that there is no grievance, but I humbly submit that this is not so. The grievances are still there. The circular letter deals only with people who draw pay up to Rs. 100, it does not deal with menials, nor does it deal with the higher portions of the service. In dealing with the smaller portion of the service it makes a sort of an ominous kind of statement, it is, 'The revision noted above will have effect from the 1st February 1920.' I have got another paper which shews that this grievance has been brought to notice from a long time. It says the scheme is a large one—that was written on the 19th December 1919 by the Postmaster General—

'I have seen a number of telegrams and representations from the staff asking for a revision of their pay. This gives the impression that nothing has been done. That is not the case. The question was taken up by the Director General early in the year and his proposals were placed before the Government of India and the scheme is now before the Secretary of State. It is hoped that his decision will be received by the end of the current month and that the new scale of pay will have retrospective effect'

which I take to mean that the new scale when it is sanctioned will date back to the 1st April, 1919. If I am wrong I hope I will be corrected. Even supposing these people are contented with the scale, and I do not think they are, because it is a very limited scale, they stand to lose nearly a year's

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increment. Then this mode of introducing it is harmful in another direction and that is that it is made applicable to people who join the department now. But what about the case of people who have served for 20 and 25 years? All this time they have been kept out of their dues. How is their case to be met? Are they to retire on the old scale of pay with no increment at all? To my mind, it does not appear that this circular meets the case of these people.

“Then, again, it was announced yesterday by the Hon'ble Mr. Hailey, that 23 lakhs of rupees have been provided for the revision of the salaries of these people. If I heard it rightly, Sir, I do not quite understand whether that sum of R23 lakhs has already been provided for in the Budget, or that a grant of 23 lakhs of rupees has been made in excess of what is provided for in the Budget. If it is the former, that is to say, if it is included in the Budget, then my resolution is safe, because I ask the Government to increase the grant that has been made under that head. If it is extra, that is to say, if it is beyond the Budget, still I say it is merely a palliative, and it does not really remove the grievance root and branch and the palliative may be good for the time being, but in order to have an element of finality in the matter or almost an element of fixity in the matter, we will have to put them on a proper and satisfactory footing by which these people may be contented. A large service and a discontented service is not a blessing. I should prefer to make them feel that they are fairly treated, and so whether that amount of 23 lakhs of rupees is already included or it is made in excess of the Budget, is immaterial, and I submit that my resolution stands by itself and requires inquiring into.

“I made a calculation roughly, because generally I make mistakes in my calculations, and arrived at the figure of 80 lakhs, but I thought that if I mentioned 80 lakhs nobody would care to look at my proposition, so I reduced the figure to 25 thousand rupees, but here I would ask the Council not to think that it is a figure which was arrived at as a result of careful calculation. It is the result of a little bit of timidity on my part and also a little bit of prudence, because being a smaller figure you may care to notice it and if it was a large figure you may be scared away and not care to take notice of it. But to put the postal subordinates on the same level in their own department as the telegraph staff in the same department, it would require, according to my calculation, about 80 lakhs of rupees. My calculation would be admittedly very rough, and being a bad calculator, it is likely to be wrong, but anyhow it is somewhere near the figure that I have suggested that would have to be provided for. Why do I refer to the Telegraph Department and to the Postal Department in the way I do? First because I feel they are part of the same department; next because, as I shall show presently, the educational qualifications required of these people are very nearly the same; only in the case of telegraph people they have to study signalling or telegraphy, while, in the case of the postal establishment, they are expected to deal with a large number of branches. So I believe while there is need for special training on the one side there is necessity for the postal staff to get acquainted with the work of various branches. That balances the whole thing, and therefore, I think, both the Telegraph as well as the Postal establishments should start on the same pay and be eligible for the same promotions. For that purpose I have compiled a table to see how things go on. In the case of telegraphists, as I explained, there is a general and a local branch. The general scale man begins with R75, whereas even with the improved conditions under the circular No. 88 of 1920, the postal clerks start only on R30, and this is the difference about which I shall speak presently. I will first of all compare their pay. In the case of the telegraphists they start on R50 or R75; then they get annual increments and also over-time allowance, that is to say, if they work beyond the 8 hours fixed for them in the ordinary course they get something extra. Then they also get what is called pie-money. That is a technical term, and pie-money is given as a sort of reward for superior efficiency. They are supposed to send a certain number of telegrams within a specified time, and if they manage to send more within that time, then they get a certain percentage

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of their earnings and that is called pie-money. This is so far as the telegraphists are concerned. Now let us see how the pay of the postal clerks compares with the pay of the telegraphists. The postal people begin on Rs30, but they do not get any over-time or pie-money.

"Now as to the duties, I have compared them also. The duties of the telegraphists are, they begin and end with their instrument and nothing more. For dealing with the public there are what are called signal room clerks, and if there is a little bit of extra work there are telephonists employed to work in rotation during the 24 hours of the day. As against this, let us see what are the duties of the postal establishment. In the postal department there is work which is called departmental and extra-departmental or non-departmental. The departmental work consists of dealing with money orders, parcels, window work, dealing with the general public, insurance and the liability for losses, savings bank work, selling stamps, V. P. parcels and recovering amount on account of them. Now their non-departmental work consists of selling quinine, selling salt, payment of pensions to native military pensioners, selling judicial stamps, Life Insurance of Government servants, War loans and other loans. After all this work is disposed of by these clerks, they have to look to the work of collecting custom on foreign parcels. Therefore it has rather amused me, and I hope it will amuse some at any rate, that in the case of the telegraph clerks they have only an 8 hours' day and when they finish their 8 hours' day they go away and some one comes and relieves them, whereas the time fixed for these unfortunate postal officials is from 10 to X. Now 10 means that he has to be in office at X o'clock and X means that he has to remain there till he finishes his work, it may be 12 hours, 14 hours, 18 or 20 hours, so I say from 10 to X, because they have to remain in office for an indefinite length of time. X is an algebraical term I understand it; it is an unknown quantity; everything unknown is equal to X. Therefore whether these unfortunate people remain for 15 hours or 20 hours in office is quite immaterial. This is really rather hard work, and what is more, with the varied nature of their duties their responsibilities are also greater. In the case of the telegraphists after they have sent away the messages allotted to them as correctly as they can, the matter ends there; whereas in the case of the postal people their responsibility is infinitely greater, as they have to be responsible for excess payments, for short receipts, and in all this work the liability of making mistakes is far greater and they are fined for such mistakes. Oftentimes I am told that these fines are recovered from these clerks, so that if they cannot enjoy their whole pay they live with the precious little that they get. This is the lot of these poor people who have to support themselves on a smaller pay.

"Then, again, as I said these people do not get sufficient assistance to carry on the work, and I have compiled a table which shows that the number of hands employed in the department is hardly commensurate with the volume of work which is daily increasing. For instance, in 1915-16 the number of officials were 95,746 and they dealt with 1,051,428,160 or in round figures 1,051 million articles, or in other words 91 persons had to deal with one lakh in that way. In the next year 1916-17, they had to deal with one thousand 87 millions and the number of people were decreased to 88 per lakh. In the third year 1917-18 they had to deal with 114 million articles and the work had to be done by 87 persons per lakh, there again the number of men were reduced. Then lastly, in 1918-19, the men had to deal with 1,194 million articles and the percentage got reduced to 83. So, the work goes on increasing, and the percentage—(percentage is a wrong word here, it should be per lakh) goes on falling. From all this one can easily imagine how much hard work these poor people must have been doing and for what?—for this little remuneration to which I have already referred.

"Sir, the case becomes worse when you take the railway branch of that service. Those poor people have always got to work outside their stations. They generally have to do their work of sorting letters and looking to the packages and so forth between one station and another and they have to finish all their work, I suppose, before the train reaches the terminus. As they have

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to work between one station and another, often they have no proper conveniences on the way; many of those people do not eat the food cooked by other people, and so they often have to go without food. And yet, they get no travelling allowance at all. Their pay is fixed according to the scale, whatever that may be and that is all. They have often to work against time between one station and another. I think that is a very great hardship. Everybody who has got to work outside his own station gets a travelling allowance. The Superintendent of the department gets his travelling allowance, but these railway mail service people do not get anything. Of course, they have no over-time. "They do not have any regular hours either, their hours have to be regulated not by a certain number, but in accordance with where the train will stop and where it will be possible to relieve them. Sometimes I have seen some of the clerks accompanying the train from Bombay to the Punjab, and the same clerk goes on sorting letters, etc., and staying up all night. But whichever way we look at it their lot is not at all an enviable one from any point of view. There is a great deal in these grievances and I have received such a large number of them that if I went on detailing them, I would detain the Council here very long. Anyhow I think I have said enough to show that there is a real grievance behind them. What is more important is that the Telegraph people in 1919 had their pays revised and adjusted, and two days ago there was a Commission sitting to inquire into their grievances and revise their pays and do something, whereas nothing up to this time has been done about these postal subordinates. No commission has inquired into their grievances, no endeavour has been made to adjust their pay to their work, and in fact no trouble has been taken about it, and that is what has led me to frame my second resolution in this Council. If the Government see their way to put these people on an equality with the Telegraph Department there is nothing more to urge, but in case Government do not see their way to do this, and it may be that I have not supplied enough data—I think I have given enough to show that there is a real grievance—if this data is not enough I propose that a small committee may be appointed and this matter of their grievances may be gone into. In order to put my resolutions into the form of budget resolutions I have to say that the grant should be increased by Rs25,000, and this committee will sit and inquire into all these things, and there are numerous other things which I am afraid I do not understand. That is to say in the Telegraph Department, if there is a rush of work and many telegrams are received, they are able to hand some over to a neighbouring office to distribute. Often they send them by post. Whereas if there is a rush in the Post Office they have no such means of transferring work from one office to another where there is less work. What is called hand to hand delivery I have not yet quite understood. I believe it means that the man takes a number of telegrams which cannot be dealt with and carries them to a neighbouring office and says 'we have too much to do, you have some time, dispose of them.' Nothing of this sort happens in the Postal Department. There are a number of other grievances which, not understanding them myself, I do not like to put forward, but I believe I have made out a case to show that they have great grievances. Their beginning is very poor; their annual increments are very poor and there are large numbers who have been serving on low pay for 20 and 25 years. So I submit I have made a case for this grant being given to them, not 25 lakhs as I have said, but the necessary amount after proper calculation. If that cannot be given, at least an inquiry may be made. I hope I have not overstayed my time; I have tried to be as brief as I can. With these words I move this Resolution."

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move the following resolution :— 12-15 P.M.

'This Council recommends to the Governor General in Council that a provision of rupees ten thousand be made under the appropriate head in the Budget in order to meet the expenses of a Committee of officials and non-officials to be appointed to inquire into the grievances of the clerical establishments of the Postal Department.'

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[*Mr. V. J. Patel.*]

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“ Sir, in moving this resolution, I should make my position with regard to the resolution moved by my Hon'ble friend Mr. Khaparde perfectly clear. I am entirely at one with him in the demand that he makes for the betterment of the pay and prospects of the clerical establishment of the Postal Department, but I must say at once that his resolution as it stands is very moderate and will not meet the requirements of the situation. What are the demands of the Postal clerks? Their demands are that they should be placed on a footing of equality with their brethren, the Telegraphists. In fact they say that they should have time-scale pay, not the time-scale pay as ordinarily understood, but what they really want is the retrospective time-scale pay. We are told that something has been done to ameliorate the condition and better the pay and prospects of those people. Well, I quite agree that something has been done, but that something is not what they ask for. Among the numerous telegrams that I have received, as other Hon'ble friends of mine must have received, I will only read one just to show what the Postal clerks think about the revised scheme which has been recently announced :—

‘ Revised scheme just published extremely disappointing, mere promises time-scale pay unsoothing starvation leading to extremes, pray merciful interference immediate grant retrospective time-scale pay like telegraphists. Nothing short will satisfy. Addressed Viceroi, repeated Director General, Posts—Postal Association.’

“ I have received numerous telegrams and communications to the same effect. What they really want is retrospective time-scale and not progressive time-scale. Let us now see what the effect of the grant of such scale would be on our budget? If retrospective time-scale pay were granted to the Postal clerks as they demand, the effect of it would be that we would have to make provision of something like 80 lakhs of rupees in our budget. Well, that being so, as I have already said, my Hon'ble friend Mr. Khaparde's resolution will not meet the requirements of the situation. He merely demands that the provision of 25 lakhs of rupees be made in the budget. This certainly cannot satisfy the Postal clerks. Now let us for a moment examine the claims of the clerical establishment of the Postal Department to be placed on a footing of equality with the Telegraphists. I have taken some trouble, as my Hon'ble friend Mr. Khaparde has done, to put two and two together and make a sort of a comparative statement of the respective duties, responsibilities, pay and prospects of our telegraphists and postal clerks. Of course the statement is neither long nor exhaustive, but I have just jotted down a few points which will give clearly some idea to this Hon'ble Council as to the respective duties and responsibilities and the pay and prospects of those two classes of employees. No educational qualifications are required of a telegraphist before he enters the service. A postal clerk, on the other hand, must have passed either the school final or the matriculation. If I am wrong I shall be glad to be corrected. The telegraphist has to learn telegraphy only; the postal clerk has to learn telegraphy as well as several branches of post office work. The telegraphist starts on Rs 50 local scale and Rs. 75 general scale, while a postal clerk starts on Rs. 25 and under the new revision will start on Rs. 30. The telegraphist gets yearly increments and rises to Rs. 150 and 200 in 16 years; in the case of the postal clerk there is no yearly increment. Promotion is given only when a vacancy occurs; he hardly gets Rs. 50 after 16 years. There will be some improvement here under the revised scheme. The telegraphist has to attend to his duty for a period of 8 hours only, while a postal clerk has fixed periods but has to attend for at least 10 hours and complete the work assigned to his branch. The telegraphist is paid extra allowances for overtime and gets the benefit of late fees and the pie money referred to by my Hon'ble friend Mr. Khaparde, while for the postal clerk there is no extra allowance even though he may have worked overtime. A telegraphist is not transferred for a number of years from one place to another, while there are frequent transfers in the postal department, and a clerk is shifted from place to place. The maximum work for a telegraphist is a limit of 150 messages, while in the

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case of a postal clerk there is no limit of work. The work assigned to his branch must be completed before leaving office, and thus he is always overburdened. The telegraphist has to attend office once or at the most twice a day, while a postal clerk has to attend office, once, twice, thrice and even four times a day. There are one or two more points of difference in my notes. The duties of a telegraphist entail no pecuniary responsibility and hence he has no anxiety while on duty and can rest at ease after office hours, while in the case of a postal clerk his duties entail pecuniary responsibilities and, consequently, his mind is always heavy with anxiety, both while on duty and afterwards. Thus he gets no mental rest and suffers from physical dullness which shortens his life, and so he becomes unfit for any other profession or work after retirement. There is only one more point, Sir, in my notes, and that is that the telegraphist has never to make good any pecuniary loss while a postal clerk has to undergo pecuniary loss in his transactions with the public, while sending money orders.

"Well, Sir, if the statement that I have made to this Council is correct or substantially correct, I certainly say that the Council should favourably consider the case of the clerical establishment to be placed on the same footing as the telegraphists. As my Hon'ble friend Mr. Khaparde very rightly stated, it is not our case that the telegraphist gets more than he deserves; perhaps he gets less. But in any case there is no reason why a postal clerk whose duties and responsibilities are equally heavy, if not heavier, should not be paid equally with the telegraphists.

"Well, Sir, I know something about the Bombay postal clerks and their condition. They tried their best to induce the Director General to grant them the retrospective time-scale. In fact since the beginning of 1918 they have been appealing to the authorities for redress. They made an application in the year 1918 pointing out to the Director General the desirability of introducing the time-scale in their case. What was the reply? The Director General said 'Whatever may be the advantages of time-scale pay, its introduction in the case of postal clerks is out of the question.' That was the reply that they got in, I think, June 1918, six months after their application. The postal clerks were naturally not satisfied and they again appealed to the Director General. I think that was somewhere in February 1919 and they were then assured that a big scheme of revision was in contemplation. Well, they naturally thought that something really substantial was coming. Nothing of the kind. They waited for months and months and, finding that there were no visible signs of that big scheme which was promised the Bombay postal clerks submitted an appeal to the Viceroy through the Director General and also asked for an interview with the Director General. The Director General was pleased to give an interview and the postal clerks reiterated their demand that the only radical cure was the grant of the time-scale in their case. Since then the so-called big scheme of revision has been announced and the postal clerks have lost no time in characterising it as wholly disappointing. In fact very soon after this revision was announced, a public meeting was held by the postal clerks in Bombay under the presidency of my friend Mr. Baptista, Barrister-at-Law, and a representation submitted to the Director General pointing out again that the only possible cure was to grant them the time-scale pay, not progressive but retrospective.

"Well, Sir, I am convinced in my mind and I believe most of my Hon'ble friends here must have been convinced that these postal clerks have now combined; they have organised or are organising and they want what they think they deserve. I strongly appeal to Government not to neglect them, not to disregard their unanimous demand. If you for any reason cannot see your way for the time being to grant the 80 lakhs that they say they must get, at any rate let us have a committee of officials and non-officials, as I propose, to examine the whole question and see whether it is possible to meet their demands in any way. That will satisfy them for the time being, I hope, but I am afraid

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in these days it is not wise on the part of Government to disregard the unanimous demands of so important a class of public servants as the postal clerks, and I need hardly add that the consequences of such disregard would be to say the least serious both to the public and the Government. The situation calls for immediate action and the Government should, therefore, at least appoint a committee of officials and non-officials, as I suggest, instead of altogether throwing them overboard by saying 'well, their pay and prospects have been revised, the revision has been announced only a few days back and they must for the time being rest content. We know that the revision announced is regarded by them as highly disappointing and will not therefore meet the requirements of the situation. Under these circumstances, the only way open to Government to my mind is to appoint a committee immediately."

12-30 P.M.

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I entirely associate myself with the case that has been placed before the Council by my two friends the Hon'ble Mr. Khaparde and the Hon'ble Mr. Patel. I do not think there is any real difference between the two cases. Mr. Khaparde has distinctly stated the figure of Rs. 25 lakhs which he suggested was an arbitrary figure in order to draw the attention of the Government to this. Mr. Patel has more elaborately shown that if you are really consistent, if you grant their prayer, then the cost will amount to not less than Rs. 80 lakhs, and he therefore asks for a committee to go into the matter and see how far this could be met. Sir, to my mind the only matter that we should urge upon the Government is that steps should be taken to give this increment to these poorly-paid employees with retrospective effect, not from February 1920, but taking into account their past services. If in doing so the question becomes a difficult one to solve, if the Government thinks that it could be better gone into by a committee, I think a committee might be appointed, but I do not insist on that as absolutely necessary. The only point is that you should give them an increase taking their past services into consideration, and give them a time-scale accordingly."

12-32 P.M.

The Hon'ble Sir Dinshaw Wacha:—"Sir, this postal grievance is a longstanding one. I have been urging it here in this Council for the past four years and have been putting many questions regarding the pay and prospects of postal clerks and postal peons. The grievance has, I admit, been met with a certain amount of consideration from the Government. Palliatives have been offered; but those are mere palliatives pure and simple. When we consider that from year to year there is a great advance in the cost of living and house rent, the increased allowances granted during the last two or three years cannot be held to be commensurate with that increase. Considering all those things, I am afraid Government have not been so generous as they ought to be, consistently with the rising standard of living. The Hon'ble Sir George Barnes observed that the Government fully recognise the fact that a good employee of the State is a very contented employee . . .

The Hon'ble Sir George Barnes:—"I said the Government ought to be a good employer."

The Hon'ble Sir Dinshaw Wacha:—"Well, Sir, in private firms and in different business offices such has been the case. Private offices and firms do recognise what a clerk should get consistent with the times and cost of living to make him feel contented. I am afraid this aspect of having contented employees is forgotten or neglected, either by the Director General or the head of the Postal Department. If he is neither neglectful nor forgetful then, he simply shrugs his shoulders, and says that the finances do not permit of further grants or allowances! Now, that may be partly true. But I may reasonably ask how are the lowly-paid clerks and peons to be made"

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contented? There is no branch of the public service which does such valuable work as the Post Office. I have repeatedly observed so in this Council. Every unit of the population comes into touch with the Post Office almost every day. That being the case, I have uniformly given credit to the Postal Department for the admirable way in which millions of letters and parcels and newspapers and other articles sent by post are being dealt with. There is no doubt of the high efficiency attained by the Post Office. But, I must ruefully observe that it is generally attained by sweating. We are all denouncing sweated labour here, there and everywhere, we denounce sweated labour in the mills where, of course, there is not much of it. It is so, I will say so; I frankly say so; I courageously say so; and that with the greatest emphasis. But that is another story. The Government themselves sweat a service like the post where are employed thousands of poor hard-working people. These number nearly a hundred thousand. If Government really recognised that they were discontented, there would not be so many strikes as there have been during the last two or three years. Strikes are increasing in number; and if the Government are wise I should certainly request them now to seriously take the grievances of the postal clerks and peons into their consideration. Palliatives will never do. What is wanted is a most generous treatment which may bring contentment. I may say, so far as Bombay is concerned, in every private office, even ordinary peons and messengers are getting from Rs. 20 to Rs. 25 a month besides allowances and bonuses. Look at the poor postal peon in Bombay. Bombay has a population of 12½ lakhs. Almost every unit of this vast population gets a letter once a week or so. In Bombay, there are large *chawls*, four-stories high, where, perhaps, are congregated two or three hundred people. Just imagine the hard work a poor postal peon has to do by way of delivering letters and money orders up and down during a day to these 200 or 300 people crowded in a single *chawl*! Look at this amount of work only and the population to be served. It is an astonishment to me that the poor postal peon is so patient and so uncomplaining. He applies periodically for a fair and reasonable increase to his wages; but the Government have hitherto never given a truly generous response. It reflects little credit on the Government, I will say that most emphatically. I have, I repeat, put questions on the subject during the last four years, but I do not see that anything substantial has been done by way of allaying the growing discontent. If strikes oftener do take place and if the public service is less efficiently performed than before, I am not surprised. Sir George Barnes said there was a surplus last year, and estimated that this time the surplus would be very much less. But may I inquire what is the first use to which a surplus should be applied? I consider, Sir, that so far as the postal service is concerned, it ought to be for the purpose of keeping the employees contented, and next, to expend the balance which may lead to greater and greater efficiency. Whatever surplus there is, is of course taken from the public. Therefore the public should have the benefit of it, and how is the public, that is the taxpayers, to be benefited? The public say: 'We want to see our postal service more efficient.' How is it to be more efficient? I say: 'Pay your clerks well, pay your peons well and generously. Let them have some standard of comfort.' But you do nothing of the kind. What surplus there is is grabbed by a Government ever in want of the eternal penny. I do not think there is a more grabbing Government than the Government of India. It is the same thing with Excise. I could go a great deal into that question, but refrain from doing so in this place. The taxpayers are asked to pay more and more in order that the fattest taxeaters may have more cakes and ale. The Government of India and the Director General of Posts and Telegraphs seem to have yet no idea of the depth of feeling, the depth of discontent that is prevailing in the post offices of land, not only in Bombay, but in all other provinces. Like other Hon'ble Members I too am receiving telegrams; in fact the number of telegrams which I have been receiving during the past five years would make a big pile. A few of these I have sent to the Director General. I have been constantly trying to

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[*Sir Dinshaw Wacha; Pandit Madan Mohan Malaviya; Nawab Saiyed Nawab Ali Chaudhri.*] [10TH MARCH, 1920.]

catch him and get an interview, but owing to some cause or other I have not been able to do so yet. But apart from that, I am glad my Honourable colleagues have brought the matter forward to lay so prominently. I think they have made out a good case; and I appeal, Sir, to the Government of India that they should appoint a committee of officials and non-officials as my friend, Mr. Patel, wants to investigate the whole question of the salaries and wages of postal clerks and peons. Such a committee will fairly and independently investigate the whole case of these employees, and make a report which will recommend what fair and reasonable satisfaction could be given. I admit that the Government have spent something during the last two or three years, but let the public money be spent in an efficient way. There is extravagance on one side and there is cheese-paring on the other. That is the policy of Government. Those who got much get more, while those who got very little get nothing at all or even something less than before! That is the position. That is not a policy which a wise Government should adopt. Fair market wages for a fair day's work should be the principle; and the principle should be carried out honestly and generously; but not merely giving them hope. Hope is a very good thing. As they say, hope makes a good breakfast, particularly for these class of employees; but it makes a very disappointing dinner. And it is the dinner that these people want and are crying aloud for. I shall not take up more of the time of the Council, but I do want that this appeal of Mr. Patel will be taken into serious consideration by the Government and a committee appointed, who may go into the whole question in a spirit of the greatest independence and impartiality and recommend a liberal increase to their pay which shall effectually allay all discontent."

12-39 P.M.

The Hon'ble Pandit Madan Mohan Malaviya :—

"Mr. Vice-President, I need not take up the time of the Council after what Sir Dinshaw Wacha has said. I entirely agree with him that the matter deserves to be considered fully and fairly, and I hope the Government will see their way either to accede to the request of the postal clerks in a reasonable spirit and give them what is their due fairly, or appoint a committee with instructions to report at an early date. The appointment of a committee carries with it a possibility of the matter being shelved for some time, and the cases of these clerks demand that the matter should be decided early. If therefore a committee is to be appointed, I hope it will have instructions to report at an early date; otherwise I hope the Government will see their way to accept the advice of Sir Dinshaw Wacha and of other members who have spoken and deal fairly with the clerks and satisfy a large body of public servants who have deserved well of the Government and of the public."

12-40 P. M.

The Hon'ble Nawab Saiyed Nawab Ali Chaudhri :—"Sir,

I desire to associate myself with the Resolution, moved by my Hon'ble friend Mr. Khaparde. The Postal Department, Sir, is one of the most hard-working and efficient departments of the Government. It enjoys perhaps the least number of holidays. The uniform regularity and punctuality with which it performs its highly important functions, make us forget, Sir, what a volume of industry, patience, and conscientious regard for duties are requisitioned to keep up that high water-mark of efficiency, that the Postal Department stands for; and the credit, Sir, is due as much to the directing intelligence as to the rank and file of the Department. The pay of the officers of the Government are graded in proportion to their responsibility and the amount of work they are required to perform. The high character, honesty and integrity that are demanded of the officers in charge of Post Offices, with their saving banks, their huge monetary transactions, entitle them to a far higher rate of pay than is actually given to them. Again their demand, just as it is, is modest too. They want to have the same privileges that their brother-officers in the

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INQUIRE INTO GRIEVANCES.

[10TH MARCH, 1920.] [*Nawab Saiyed Nawab Ali Chaudhri; Khan Bahadur Ebrahim Haroon Jaffer; Mr. Surendra Nath Banerjee.*]

Telegraph Department are enjoying as regards pay, promotion and other conditions of service. I hope the Government will see its way to accept the Resolution that aims at ameliorating the status and position of the Postal employees. I am glad to find that my Hon'ble friend, Mr. Clarke, had moved in advance of the demand and has already secured the sanction of the Secretary of State for an increase in the pay of the subordinates of his department; and I am sure the proposal of equalising the status of the two sister branches of his department will receive at his hands all the sympathetic consideration it deserves. The allotment asked for by Mr. Khaparde will, I hope, enable the Hon'ble Mr. Clarke to redress some of the grievances of his subordinates. With these few words, Sir, I beg to support the Resolution."

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer:— 12-43 P. M.

"Sir, I shall say only one word. I strongly support the resolution. I fully associate myself with what has been said by the previous speakers on this subject, and hope that the Government will accept the resolution moved by my Hon'ble friend."

The Hon'ble Mr. Surendranath Banerjee:— 12-44 P. M.
to support the views which have been so forcibly put forward to the members of this Council, and I am sure the Government will respond to the appeal which has been made, and I think made with a unanimity which is not always observable among the non-official members of this Council.

"We see round this Council Chamber gathered together non-official members who represent different phases of political thought and political conviction, but in regard to this question there is absolute unanimity.

"I think, Sir, it will be regarded on all sides that the most efficient department of the Government is the Postal Department, over which my Hon'ble friend the Director-General presides. Its honesty is worthy of great admiration, and its capacity has been proved by long and hard work continued for generations together, and it must be admitted that the department is not properly paid. There is very great discontent among members of the department, and one of the reasons of this discontent has been referred to in the course of the discussions that have taken place to-day, namely, the difference in the scale of pay and in the time-scale rate between members of similar branches of the same service in the Telegraphic and Postal Services. And, Sir, it has appeared from the statement that was read out by my Hon'ble friend, Mr. Patel, that the standard of educational qualifications necessary for the postal department is even superior to that required for admission into the Telegraph Service. I quite admit that a training is required for the Telegraph Department and that technical knowledge is necessary, but inasmuch as there is this great difference prevailing among the subordinates of the Postal and Telegraph Departments, it seems to me that there should be an inquiry. I heard it said, and the Hon'ble the Finance Member told us the other day that the Secretary of State had sanctioned a certain grant for the improvement of the financial status of postal clerks—I think the sum he mentioned was 25 or 26 lakhs of rupees. Whatever it may be, Mr. Khaparde puts it at 80 which should be granted. There is a considerable discrepancy between the two figures, whether it ought to be 26 or 80 lakhs makes no difference; it is quite clear that the department will not be satisfied until a thorough and exhaustive inquiry has been made. I would accept the 26 lakhs and make the best of it, but at the same time I would ask for an inquiry, because I think it is essential; and this discontent; this ferment, this excitement and agitation which is going on will not cease unless and until the whole question has been properly gone into and an equitable decision has been arrived at. My Hon'ble friend has referred to telegrams which have poured in upon us, he has referred to the disturbance of his midnight dreams, well we have all suffered from them

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[*Mr. Surendra Nath Banerjee; Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1920.]

and we have been deluged with telegrams. It is not artificial agitation and you must not put it down as such. Unless there is an element of feeling behind it, it would be no agitation at all. Hon'ble Members will admit that these clerks are among the most deserving class of public servants, they have done admirable service to the State, and I do think that the question ought to be squarely and boldly faced and dealt with, and that a committee of inquiry should be appointed; but in the meantime, inasmuch as the committee of inquiry may take some little time and before the results of the committee are out, I think some relief should be given to the members of this department by allowing them an increase of pay which would be provided for by the 26 lakhs of rupees granted by the Secretary of State.

"I support the resolution of my Hon'ble friend and I would like to make an earnest appeal to Government to accede to that request. It is in the interests of Government that we make this appeal. We want to remove discontent, we want to avoid the possibility of strikes which will re-act upon the general community. If a large class of public servants are excited, if they agitate, the newspapers would be deluged with their complaints and with their petitions, and do you mean to say that they will not appeal to their countrymen at large? and you will spread a volume of discontent throughout the length and breadth of the land unless you conciliate them—a most deserving class of public servants—and I do most earnestly hope, Sir, that the Government will see its way to respond to the appeal which has been made by all sections of the non-official members of this Council."

12-50 P. X.

The Hon'ble Mr. Rao Bahadur B. N. Sarma.—"Sir, I recognise the difficulties of the Government and the non-official members in dealing with problems of this character. We shall have to face them in larger numbers in the near future. In these days of economic and monetary confusion and strikes I can appreciate the Government's hesitating attitude in matters of this description, because if a clerk in the postal service is paid not Rs. 30 but 50, the clerk in the Revenue Department may also ask for 50 and the clerk in another department with similar qualifications would have to be paid 50, and you would have to raise salaries all round in order to be able to satisfy and put men doing similar duties on the same footing and on an equal basis, and that would lead to enormous expenditure. Well I can also understand the attitude of people towards those who have enormous rises in salary and pensions and who think that the low-paid clerks in the subordinate services should be given at least an adequate living wage. There is a difference between the two; those who are highly paid are after all few, it may be said and the total expenditure which would fall on the State would not amount to very much, whereas one rupee in the lower ranks would mean a lot to the treasury. Consequently, Hon'ble Members cannot expect the same attitude to be taken with regard to the revision of the salaries of the lower ranks in the departments of the Government as in the case of the higher ranks. I recognise, Sir, all these difficulties and differences, but there are two aspects of the question which we have to consider in regard to the revision of pay in the postal service. We find, in the first place, that the Telegraph Department has been granted an inquiry. The postal service men naturally say 'how are we inferior to the telegraph men in any manner, and telegraph service is only a sister branch.' The postal service men naturally ask if they are turning out less work than, and if their qualifications are in any way inferior to, the men in the telegraph service whether we slur over the matter or not, there is at the bottom of their hearts this feeling that because men of a particular tribe or nationality occupy largely places in the telegraph department the Government readily accede to their prayers, whereas the demands of the postal service men do not receive the same consideration. I am not saying that it is so, but there is some plausible ground for such suspicion, for such feeling, for such apprehension, and I think a wise Government would appoint a committee for the purpose of showing to the public at large, who

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[*Rao Bahadur B. N. Sarma; Sirdar Sundar Singh Majithia; Mr. K. V. Rangaswamy Ayyangar.*]

after all are the persons who would be affected by reason of any arrangement which the Government may make in increasing the salaries of their subordinates what special reasons exist in the case of the Telegraph Department as against the Postal Department; and why it is that the same steps cannot be taken in the case of both the departments. I submit, Sir, the point does arise, namely, that when you undertake the revision of one branch of the same department by one method, you cannot reasonably object to a revision in another branch on similar lines. After all, some of the postal men do discharge telegraph work also and they naturally say 'yes, simply because I am recruited into the postal branch my claims are ignored'. It is but proper that Government have decided to make no distinction in salaries between one man and another, and that only an oversea allowance is going to be given to those who have not domiciled in India. Therefore, we must hereafter proceed upon some principle in order that these irritating questions may not constantly arise and create situations which are avoidable. I submit, Sir, that the best way of solving this problem would be to appoint a committee, face the public openly and inform them what the consequences would be if the revision asked for is granted. But I would ask the public as well as the Government that they must face the enormous expenditure because the rupee has considerably depreciated in value. But if the Government are going to say that an increase or revision of the present salaries would affect the expenditure and would be objected to by the enlarged Council, well the new Councils will have to tackle the question and meet the costs. But it seems to me that an inquiry cannot be shelved because equity and justice demand that the claims of postal clerks should be inquired into and considered by an open Commission."

The Hon'ble Sirdar Sundar Singh Majithia:—"Sir, in speaking of the case of postal clerks in the Punjab, I feel it my duty to join my friends and point out that in the Punjab the situation is the same as in the other Provinces, and whatever I say on this question has the entire support of my colleagues from the Punjab. I submit the case of the postal clerks in the Punjab also requires very careful consideration. Strikes seem to be the order of the day in the world. We cannot afford to have a strike of the postal employees because it will dislocate all business, not only Government business but of private firms as well. It seems to me that the case of the postal employees has been very ably put forward by the Hon'ble Mr. Patel, and that he has also made out a case for an inquiry into the matter, and I think Government will be wise in acceding to this request. The difference that exists in the scale of pay of the postal and the telegraph employees operates as a great hardship on the former, and it seems to me that it is very necessary to make their salaries equal in both cases. I am not making this suggestion on account of any fear of strikes, but of course we have to face the situation as it is, and I would advise the Government that this is a matter which requires to be very carefully gone into, and that they will be well advised to accept an inquiry as suggested by my Hon'ble friend." 12-55 P.M.

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—"Sir, I had brought this matter to the notice of Mr. Maxwell, the late Director of Posts and Telegraphs, and I have also been attempting to bring it up before the Hon'ble Mr. Clarke. In reply to my question the other day, I see from the answer that the Government are attempting to meet the grievances of these low-paid people half-way. What is, however, now urged is not that retrospective effect should be given in matter of the time-scale scheme, but in the matter of the increase of pay that has been sanctioned now, retrospective effect should be given from the day the scheme was sent up by the Director General of Posts and Telegraphs to the Government of India and to the Secretary of State. The pay of the clerks below Rs. 200 should also be increased. I have 12-57 P.M.

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also to urge one other point, Sir, and that is, that the differences between one community and another that exist in the Postal and Telegraph Departments in the matter of status and pay should be done away with, and I would be glad if the Government should take the necessary action in this direction. I want that full justice should be shown to these poorly paid clerks. It is not the fear of any strike that need induce the Government to consider their grievances, but it is the justice of their case which should demand the necessity of remedying their grievances. I heartily support the proposition for the appointment of a commission of inquiry into this matter."

12-59 P.M.

The Hon'ble Mr. G. R. Clarke:—"Sir, from many of the remarks that have been made in Council to-day it would almost appear as if Government have given no consideration and given no thought in the past to improving the pay of the postal and telegraph staff. I can assure you, Sir, that the improvement of the pay and condition of these men is a matter which has always been before the Director General. We have had a regular annual grant of six lakhs of rupees which we have applied to improving the pay of the staff generally, and specially of the lower paid men. I think we must all agree that in the last year or two the rise in prices has defeated all calculations. We could not possibly foresee that the increase in prices would be quite out of proportion to the rise of pay that was given to the staff. The staff is composed of nearly a hundred thousand men, and to raise the pay of every man at the same time is almost an impossibility. In connection with the resolution of the Hon'ble Mr. Khaparde that there should be an extra grant of 25 lakhs of rupees next year, I should like to put before the Council exactly what has been done in the next year's budget for the improvement of the pay of postal officials.

"The revised estimate for 1919-20 is roughly Rs. 597 lakhs. The budget estimate for 1920-21, according to the latest figures is about Rs. 700 lakhs, an increase of Rs. 103 lakhs. Now to give you some idea of the heads to which this increase will be applied, there are the usual 6 lakhs for the ordinary revision of the pay of the Posts and Telegraphs staff. There are about 18 lakhs recently sanctioned, for revising the pay of the postal clerical staff under Rs. 100. When that pay was revised, the intention was that the war allowances which were granted would be withdrawn, but when sanction was received, the Hon'ble Member of the Commerce Department and the Hon'ble Finance Member considered that as a further concession, and in view of the increased rise of prices, these war allowances of 10 and 5 per cent. should be allowed to remain, and they were allowed to remain at an extra cost of Rs. 9 lakhs. We have also in the budget Rs. 1,17,000 for increasing the pay of Superintendents; we have Rs. 1,81,000 for increasing the pay of Inspectors, Rs. 3,00,000 for special allowances in the Bombay Presidency and in the cities of Bombay and Karachi; Rs. 6,00,000 for increasing the pay of clerks whose pay is Rs. 100 and above; Rs. 30 lakhs for improving the pay of postal menials in India, and Rs. 10 lakhs for ordinary war allowances which cannot be absorbed by revisions of pay during the year. That is a total of 84 lakhs of rupees, of which practically the whole is going to be devoted to improving the pay of the postal staff, or has already been devoted to that purpose. I do not think, Sir, we can call that ungenerous. It is really a very large sum of money which is going to be devoted, or has been already devoted, to improving pay.

"Now a great deal has been said about the organisation of this Department. From what I have heard from Mr. Khaparde, he is talking about a Department which I have nothing to do with. The strange figures which he has given and the strange conditions of service which he has mentioned certainly do not obtain in the Postal Department. His chief argument seems to be that the Postal and Telegraph staff should be placed on an equality. I wonder if Hon'ble Members have ever studied this question. The origin of the difference in pay in the Posts and Telegraphs is really a matter of history. The Telegraph

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Department was a separate Department, a highly technical department, which dealt entirely with telegraph work. The Post Office was a much more local service. We had originally Postal establishments in the various provinces which were independent of each other and under the Local Governments. In 1854 they were amalgamated into one Post Office Department of India under a Director General. But the history of the Department has always had this effect that very great differences of pay exist in the different provinces, and it must be so. We cannot pretend to pay a postal clerk in the mofussil the same as we pay a postal clerk in a town like Bombay or Calcutta. The conditions are quite different, the work is different, the volume of work is different. You get a postal clerk in a small office, he has not two hours' work in the day, and you get a postal clerk in Calcutta or Bombay, his time is fully occupied with really important work. While these differences in the conditions of service exist, there must be differences in pay. The argument seems to be that postal clerks have always been and are very much under-paid. Now in recruiting for a service like the Post Office, we have to recruit locally; that is, we recruit in small towns and in the mofussil, and we get men and have always got men on what they are willing to come for. That has really been the basis of recruitment. We have been able to get recruits in Madras for Rs. 15. We get men in the United Provinces on Rs. 20 and Rs. 25. No one has forced these men into the Department; they have known what is before them. There is not one of these men whose pay and prospects have not been improved since they came into the Departments, and now they turn round and say that they are starving, that we are treating them badly, that they are being overworked. They came in of their own free will; nobody pressed them into the Post Office; they have seen what career is in front of them. And now they turn round and quarrel with the bread and butter that is being given to them. I consider their attitude most unreasonable. I admit that prices have risen, and we are considering this very question now. We only wish to treat this staff properly. I assure you Sir, nobody knows better than I do how important it is to have a contented staff, and nobody feels more for them, and I know we must give these people some improvement in pay, but I think a great deal too much has been made of the number of telegrams which Hon'ble Members are being deluged with from various parts of India.

"As regards the pay of the Post Office, I may say, Sir, that the Government have already sanctioned the appointment of a special officer to consider the establishment of a time-scale pay for all postal clerks. Now when we improved the pay of postal clerks under Rs. 100 at a cost of about Rs. 18 lakhs, we did so advisedly. The staff was a low-paid one and it was recognised that the pay ought to be improved, and that it was very important that men should be put into better grades of pay before they were transferred to a time-scale. By doing so they get a better start on the time-scale. Having promoted them to these better grades, we have put an officer on special duty to work out suitable time-scales for the whole of India. Now I think it would be well to tell the Council how we intend to settle these time-scales. We intend to select areas in which there will be definite time-scales laid down, suitable to each area. Inside those areas there will probably be places of exceptional expensiveness, take for instance Delhi in the Punjab circle, and some frontier stations like Peshawar, and places like Cawnpore in the United Provinces. In addition to the time-scales, which will be established for definite areas, we hope to give local allowances for such special places, for instance, cities like Delhi and Lucknow, to compensate men for the extra cost of living. In the Post Office it is impossible to appoint staffs solely to certain offices, men must be transferred. We get rushes of work in certain places and men have to be taken from office to office. Therefore, the best solution is to lay down fixed time-scales for certain areas, and in more expensive places to give a local allowance to compensate the staff for the extra cost of living. I do not know that we can possibly accede to a request to put the Postal staff on the same level of pay as the Telegraph staff. It is a

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[Mr. G. B. Clarke; Sir George Barnes; Mr. V. J. Patel.] [10TH MARCH, 1920.]

very difficult question to raise. The Telegraph staff has a general scale and a local scale. I do not know whether any of the Hon'ble Members who have advocated that course know that great differences of pay must exist in the Postal staff all over India, and if you introduce the general and local scales of the Telegraph staff, which are universal for the whole of India and Burma, it is not going to cost Rs. 80 lakhs, it is going to cost crores of rupees. The cost of such a measure would be enormous and I do not think it would be justified. I do not think it would be justifiable to pay a number of men who do ordinary work in small offices the same pay as we give to highly skilled telegraphists in large towns. It is only right that labour should be paid according to its value. In this case the value of the labour would not be equal to what we should pay for it. It would be absurd to pay men a time-scale of Rs. 75 rising to Rs. 200 for dealing with a few letters in a country village; it would be ridiculous, and any committee that sat on the question would see that point at once. Now, Sir, as regards the grant of 25 lakhs asked for in the resolution, we have already a sum of 84 lakhs in the budget for improving pay next year. Some of that has already been paid from the 1st of February. If we have a time-scale established for Postal clerks it will cost more money, but I am not prepared to say how much it will cost. Suppose you have a clerk on Rs. 50 and place him on a time-scale of Rs. 50 rising to Rs. 100, his average pay is increased to Rs. 70, that is an increase of Rs. 20, but it does not follow that he gets the whole increase at once; the immediate increase will be about Rs. 5. I think it is impossible to say what the cost of a time-scale will be when established next year, and I do not think that Government can bind itself to grant Rs. 25 lakhs or any other sum of money for the time-scale. I think that when the Hon'ble Member understands that a time-scale is now under consideration, that a special officer is being placed on duty to look into the matter and that whatever it will cost, will, undoubtedly, be sanctioned by Government he should be prepared to withdraw his Resolution. It is very difficult for us to estimate the cost; he himself admits that he does not know whether it is 80 lakhs or 25 lakhs. It is very difficult to say how this time-scale will work out and at what different stage each man will come on to it. So much for Mr. Khaparde's Resolution as regards the 25 lakhs.

"With respect to the appointment of a Committee, I have already said that we have put on a special officer to deal with the improvement of pay not only of the postal clerks but of the menial staff. However, as the opinion of the non-official Members of this Council seems to be in favour of a Committee to look into the matter, I may say on behalf of Government, that I am prepared to accept that. Let us have a Committee, let us have the non-official members and the staff represented and go into the matter thoroughly. It will take time; it will not be done as quickly as some people imagine. It is a very big question and the Committee may have to go all over India and take evidence. But, as the Members of this Council are so anxious about this matter, let us have this committee to go into the question of putting the pay of the postal clerks on a proper footing.

"I shall be very glad to accept the principle of this Resolution."

The Hon'ble Sir George Barnes :—"It is understood, Sir, that the Committee will be of the same character as the Committee already appointed for the telegraph service."

The Hon'ble Mr. V. J. Patel :—"What is that character?"

The Hon'ble Sir George Barnes :—"Not a Committee of this Council."

RESOLUTIONS RE PAY AND PROSPECTS OF THE POSTAL 1245
DEPARTMENT AND APPOINTMENT OF COMMITTEE TO
INQUIRE INTO GRIEVANCES.

[10TH MARCH, 1920.] [*The Vice-President; Sir George Barnes; Mr.
V. J. Patel; Mr. G. S. Khaparde.*]

The Vice-President :—“The resolution asks for a Committee of officials and non-officials.”

The Hon'ble Sir George Barnes :—“That it will be.”

The Vice-President :—“I suggest that on this some of these resolutions might be withdrawn and possibly one of them might be accepted. Mr. Khaparde's second resolution is for the provision of 25 lakhs for the betterment of the pay and prospects of the clerical and telephone establishments of the Postal Department. That, I suggest, the Hon'ble Member might like to withdraw now. His first resolution asks for Rs. 25,000 to meet the expenses of a Committee of inquiry, and Mr. Patel's Resolution asks for Rs. 10,000 for the same purpose.”

The Hon'ble Mr. V. J. Patel :—“I am always moderate.”

The Vice-President :—“I do not know whether Mr. Khaparde's resolution in that form would be acceptable but, perhaps, as a Committee is to be appointed, he will withdraw it.”

The Hon'ble Mr. V. J. Patel :—“Might I explain that there is^{1-11 P.M.} a slight difference between Mr. Khaparde's resolution and mine. His resolution asks for the appointment of a Committee to inquire into the grievances of telephone clerks as well.”

The Vice-President :—“I understand that Mr. Patel's is the cheaper inquiry. I can only ask the Hon'ble Mr. Khaparde whether he wishes to press either of his resolutions now.”

The Hon'ble Mr. G. S. Khaparde :—“I am not willing to withdraw. Is it my turn to speak now?”

The Vice-President :—“Yes, I must ask you to reply”.

The Hon'ble Mr. G. S. Khaparde :—“Thank you, Sir. I am^{1-15 P.M.} very glad that the inquiry portion of my resolution is going to be accepted; but the first portion is going to be put to the vote, I believe, and I am not willing to withdraw that Resolution for the reasons which I will give now. Taking the reasons given by the Hon'ble Mr. Clarke, some of them appear to me to be rather difficult to understand. One reason given was that the difference in the pay of the postal and telegraph department is due to historical causes. Now what those historical causes were I was very anxious to know, and the causes were that at one time these were different departments and they had since been amalgamated. I do not know whether that reason would satisfy anybody else, but it does not certainly satisfy me. There is also a difference due to the weakness of human nature, that we like a fast horse better than a slow horse and we prefer a horse to a bullock so far as travelling is concerned, and the telegraph people do their work very speedily, whereas these people do their work slowly. There may be that difference, but there is also a difference in the nature of the work, that is to say, the postman sends the identical article people offer to him from one place to another place, the telegraph man merely

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[*Mr. G. S. Khaparde; Mr. V. J. Patel; The Vice-President.*] [10TH MARCH, 1920.]

sends the message as it is and generally a brief one, and the telephone man speaks out the message that is spoken out to him. They are all carrying messages, but there is a difference, and the historical difference is merely that one department started earlier than the other. I humbly submit that does not account for the difference in pay.

"The next ground that was taken was rather surprising to me and not altogether bereft of amusement. It was said 'Fancy a man being employed on Rs. 200 at a small outlying place and being given increases,' and all that. But that does happen everywhere in this world. Even a senior Sessions Judge goes sometimes to districts where there is not so much work to do, so also in the case of a senior Collector. But you do not, therefore, reduce the pay of a Sessions Judge or a District Collector. Those are the conditions of service; they have to go where they are ordered to go, and a person near retirement is usually given an easy district and easy kind of work. But that does not make any difference.

"Another argument appeared to be, you must take them at the market rate. Labour is cheap in the mofussil and more expensive in the presidency-towns, therefore, you should have different scales of recruitment. That again is a difficult argument for me to understand. If the work is of the same kind and has to be done by the same class of persons, the places where they are recruited from makes no difference at all. The difference ought to be disposed of by giving a local allowance, and I quite agree that that is the right thing to do. I shall not take up the time of the Council in replying in detail to all the arguments put forward, but I am going to assign the reason. My reason was that, if this 25 lakhs—I heard it is 26 lakhs to-day, but whatever the figure may be does not much matter—if it was already included in the Budget, then my proposition stands untouched, because I say that the grant under this section should be increased by 25 lakhs, and that proposition, therefore, remains. The calculation of 25 lakhs was made by me roughly, but, however, that may be, it certainly ought to be given to these people as a solatium and the results of the inquiry may be awaited later. As it has been pointed out, the inquiry will be a laborious one, the Committee will have to travel from place to place, and it will take some time before they formulate their conclusions. Therefore, it is, I suppose, necessary to give them something like a solatium. What has been offered has been pronounced, as my friend the Hon'ble Mr. Patel read out, by these people to be unsatisfactory and disappointing. In order to keep them in heart, it is proper that we should give them something out of these 25 lakhs which I propose.

"Then it is said that these things necessarily happen and these are the ordinary laws. I quite agree that they may be; that a man should fall if the support is taken away is in keeping with the law of gravitation, but it is no consolation to the man who breaks his head; it may be the law of gravitation, but it is no consolation to the man; you want some medicine for it. Similarly, these historical causes or laws may operate adversely; but I still urge that these people should get these 25 lakhs which I have put down in my resolution. In the meantime they may be given an interim solatium, a sort of little bonus to depend upon until this inquiry is completed; and I hope this inquiry will put them on terms of equality with the telegraph branch of that department. I am rather glad that this proposition has received general support, on this side of the Council at any rate, and I hope that this inquiry will result in something good, I commend the resolution to the Council."

1-21 P.M.

The Hon'ble Mr. V. J. Patel:—"Sir, my resolution as I stated in the beginning is an alternative to the resolution of my friend Mr. Khaparde and I understand my Hon'ble friend Mr. Clarke is going to accept it."

The Vice-President:—"I do not understand that the resolution has been accepted."

RESOLUTIONS *RE* PAY AND PROSPECTS OF THE POSTAL 1247
DEPARTMENT AND APPOINTMENT OF COMMITTEE TO
INQUIRE INTO GRIEVANCES.

[10TH MARCH, 1920.] [Mr. V. J. Patel; The Vice-President; Sir
George Barnes; Mr. G. R. Clarke.]

The Hon'ble Mr. V. J. Patel:—"I thought the recommendation for the appointment of a committee had been accepted by Mr. Clarke."

The Vice-President:—"The position is this. The resolution proposes to the Council that a specific sum should be allotted for a committee. As far as I understand, Government have said that they will have a committee, but they have not accepted any specific sum to be allotted for it."

The Hon'ble Sir George Barnes:—"May I say one word, Sir? 1-22 P.M.
I appeal to both Hon'ble Members to withdraw these resolutions. The Council has had a very clear statement from Mr. Clarke. Members have got the promise of Government that a committee shall be appointed. Does it matter to them what the exact sum put aside to meet the expenses of this committee is? The sum which was suggested—I think Mr. Patel suggested Rs. 10,000 and Mr. Khaparde suggested Rs. 25,000—may be an entirely wrong sum. All they want is the substance; they want the appointment of a committee and it really does not matter exactly what figure it costs. I would ask both Hon'ble Members to be satisfied with what has fallen from Mr. Clarke and from myself and withdraw all these three resolutions."

The Hon'ble Mr. V. J. Patel:—"Sir, my position is this: I am 1-23 P.M.
not quite clear what the functions of the proposed committee would be. Will the functions of the committee be to go into the main issue for which the postal clerks have been fighting, *viz.*, that they should be put on a footing of equality with the telegraphists? That is really the issue of issues in this case. If I am assured that the committee will have power to go into that question, *viz.*, whether the postal clerks could be put on a footing of equality with the telegraphists, I shall be satisfied."

The Vice-President:—"I should like to point out that the Hon'ble Member's resolution is for the appointment of a committee to inquire into the grievances of the clerical establishments of the Postal Department. That I understand has been accepted by Mr. Clarke."

The Hon'ble Mr. G. R. Clarke:—"The principle of the resolution has been accepted."

The Hon'ble Mr. V. J. Patel:—"Am I to understand that the resolution has been accepted? If it has been accepted, I have nothing more to say."

The Vice-President:—"I have again to ask the Hon'ble Member if he desires to withdraw the resolution or to press it."

The Hon'ble Mr. V. J. Patel:—"If it is not accepted, I want to press it."

The Vice-President:—"Then I propose to put Mr. Patel's resolution* first."

* "This Council recommends to the Governor General in Council that a provision of rupees ten thousand be made under appropriate head in the Budget in order to meet the expenses of a Committee of officials and non-officials to be appointed to inquire into the grievances of the clerical establishments of the Postal Department."

1248 RESOLUTIONS *RE* PAY AND PROSPECTS OF THE POSTAL DEPARTMENT AND APPOINTMENT OF COMMITTEE TO INQUIRE INTO GRIEVANCES.

[*The Vice-President; Mr. G. S. Khaparde.*] [10TH MARCH, 1920.]

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

Ayes—11.

The Hon'ble Mr. S. Sastri.
The Hon'ble Mr. B. N. Sarma.
The Hon'ble Mir Asad Ali, Khan Bahadur.
The Hon'ble Sir Dinshaw Wacha.
The Hon'ble Mr. V. J. Patel.
The Hon'ble Mr. E. H. Jaffer.
The Hon'ble Sir Umar Hayat Khan.
The Hon'ble Sardar Suandar Singh.
The Hon'ble R. B. K. V. Reddi.
The Hon'ble Mr. G. S. Khaparde.
The Hon'ble Mr. K. K. Chanda.

Noes—35.

His Excellency the Commander-in-Chief.
The Hon'ble Sir Claude Hill.
The Hon'ble Sir George Lowndes.
The Hon'ble Sir George Barnes.
The Hon'ble Sir William Vincent.
The Hon'ble Mr. Shaif.
The Hon'ble Mr. W. M. Hailey.
The Hon'ble Sir Arthur Anderson.
The Hon'ble Sir Thomas Holland.
The Hon'ble Mr. C. F. de la Pousse.
The Hon'ble Mr. E. M. Cook.
The Hon'ble Mr. H. Sharp.
The Hon'ble Mr. A. H. Ley.
The Hon'ble Sir William Marris.
The Hon'ble Mr. R. A. Mant.
The Hon'ble Maj.-Genl. Sir Alfred Bingley.
The Hon'ble Mr. F. Burton.
The Hon'ble Sir Sydney Crookshank.
The Hon'ble Mr. H. R. C. Dobbs.
The Hon'ble Sir John Wood.
The Hon'ble Sarg. Genl. W. R. Edwards.
The Hon'ble R. B. L. M. Chatterji.
The Hon'ble Mr. G. R. Clarke.
The Hon'ble Mr. H. Moncrieff Smith.
The Hon'ble Mr. A. P. Muddiman.
The Hon'ble Mr. C. A. Barron.
The Hon'ble Mr. N. E. Marjoribanks.
The Hon'ble Mr. K. C. De.
The Hon'ble Maharaja Sir M. C. Nandi.
The Hon'ble Mr. L. F. Morshead.
The Hon'ble Mr. C. A. Kincaid.
The Hon'ble Mr. H. A. Casson.
The Hon'ble Mr. A. E. Nelson.
The Hon'ble Rai Sahib Seth Nath Mal.
The Hon'ble Mr. B. C. Allou.

The Resolution was, therefore, rejected.

The Vice-President:—"I now propose to ask Mr. Khaparde whether he desires either or both of his resolutions to be put."

The Hon'ble Mr. G. S. Khaparde:—"The first resolution, as it appears on the agenda as number 12, is about the inquiry, and the next resolution, number 13, is about the 25 lakhs of rupees, so on the understanding that the Government is going to appoint a committee to go into the whole question, I shall withdraw that resolution of mine."

Resolution No. 12 was, by leave of the Council, withdrawn.

The Vice-President:—"Does the Hon'ble Member wish the next resolution to be put?"

The Hon'ble Mr. G. S. Khaparde:—"I wish it to be put and a division taken."

The Resolution was put and rejected.

The Vice-President:—"I desire to state the course that we shall have to follow to-day. The Council must know that this is the last day we have allotted for the discussion of Budget resolutions. I propose that the

RESOLUTION *RE* INCREASE OF EXPENDITURE ON SALT. 1249

[10TH MARCH, 1920.] [*The Vice-President; Rao Bahadur B. N. Sarma.*]

Council should sit from a quarter to three until a quarter to five and then adjourn until six o'clock and then sit for another spell of two hours until 8 o'clock and after that adjourn again, if necessary, and then sit until we finish."

[At this stage the Council adjourned for lunch.]

RESOLUTION *RE* INCREASE OF EXPENDITURE ON SALT.

The Hon'ble Rao Bahadur B. N. Sarma :—“ Sir, I beg to 2-18 r.x. move the following resolution :—

‘ This Council recommends to the Governor General in Council that the expenditure on “ Salt ” be increased by one lakh of rupees for carrying out experiments with a view to manufacture refined salt which would compete favourably with the foreign commodity imported into India. ’

This is a non-controversial resolution, Sir, and to the superficial observer it might appear as if there is nothing in it, but I will show the Council that a proper and satisfactory solution of the salt question would materially benefit the country in more ways than one. Firstly, in providing cheap and abundant salt to India without any large and violent fluctuations in prices and, secondly, in saving to the country upwards of two crores of rupees. The figure one lakh of rupees that I have suggested in my resolution is only put in provisionally. I ask the Council to accept the principle that we shall have to set about in the immediate future to devise plans by which we can improve our salt manufacture in such a way as to render ourselves independent of foreign stocks. I may state, Sir, that roughly one-third of the total consumption of salt in this country is imported stuff, and roughly one million seven hundred thousand tons may be said to be the total consumption. What variations in prices, what violent fluctuations were incidental to this dependence of ours on foreign imports was illustrated when there was a reduction for one or two years in the quantities of imported salt, and we had loud complaints almost everywhere that the price of salt had gone up considerably, although the Government duty continued to be the same and comparatively low, namely, Rs. 4-0. Hon'ble Members will see that in 1913 the total production in India of salt was 1,473,189 tons. It was nearly the same in the previous year. In 1914 it was 1 million 348 thousand, that is, there was a reduction of only a hundred thousand a year. Then next year it went up to 1,745,522 and ever since it has been about 1 million 400,000. Except in one year there has not been much fluctuation, by way of reduction. The fluctuation has all been in the imported commodity; whereas the imports were 606,000 in 1913 they went down to 465 and 336, that is, a deficiency of about 2 to 3 hundred thousand tons of salt makes such a wonderful difference in prices. It is the same in food-stuffs, as in salt, and it will be the same in other things as well. We cannot judge of the increase of prices merely by the relative proportion of decrease in quantities in the case of food-stuffs and other necessary articles of consumption, and we find that phenomenon plainly illustrated here. Thus, curiously enough, although we paid about 84 lakhs when the commodity was 606 thousand or thereabouts, we had to pay for a much smaller commodity of 336 thousand in 1917, 2 crores 20 lakhs, and we had to pay in 1918, 2 crores 223 or 233 lakhs for 481,000 tons. Therefore, Hon'ble Members will see that for a smaller quantity of salt the import value—I take it they do not include the duty—but whatever it be, has risen from 84 or 87 lakhs to 233, in other words, for a smaller quantity we are paying 154 lakhs more. Therefore, I am perfectly justified in my assertion that if you can manage to replace the foreign commodity by locally manufactured product, there will be a considerable saving to the Indian consumer. That is a point that I hope I have made out.

[*Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1920.]

"Then the question is, can you do it? can you relieve yourselves from your dependence? Well, here I realise that inasmuch as salt is an article of diet, we cannot say that simply by putting a certain fairly equal commodity on the market we will immediately reduce the consumption of foreign salt. The tastes of the people will have to be consulted. You will have to gradually accustom the consumer to the indigenous product. I believe Bengal is the principal consumer of foreign stuff and we will have to consult their taste and a certain margin has to be allowed. But I am sure the swadeshi spirit of Bengal will come to our rescue and encourage the production or rather the consumption of locally manufactured salt. Here, Sir, may I say a word? There is no question here of Bombay salt or Madras salt or Bengal salt or North India salt. Salt is an all-India subject. Salt revenue goes to the whole of India, and consequently nobody in particular is interested in the salt revenue, and therefore you cannot say that Madras would gain or Bombay would gain as against Bengal or any other part of the country if the manufacture of salt is encouraged. Therefore, when I talk of Madras salt, I mean Indian salt, and I hope that Hon'ble Members will look at it from that point of view.

"Now with regard to this question the Government of Madras seem to have been paying some attention, but unfortunately they do not appear to have arrived at any satisfactory solution owing to two or three causes as the Board puts it on page 5 of its report to the Government. One of them is the question of freight with which this resolution has not much to do, except remotely. The report says:—

'As regards the third point, that of freight, it still remains doubtful if Madras salt can compete with foreign salt in Bengal, unless a special low railway freight is obtained, or an import duty is imposed on foreign salt. Thus the freight by sea from Liverpool, Spain, Port Said and Aden varies from Rs. 5 to 20 per ton, and is said to be usually under Rs. 10. Salt is even said to come sometimes as ballast for nothing. These rates may be compared with the following rates:—

Madras to Calcutta by rail, per ton Rs. 14-12-0.

Madras to Calcutta by sea Rs. 8 to Rs. 14.

And from Tuticorin, one of the ports in the Madras Presidency, to Calcutta by rail Rs. 25-8-4 per ton. From Tuticorin to Calcutta by sea Rs. 33-5-4 per ton; Tuticorin to Rangoon by sea, Rs. 33-5-4.

"Hon'ble Members therefore will see that the Council and the Government will have to take steps to rectify this difference as far as may be. But the subject-matter of the present resolution does not comprise that, and I will leave it there. With reference to the second point with regard to the improved methods of manufacture, they state:—

'With regard to crushing, the Port Said and Aden crushed salt, which is so popular in Bengal, is no better than could be turned out here; and the Board has taken steps to get into communication with Swiss and American manufacturers of mills designed to crush solar salt. As reported in paragraph 18 of the Administration Report last year, packet salt was manufactured departmentally with excellent results, but on so small a scale as to be worthless commercially.'

And they go on citing experiments which would convince any one that we are on the high road to success if only we persevere, and I believe last year the Madras Government asked for the services of a foreign expert who would be able to assist Government in devising methods for manufacturing cheap salt on commercial lines so as to be able to compete with the imported stuff. So, Sir, the problem is not one outside the range of practical politics. All that we want is an outside expert with a complete methodical knowledge of the processes adopted elsewhere, and I will not spoil my cause, which is a very good and a very strong one, by saying that the Government might have done this a little earlier, and have not done so. There is no use crying over spilt milk. We shall have to see to it hereafter. The difficulties experienced during the last three years owing to foreign shipping not being able to bring the imports necessary into the country will, I daresay, rouse the Government and the public alike to improve the situation. I, therefore, think, Sir, that there is ample ground for hope, and that further experiments should be made and

[10TH MARCH, 1920.] [*Rao Bahadur B. N. Sarma; Sir Dinshaw Wacha; Sir Thomas Holland.*]

further money should be spent, till we achieve our object, and what I have asked for is a very small sum here, more for the purpose of getting my principle accepted, and, if necessary, a larger provision may be made. I will not quarrel if 20 lakhs of rupees are given instead of one lakh if that be necessary."

The Hon'ble Sir Dinshaw Wacha :—“ Sir, this question of salt ^{2-59 P.M.} as now proposed by Mr. Sarma is a very good one. The more there is consumption of salt in India the better, because I think it will improve the physique and health of the vast masses of the people who are suffering partly on account of the inadequate supply of salt. Some years ago Government investigated this question when it was found that 12 pounds of salt per annum per family, that is man, wife and two children, was deemed sufficient. For a time this standard was well maintained. But population has been increasing and, I believe, the production of salt has not increased in proportion to the growth of population, even apart from the importation of foreign salt. Therefore, if I am in favour of the proposal of Mr. Sarma, it is more on account of the sanitary aspect of it than any other, that is to say, that the people should be supplied with a larger quantity of salt, namely, 12 pounds per annum so vitally required for their better health. I do believe that at the present moment they are having less than 12 pounds per family. If I am wrong in my belief, I should like to be corrected.

“ Apart from the question of health, there is the other question. If we want to expand and develop our industries, salt is one of the basic industries which ought to be greatly stimulated. It would not require much capital or much enterprise to produce cheap and abundant salt. Mr. Sarma is right in saying that a few clever men coming from America or Spain or elsewhere would do what was necessary for the better manufacture of salt. As far as imported salt is concerned, I do not know if my Hon'ble friends are aware that part of this manufactured salt, which is generally known as table salt, is consumed by a larger number of the European population than that of the Indian. The salt so consumed should be deducted from our consideration. For years together this necessary of life used to come from Jeddah also. The salt that is imported from Italy is only of recent date. But there are places in India still, even in Bombay such as Bassein, and some others, where, with proper and economic encouragement, the enterprise can be put on a more scientific basis, a good deal of salt could be produced, probably enough to suffice for the population of Bombay. Of course, at present, prices have risen very high owing to two or three causes which we all know. It is of no use referring to them, but one of the causes is the heavy freight charges from Cheshire which is the country in England whence large quantities of salt are exported for India. I do not think the price of Jeddah and Aden salt has been so very high. But the resolution is quite proper: in the first place, for the better physical health of the masses of the population, who are getting less than the adequate quantity of salt needed. My friend, the Hon'ble Sir Claude Hill, might be able to explain this subject with greater lucidity, because he knows so much about it. Secondly, for the reason that a leading industry of this character, which is really so useful, should be greatly encouraged and directed in a proper and intelligent way. Therefore, I heartily support the resolution.”

The Hon'ble Sir Thomas Holland :—“ I think every one ^{3-2 P.M.} will agree, Sir, about the desirability of increasing the local supply of salt; and although I do not accept Mr. Sarma's figures as representing modern conditions, there is no doubt that, whether the imported salt is one-third, as he put it, of the production in India, or one-fifth, as it more nearly is now, it makes very little difference to the argument. We want to keep it out, whether it is 1-5th or 1-3rd, and we want to make our salt in this country. But when Mr. Sarma goes on to say that salt is an all-India question, he forgets the one practical issue arising from his Resolution. He wants to improve the technical processes for the manufacture and refinement of salt

[*Sir Thomas Holland.*] [10TH MARCH, 1920.]

so as to compete with the imported foreign material. Now the only salt of importance we have to deal with, is the foreign salt imported into Bengal, where the people insist on having a clean white salt. Consequently, it is only the Calcutta market that really is affected. Salt from the Sambhar Lake in Rajputana can just compete with imported salt in Bihar and it has been doing so for some years. Recently, also, in consequence of the increase in the price of foreign salt and the improved methods of mining and handling at Khewra in the Punjab, rock-salt has been coming into the Patna market and competing with imported salt there. Now for any further trespass on the market, of which Calcutta is the centre, it is obvious that we must look to Madras sources of supply, and the question is thus one which would have been more suitably brought before the Madras Council. It is not an all-India subject as it has been stated to be. Salt is an all-India subject it is true, but the particular problem before us is, whether we can produce more salt on the Madras coast of the right kind to meet the demands of the Calcutta market. It thus becomes a Madras question. We could hardly undertake to force upon the Madras Government another lakh of rupees without knowing from them that the money could be economically spent on the experiments that Mr. Sarma suggests.

"It would be officious on our part to interfere with the Madras activities in this direction, unless we have a special request for further help. Mr. Marjoribanks is present, and I notice that he has not put in a plea on behalf of the Madras Government for any special grant other than that provided in the ordinary Budget for work in connection with salt. I could not discover from Mr. Sarma's speech that he had taken the precaution of finding out first whether this additional money could be spent in Madras, or whether the money was wanted for the research work that he wishes to have undertaken.

"I rather suspect that this Resolution is due to insufficient knowledge of the steps which the Government has already taken. Mr. Sarma has given us a brief account of what has been done. He stated that the Madras Government had, for instance, asked for an Italian expert. That was done last year, and, so far, the Secretary of State has not been successful in getting a suitable expert to come out. As Sir George Barnes told us in answer to a question put in this Council last month, a Deputy Commissioner of Salt in Madras is also going on leave to study the French system of salt refining. That is being done in case it is still impossible to get a French or Italian expert to come out. Mr. Sarma will remember that, last March, in answer to a question of his, I told him that an Assistant Commissioner had then been put on special duty and that research work had been undertaken by Drs. Sudborough and Watson at the Indian Institute of Science at Bangalore. Drs. Sudborough and Watson have, since then, been down to Tuticorin and laid down the lines of a model salt factory, which is now coming into operation as a means for experimenting on the improved methods of producing white salt. There was also held in September 1918 a Conference in Madras itself of the principal licensees, who discussed with Dr. Watson and the salt officers improved methods of manufacture; and it was at this Conference that it was decided to ask for an Italian or French expert to assist them.

"It is not however the technical difficulty connected with the manufacture of salt that worries us so much. As Mr. Reddi pointed out on Monday, in discussing the Financial Statement, Madras is provided with the sea—the same ocean that washes the shores of other countries—and is provided with a good climate for the manufacture of salt by solar evaporation. He also told us that no special expert was necessary; but I am not sure, if in this respect, it would be wise to accept Mr. Reddi as a guide in purely technical matters, as he also thought there would be no difficulty whatever in wiping out these unimportant frontier tribes and in turning merchant ships into dreadnoughts. At the same time, there is no doubt that the Madras Government proved their ability to manufacture refined salt suitable for the Calcutta market. There is no doubt that they can manufacture the salt; there is no doubt that they do manufacture the salt. The Madras salt worker has himself been undertaking research work for generations, and, as the result of his research work, he has been successful in turning out a product that is uniformly

[10TH MARCH, 1920.] [Sir Thomas Holland; Mr. Surendra Nath Banerjea.]

bad, though in this respect the Madras worker is sometimes beaten by the Bombay salt manufacturer. I use the word 'successful' advisedly and not sarcastically; for the Madras salt workers and dealers are business men who work, like other business men, for profit; and, as they pay duty by weight and sell by measure, it is important to make a ragged skeleton crystal that bulks large and weighs little. They have learnt enough of crystallography by their researches to discover that dirt favours the formation of those hopper-shaped, skeleton crystals that bulk so large and weigh so little.

"It is not so much a question of manufacture, as a question for the consumer. The line to take is to educate the consuming public. The consumer in Bengal has been educated by pure white Liverpool salt, and he will not touch ordinary Madras salt except at about half the price. The Madras Government have also attempted to improve the taste for refined salt. During the exhibition of December 1917 they sold something like five thousand one-pound packets of white salt at a very much less price than the imported article. Since then large quantities have been sold in continuation of the attempt to introduce a wider taste for this salt. Now, that salt contained over 97 per cent. of sodium chloride, and it was as good as the ordinary imported salt. As a result of the Conference that I referred to just now, when the licensees and the salt officers considered methods, some of them undertook to introduce these improved methods of manufacture into their factories, and we have now in operation the manufacture of pure white salt at places as far apart as Surla, Pundi, Krishnaputnam, Eunore, Manambadi and Tuticorin. As Mr. Sarma pointed out, the imported salt is also crushed or ground, and the Madras Government have been attempting to get grinding machinery in order to obtain the pure whiteness that is so attractive to the Calcutta buyer.

"The freight question that he referred to is a matter that need not be gone into now. I think there is no doubt that all salt sources south of the latitude of Madras itself will find it very difficult to compete at Calcutta with imported salt if they have to rely on the ordinary railway rates, but there is no possibility of getting these rates revised under present conditions. Further north, the salt sources of the Madras Presidency will have an opportunity, by reason of a shorter railway lead, of entering the Calcutta market if they will only attempt to make the right kind of salt that suits the Calcutta taste.

"Then, too, there are new companies that are being formed for operation on the border of the Madras and Orissa coasts. These companies are organised along modern lines, and I have not the slightest doubt that they will be able to produce local salt so as to compete successfully with the imported article. On the whole, the prospects in view are such that I should advise Mr. Sarma not to press this Resolution. We could not very well press additional money on the Madras Government without implying some dissatisfaction with the results that they have already obtained or the steps that they have already taken. I see no way of improving on the line of advance that they have already suggested. I see no reason for being dissatisfied with what the Madras Government have undertaken and what they have done, and I, therefore, think that it would be unwise to press a resolution of this kind through the Imperial Council when the matter is practically one for the Madras Government; and, so far as I can see, their work has been in every way satisfactory."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, as some 8.15 P.M. reference has been made to Bengal in connection with this discussion, I feel it my duty to make an observation or two. My Hon'ble friend, Sir Thomas Holland, has observed that this is not an all-India question, that it is a Madras question and it does not concern Bengal at all. Well, it does concern Bengal, I think. Not very many years ago we had large salt works in the District of Midnapore, and I remember myself to have visited the dilapidated ruins of these works in the sub-division of Contai at Jhalamuti and Sajamuti. We had large salt works there, and then there were salt works in Hijli, in the same district. The people there were in the habit of manufacturing salt from remote

[Mr. Surendra Nath Banerjea; Mr. K. V. Reddi.] [10TH MARCH, 1920.]

times and their ancient aptitudes had not completely left them. In fact, if my memory does not fail me, about fifty years back, the manufacture of salt was quite known in Bengal. Furthermore, Sir, I remember to have read a discussion in the Bengal, Legislative Council in which Hon'ble Members pressed for the revival of this industry in Bengal, and they called attention to the remnants of these salt works which were still left in the district to which I have referred. I think, therefore, I at any rate must come to the conclusion that it is not merely a Madras question, but that it also concerns the province from which I come.

"Then, Sir, reference was made by my Hon'ble friend to the taste of Bengal for white salt. Well, Sir, my memory carries me back to the days of the Swadeshi movement when we eschewed foreign salt. We vowed not to take any foreign salt; we made that vow in our mosques and in our temples, and many of those who took the vow have observed it. Therefore, Sir, under a strong Swadeshi impulse, which I hope will revive with the growth of responsible government, we may discard the very clean salt that we are in the habit of consuming in favour of a less clean salt. Things are changing rapidly in India; tastes will also change, and I have not the slightest doubt that the difficulty which my Hon'ble friend apprehends will be overcome in the course of time; thus looking at the matter from all points of view, I am forced to the conclusion that this is not a purely Madras question; it is also a Bengal question, and from the observations that fell from my Hon'ble friend, Sir Dinshaw Wacha, it appears that it is also a Bombay question. Well, if it is a Bombay question, a Madras question and a Bengal question, and it is also a question affecting Rajputana and the Central Provinces, am I not entitled to hold that it is a pan-Indian problem in which the whole of India is interested? I hope, Sir, my Hon'ble friend, Sir Thomas Holland, will look at the matter from this point of view and give us the help that we want for the revival of an ancient industry which, under his auspices, will flourish and do honour to his administration and be a source of benefit to the country."

8-30 P.M.

The Hon'ble Mr. K. V. Reddi.—"May I submit one word, Sir? In the discussion on Monday last I entirely confined myself to the raw salt, if I may say so, as distinguished from the refined salt. I did not want to intervene in the debate to-day because I thought that my friend, Mr. Sarma's resolution had reference more to this refined salt, which I have always thought is the privilege of the upper classes, with whom generally, if you will allow me to say so, I do not concern myself much. On Monday I was putting it as an all-India question, and I thought that this country could produce salt enough not merely for its own uses but also for export purposes. The figures given by my Hon'ble friend, Mr. Sarma, have been questioned; but my figures are drawn from this latest report, (1919) on the Conditions and Prospects of British Trade in India, at the close of the war by His Majesty's Senior Trade Commissioner in India and Ceylon. These are the latest figures; they were intended to give some idea of the post-war trade conditions in this country. These figures disclose that Germany ceased to send us salt in 1915. During the two years previous to that, that is in 1913-14 and 1914-15, we find only Rs. 9,30,000 and 5,40,000, worth of salt imported from Germany, respectively. As for the salt imported from the United Kingdom, we have got here only 20 lakhs worth, then 14 lakhs, then 45 lakhs, then 47 lakhs, and then 16 lakhs from 1913-14, up to the year 1917-18, respectively. It will be seen that this salt is not worth very much taking into account the enormous amount consumed in this country. I thought my friend, Mr. Sarma, was a little inaccurate when he spoke about freights. A friend of mine, whom I accept as having been accurate, was telling me last night that the reason why foreign salt was so cheap in this country was that it was generally brought into this country by what are known as the return boats; that is, produce is sent from this country to England, and when the steamers return they come laden with this salt, taking very little or practically nothing by way of freight; and if we are to meet that in any way, it appears to me that the only way is by an acceptance of Mr. Sarma's resolution, by making an attempt at a beginning now. As the

RESOLUTION RE INCREASE OF EXPENDITURE ON SALT. 1255

[10TH MARCH, 1920.] [Mr. K. V. Reddi; Rao Bahadur B. N. Sarma.]

Hon'ble Sir Thomas Holland was telling us, of course it is more in the Madras Presidency that this will have to be done; and if either my friend, Mr. Sarma, or myself happen to be there next year, probably it will be our duty to bring it up there as suggested; more so if my friend happens to be there, perhaps in a more responsible place, and then he will see his way to do what he can. Meanwhile let me hope that a beginning will be made here."

The Hon'ble Rao Bahadur B. N. Sarma :—“ Sir, we are extremely 8-28 P.M. obliged to the Hon'ble Sir Thomas Holland for adding to the information given by the Hon'ble Member in charge of the Salt Department, by reason of this department having newly come under his charge. We are obliged for the additional information that he has given, and I shall deal only with such of his remarks as bear on the resolution I have moved. The Hon'ble Member seems to think that the figures that I have quoted are not quite accurate and that the more recent figures give a different percentage. Of course, I have not the most recent information which the Government can command; at any moment they can get the figures for 1918-19 and for 1919-20 if they care to; we can only rely upon the blue-books that are supplied to the general public, and I do not think I have stated anything which is not justified by the returns published in the Statistics of British India, Volume I, Commercial Statistics; and in giving the figure one-third, I think I was more accurate than my Hon'ble friend, who thought that it was about one-fifth. Of course it all depends upon how you look at it. Now, 1913 is, I think, considered to be a normal year, and I think one would take the figures of 1913 because there were not so many fluctuations owing to deficiencies in the supply of foreign salt and failure here and so on which occurred in later years. The production of salt in 1913 was 1,473,000, the imports were 606,000, or a total of about 2 millions and odd, of which the imports, *viz.*, 60,000, would be nearer a third than a fifth. If we take the figures for 1917, the difference would be greater because that year there was an extremely low import quantity, 336,000; and this out of 1,800,000 would be between a fourth and a fifth.

“ I have always thought that figures for particular years are not taken but only averages for about ten years, and if you judge from averages, you find I think one million seven hundred thousand to be the latest average figure available, and if you work out the average of imports you will find that the imports amount to 500,000 or about a third. But it is not a matter of very great importance what the proportion is except in so far as it would enable the public to gauge the expenditure and the extent of our dependence upon foreign supplies, and it is for that purpose that I have introduced this subject. Then, again, we must take some exception to the statement of the Hon'ble Sir Thomas Holland that this is more a Madras question than an all-India question. I thought that the Madras Government was only acting as an agent and a subordinate Agent to the Government of India in this matter. They have no direct interests except as instruments and agents of the Government of India, and they do not share any portion of the revenue, and, I think, therefore, that it is here that questions about salt revenue will have to be discussed. In future years they will be discussed in Indian Councils. Of course what can be done in the Local Councils by way of criticism and control of administration entrusted to provincial Governments will be done there. But the general policy will have to be dictated from here and the subject-matter of my resolution deals with the general policy as to whether the Government of India would take steps for the purpose of improving the process of manufacturing refined salt. I fear that I am driven to comment upon the very little that has been done in the past. By the attitude taken up by the Hon'ble Sir Thomas Holland the Government must have known for years and years of this enormous subordination of India to foreign countries for the salt supplies. What have they done up to now to help manufacturers in improving their processes and in securing expert advice? What have they done in the past to erect manufactories for refining salt so as to secure a chance in the Bengal market. Well, if the Government have not done anything in the past, I think I am perfectly right in inviting the attention of the Council to the fact that a little stimulus from the Government may not be

[*Rao Bahadur B. N. Sarma; Sir Thomas* [10TH MARCH, 1920.]
Holland.]

harmful but would, on the other hand, expedite matters. If nothing has been done for so many years to remove the difficulties in the manufacture of refined salt, surely it is not out of place to suggest that the time has come for something to be done. Then, Sir, it has been suggested that the Madras Government is in charge of it. I have not complained that the Madras Government have not moved in recent years in the matter. What I have said is that an Italian expert has been asked for and, I think, the Council would have been considerably interested if Sir Thomas Holland had been able to inform the Council as to whether there is a chance of securing the services of an Italian expert or French expert for the Madras Government within the next year or so. That would have given me some satisfaction instead of telling me that some Commissioner is likely to be placed on special duty to learn the process. Is it so very difficult to find a single expert from Europe to help us here in understanding this problem?

"Then, again, what about the machinery referred to in the latest report available here for 1917-1918—and if the machinery used by Swiss and American manufacturers adapted to Indian conditions—were provided here, it would be of enormous benefit. Sir Thomas Holland might have told us in a few words that the machinery had been ordered for the Madras Government and that the Government of India had given their sanction. Then, again, with regard to the Italian expert we have tried for him; we cannot get him, it is a disappointing answer. I submit, Sir, that no very great satisfaction would be derived either by the Council or by the general public by criticism of this sort, that everything is being done that can be done, and that we must possess our souls in patience and I think I am perfectly right in moving this resolution."

3-32 P.M.

The Hon'ble Sir Thomas Holland :—"I will reply very shortly, Sir. The questions have narrowed down to one or two which, I think, are not very difficult to answer. The Hon'ble Mr. Surendranath Banerjea contested my statement that this was a Madras question. He said it was a Bengal question, a Rajputana question, and then he went further afield until he found it was an all-India question. But I pointed out that the immediate proposition before us is the grant of a lakh of rupees to make experiments with a view of improving the manufacture of salt that will compete favourably with the foreign commodity imported into India. I pointed out clearly that foreign salt was imported into Bengal because the ordinary Madras salt is so largely mixed with dirt; consequently the only technical question before us narrows down to whether refined salt can be made in Madras, which is the source nearest to the Bengal market. There is no necessity to introduce the question that salt consumption is important to people in every part of India. That is not before us at all; we all admit that. The question before us is the technical question of improving manufacture on the Madras east coast. Now the Local Government are responsible for the control of the Salt Department in Madras, and they are carrying out the experiments which I have described. It is not quite correct, as Mr. Sarma said, that nothing has been done in the past. I do not mind admitting that very little was done in the distant past, but a great deal has been done in the past two or three years. Mr. Sarma's collection of reports is apparently not quite up to date. The Report of the Madras Salt Department for 1918-19 has also been published. My Hon'ble friend, Mr. Surendranath Banerjea, referred to the old salt industry in Bengal. Well of course we know the reasons why it died out. There were some very good technical reasons for that. You cannot expect salt that has to be made from relatively diluted sea water, under evaporation conditions where the atmosphere is fairly charged with humidity, to compete with a concentrated sea water further south, where we can count on long periods of evaporation and of undisturbed fine weather. There is no doubt that the conditions in the upper part of the Bay of Bengal are not suitable in competition with other sources of salt; and I hope my Hon'ble friend, in spite of his Swadeshi instincts, which are not stronger than mine, and I hope not more practical than mine, will help to encourage the consumption

**RESOLUTION RE INCREASE OF EXPENDITURE ON SALT; 1257
RESOLUTION RE INCREASE OF BUDGET GRANT FOR
RAILWAY CONSTRUCTION.**

[10TH MARCH, 1920.] [Sir Thomas Holland; Rao Bahadur B. N. Sarma.]

of salt in Bengal that contains 97 per cent. of sodium chloride and not 91 per cent. of sodium chloride and 9 per cent. of dirt.

"Now, Sir, with regard to figures there is just one point which is worth correcting. As Mr. Sarma pointed out, it does not matter whether it is one-third or one-fifth of our salt that is imported. What we want is to defeat all foreign salt under all circumstances. The actual figures for 1918-19 show a total salt consumption in India of 635 lakhs of maunds; of that, only 114 lakhs of maunds were imported. Sir George Barnes pointed out this morning that the production in India had risen from 360 lakhs of maunds in 1917-18 to 520 lakh of maunds in 1918-19; so that there has been an enormous increase in the production of salt in India, and the increase in prices has not been due entirely to shortage as Mr. Reddi seemed to imagine.

"Also I should like to record one word of objection to Mr. Sarma's reliance on five-year averages. I am glad to think that in the last five years, India has almost everywhere progressed; every year has been better than the year before, especially in the matter of mineral development.

"I have pointed out that the Madras Government has done and is doing a good deal of work and that they have applied for an expert. My Hon'ble friend Mr. Sarma wants to know whether the expert is coming this year or not. That I am unable to tell him; all I can tell him is that the Secretary of State has not been successful so far in obtaining an expert; and, in order to make up the deficiency an officer of the Madras Salt Department is taking the opportunity whilst on leave of examining the processes at work in France with a view to improve matters on his return to India."

The Resolution was put and rejected.

**RESOLUTION RE INCREASE OF BUDGET GRANT FOR
RAILWAY CONSTRUCTION.**

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, I beg to move the next resolution that stands in my name. It runs thus :—

'This Council recommends to the Governor General in Council that the budget grant on Construction Railways, on lines in progress and new lines, be increased by one crore, the same being deducted if necessary from expenditure on open lines.'

"Sir, I have great pleasure in fully endorsing the very appreciative remarks the Hon'ble Sir George Barnes made in referring to Sir Arthur Anderson who, to our deep regret, is going to leave us shortly, and I think the people of Southern India in particular have great cause for regret that he is so soon severing his connection with the Railway Board, because he has been in touch with the requirements of the people south of the Vindhyas and he would have been an asset to us in future when a larger railway programme is becoming possible.

"Now Hon'ble Members, some of them at any rate, may be surprised to find that I am advocating this year a larger expenditure of money upon Construction Railways, on lines in progress and on new lines. I have always held, Sir, that whenever we can borrow money to advantage we cannot be doing worse than by not doing it and not expending it in improving our railway system. Compared with the other civilized nations of the world, we are yet very much behind hand in the matter of the development of the railway system of our country. I therefore for one have always been convinced that the expansion of railways in India would be of considerable service to the country. Where I quarrelled last year with the Government and where I was misunderstood was when I asked for a reduction of the railway grant on the ground that, owing to disturbed markets and unsettled conditions, it was not wise to budget for such a very large increase

1258 RESOLUTION *RE* INCREASE OF BUDGET GRANT FOR
RAILWAY CONSTRUCTION.

[*Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1920.]

during that particular year, and I have the melancholy satisfaction that the Government would not have lost anything if they had accepted my resolution last year because they have not been able to spend what they had budgetted for. They were able to spend only 15 crores out of 26. I think, therefore, my resolution struck the right note in respect of that particular point, namely, the unsettled conditions in Europe with regard to the supply of railway materials.

"Now the immediate point under discussion here is as to whether we should not budget for a larger sum on Construction of lines in progress and new lines. If there be a competition between railways and irrigation, certainly I would give the first preference to irrigation, and I think all those who have studied Indian conditions would certainly give preference to the irrigation programme instead of to railway programme, but we are not confronted with that question here. We have been told that we cannot during the coming year spend an additional crore of rupees on irrigation. Owing to a resolution passed yesterday in regard to India's contribution, I think the resources of the Government would be somewhat improved, and I think, therefore, there may not be the same difficulty now as there might have been otherwise in accepting my resolution with regard to the additional grant of one crore of rupees on the construction of open lines. Well, in addition to the general statement that we are considerably behind hand when compared with other countries in the development of our resources by the extension of our railway system, may I point out, Sir, that schemes are ready and have been sanctioned to the extent of 2,098 miles and can be provided for if only materials are forthcoming, and the one crore of rupees that I have asked for will not go a very long way towards meeting that programme which was sanctioned many years ago? And may I also point out, Sir, that on several lines that have been sanctioned as far back as 1906 or rather 14 years ago, much work has not been done up to the present moment? Lines which were sanctioned in 1904, 1906, 1908 or 1912 have not yet been completely tackled, and I think that to ask for an expenditure of a crore of rupees is not too much. I refer only to the Jubbulpore-Gondia line, an extension of only 8 miles, which was sanctioned in 1904. There may be causes, of which I am unaware, which may have put off that programme, but they are shown in this Book in Appendix III, page 11 as lines sanctioned. Then there was another line Raipur-Paipatipur line in which I am interested, and the Central Provinces is also equally interested, of 260 miles, which was sanctioned on the 26th January 1906, and only 37 miles of work was finished but was subsequently stopped. That was partly due to the harbour scheme not being sanctioned as there was no money forthcoming.

"But whatever it may be, I know that when the Railway Committee sat they thought the matter had been under investigation for 20 years. Everybody felt that the amount necessary would have been sanctioned as far back as 1906, and you have only provided about 10 lakhs on the harbour, and only Rs. 50,000 or so on the railway, and I fear that unless something be done by way of starting the work in real earnest, there will not be much satisfaction. And I put it to you that you should begin that line for another reason also. In the Vizagapatam district the pressure of the population on the soil is greater than in any other part of the Presidency, and therefore there would be no difficulty about labour. We are now talking about colonization schemes, and whether we are to send our people to British Guiana and other places, while a vast extent of land is available nearer at home. You have nearly 10,000 square miles part of which has been once populous, but which has been devastated during the Pindhari wars, which would furnish food to millions of people if opened up. We do not look to the development of our own resources at home, we do not spend money on them, but think of sending our people outside on colonization schemes in which other people are interested. I therefore plead very strongly for something being done in the way of putting the working of this line on a satisfactory basis, and I think the Central Provinces are equally interested in that. I may state in this connection that we people living south of the Vindhya do not seem to be considered by the Railway Board as within the territorial limits of India. I think we are a negligible quantity except when it comes to a

RESOLUTION *RE* INCREASE OF BUDGET GRANT FOR 1259
RAILWAY CONSTRUCTION.

[10TH MARCH, 1920.] [*Rao Bahadur B. N. Sarma; Sir George Barnes.*]

question of taking large sums of money from our revenues. I am justified in making that remark because Hon'ble Members will find by turning to the statistics, that between 1907 and 1917 there has been an expansion in railway lines of 5,710 miles, but the Madras and Southern Maharatta, the South Indian, and some other lines can only boast of about 168 miles. 168 as against 5,710 surely is a figure which must suggest some painful thoughts to the Railway Board if they think about the matter.

"Last year, I went into the question of the rolling stock also and I found the same disparity. Sir Arthur Anderson has been good enough to set the matter right to a certain extent, though not very much, by providing additional sums in last year's budget. As to whether the goods vehicles intended for Southern India have arrived I cannot say. But the state of things in Southern India, the congestion on Southern India railways is deplorable. It is impossible for any one who has not seen the pressure to imagine the discomfort, the positive discomfort of the people of that Presidency owing to the insufficiency of railway wagons, and all our food troubles also may be traced to a considerable extent to the neglected condition of our railway resources. Well, I think, the answer that has been given by way of anticipation to my resolution was that there is no use in adding to the lines by increasing the number of open lines, when the vehicle supply is deficient. There is force in that argument, I quite see that, but the lines will not be open for some years, and may I also submit that if you carry that logically very far, the time may not come for many years together when you will be able to do anything for these open lines, and the little you can do will always be on Upper India lines because of the power of commercial interests, Calcutta commercial interests and Upper India commercial interests no Government can with comfort to itself very long deny; and I, therefore, fear that we who are less troublesome from that point of view are likely to be given the cold shoulder. I submit, therefore, that something has to be done in the way of making a modification in that reasoning, especially in the matter of lines which have been so long overdue. I need not refer to other lines which have been sanctioned so far back as 1912, and so on because I think the people of Upper India can very well fight for themselves in the matter of those lines. I hope that this modest resolution of mine asking for only one crore, and that when you have got 22 crores, will be accepted by the Government and give satisfaction to the people of Southern India."

The Hon'ble Sir George Barnes :—" Sir, we have got to cut 8-52 r. v
our coat according to our cloth. We have got 22 crores allotted to us and we cannot go beyond that this year. Consequently my friend Mr. Sarma's resolution comes to this: 'let us take away money which has been allotted to open lines and let us devote it to building new lines.' Now I am as anxious as anybody can be to see more railways built in this country. India is crying out for railways in every possible direction. We want new railways; new railways will be the life-blood of India, but I should entirely demur to the policy which Mr. Sarma suggests. He says spend the money on new lines and do not spend the money on your existing lines. Now the position at the present day is this, that our existing lines cannot carry the traffic that they are asked to carry because of their condition. The rails want renewing, wagons want renewing, we want more wagons and we want better wagons. Supposing we spend all our available resources in building various feeder lines to these railways, what would be the result? The traffic which is at present very much congested, would become much worse. Our difficulties which are great at present would be infinitely greater. We should not be able to carry the coal for our industries, and altogether I think in a very short time the state of our railways would be reduced to chaos.

"Mr. Sarma mentioned some particular lines on which he wished money should be spent, and he said that he thought Madras had been very badly served in the past. I would like to tell him that in the small

1260 RESOLUTION *RE* INCREASE OF BUDGET GRANT FOR
RAILWAY CONSTRUCTION.

[*Sir George Barnes; Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1920.]

amount that we have been able to put aside—I think he would call it a small amount—for new construction, we are spending 10 lakhs on the Vizagapatam Harbour Railway, and we are spending 7 lakhs on the Raipur-Vizianagram Railway, which I think is part of the railway which he expressly referred to, and we are spending other smaller sums on capital account on railways in the Presidency of Madras. Now I would like to tell him what the total amount is. The total amount provided for lines in progress and new lines in the budget is 84.75 lakhs and 94.45 lakhs respectively. That does not include the cost of putting back the lines which were taken up in the course of the war. We had during the war to strip certain lines of rails in order to use those rails elsewhere. I think my friend Mr. Sarma would say that it is right to replace those rails and put the railways into running order before we undertake new ones. I can assure Mr. Sarma, Sir, that our interest is to build railways as quickly as we can, but he must really let us get our existing railways into order before we start new ones."

8-55 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, it is not without realising the difficulties of Government that I have tabled this Resolution. Hon'ble Members will see that, having regard to the exchange, the 21 crores that are now provided are, as has been already pointed out by the Hon'ble Sir Arthur Anderson, equivalent to 31 crores of old, so that we have provided for 5 crores more than the last year's budget grant. And if I ask for one crore out of that additional five crores, surely there is nothing unreasonable in that. I am not asking that last year's grant should be cut down in the slightest degree. Then, again, the experience of last year should warn us that it may not be possible to spend all this money and, consequently, having regard to that also, I think some concession may be made in the matter of the construction of new lines.

"But, Sir, there is one other important point on which I think I can assist by advancing an argument which may appeal to the Hon'ble Member and that is this. These new lines that I am talking about will not be ready, even if undertaken to-morrow, for another three or four years, and they therefore cannot add in any way to the difficulties in the way of giving additional traffic to the companies. Meanwhile, you will have sufficient time to add to your rolling-stock so as to bring the whole thing up to date. There is another point also. You have to take coal and other articles over long leads simply because you have not got shorter circuits. Some of the lines I have been mentioning will give the coal fields access to the sea ports. Consequently, there will not be so much congestion on railways, and the goods being taken by shorter route the same quantity can be taken with less vehicular accommodation. Therefore the construction of these new lines will not throw additional traffic on your hands for some years, will relieve the pressure upon goods wagons by reducing the lead and in any number of other ways will improve the situation.

"Then I am thankful, Sir, for the provision of 7 lakhs, but what I fear has occurred in the past may occur again. That is the reason why I am asking for a little more, and I am also thankful that the Guntur line, which was ruthlessly removed owing to the pressure of war, is going to be restored in the near future. I hope that the Government will be able, by way of adjustment, to provide this one crore of rupees in case they are not able to secure the wagons which they hope will be secured. I have brought the matter to the notice of the Council, and I hope the Government will be able to accept it in this particular form. If they cannot, I shall not take up the time of the Council by pressing it."

8-59 P.M.

The Hon'ble Sir George Barnes:—"I am afraid we cannot accept the Hon'ble Member's Resolution, but I would like to assure the Hon'ble Mr. Sarma, and I hope that assurance will satisfy him, that we shall make every endeavour to spend the money on Railways in some shape or other. If we cannot get the material from abroad, we will try and spend it on labour

RESOLUTION *RE* INCREASE OF BUDGET GRANT FOR RAIL- 1261
WAY CONSTRUCTION; RESOLUTION *RE* APPOINTMENT
OF COMMISSION TO INVESTIGATE TARIFF ARRANGE-
MENTS.

[10TH MARCH, 1920.]

[*Sir George Barnes; The Vice-President; Rao Bahadur B. N. Sarma; Mr. V. J. Patel.*]

in this country. I hope that will satisfy the Hon'ble Mr. Sarma and this Council."

The Vice-President:—"Do I understand the Hon'ble Member desires to withdraw his Resolution?"

The Hon'ble Rao Bahadur B. N. Sarma:—"Yes, Sir."

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

**RESOLUTION *RE* APPOINTMENT OF COMMISSION
TO INVESTIGATE TARIFF ARRANGEMENTS.**

The Vice-President:—"Before the Hon'ble Member moves his Resolution, I must point out to him that he has already moved one Resolution which appears to me to be on the same question, and under the Rules a question once discussed in this Council cannot be discussed again for a year. I will give the Hon'ble Member an opportunity of showing me that his present Resolution is different from the one which he moved the other day."

The Hon'ble Mr. V. J. Patel:—"May I say a word, Sir. The other day I moved a resolution for the appointment of a Committee. It was then pointed out that there should be a Commission, with power to go round, collect evidence and make recommendations. Therefore, I have brought this Resolution for the appointment of such a Commission. The other Resolution was a Resolution for the appointment of a Committee of officials and non-officials of this Council."

The Vice-President:—"Does the Hon'ble Member think it worth while taking up the time of the Council with this. If there is any real difference between the two Resolutions I will leave it to him."

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

'This Council recommends to the Governor General in Council that the grant under sub-head 'Special Commissions of Inquiry' of the head 'Miscellaneous' be increased by one lakh of rupees in order to meet the expenses of a commission to be appointed with power to visit important commercial centres, record evidence, and devise and recommend those tariff arrangements which seem to it best fitted to India's needs consistently with the recommendations of Lord Selborne's Committee.'

"Sir, this Council only a few days ago appointed a Committee to consider the question of Imperial Preference. I then moved for the appointment of a Committee to consider the question of fiscal autonomy and to devise and recommend suitable tariffs. It was pointed out then by my friend the Hon'ble Sir Fazulbhoj Currimbhoj that a Committee of this Council would be of no use for the purpose, and that there should be a Commission with power to go round the country, visit important centres, record evidence and recommend the necessary tariff arrangements.

"I appreciate the force of that contention, and, therefore, I take this opportunity of moving this as a Budget Resolution and ask Government to make a provision of one lakh of rupees, because, after all, if a Commission is to be appointed, you will have to undergo some expenditure. I hope the Commission will be appointed as I propose. The main reason I want this provision to be made is this. When you have appointed a Committee already for the purpose of considering the question of Imperial Preference and do not appoint one on the question of Tariffs, it is likely to create an impression in the public mind that you are avoiding the real question which ought to be solved first, and

1262 RESOLUTION *RE* APPOINTMENT OF COMMISSION TO INVESTIGATE TARIFF ARRANGEMENTS; FINANCIAL STATEMENT FOR 1920-21.

[*Mr. V. J. Patel; Sir Fazulbhoy Currimbhoy; Sir George Barnes; Sir William Vincent.*] [10TH MARCH, 1920.]

for which Lord Selborne's Committee has made recommendations in favour of India. Well, we all know that the public in India is against Imperial Preference and at this time, when you are given some measure of fiscal autonomy, instead of taking advantage of that, you are appointing a Committee to consider the question of Imperial Preference and you do not appoint either a Committee or a Commission for the purpose of considering the recommendations of Lord Selborne's Committee. I hope the Government will consider the Resolution in this light and relieve the public anxiety in the matter. The Resolution regarding Imperial Preference has been criticised in the public press, and it is necessary that you should really consider the whole question all at once. Statistics are ready and you can place them at once before the Commission; the Commission will go round and then the whole question of the tariff will be considered together and necessary recommendations will be made.

"I hope the Council will accept this Resolution."

4-3 P.M.

The Hon'ble Sir Fazulbhoy Currimbhoy :—"Sir, I am entirely in sympathy with the Hon'ble Mr. Patel's Resolution, but I think he has brought it a bit too soon again. A Committee of this Council has been appointed to inquire into the question of Imperial Preference with the amendment of the Hon'ble Mr. Orum as to the best means by which the tariff question can be inquired into. I think the Hon'ble Member ought to wait and see the report of that Committee and, if he is not then satisfied, it will be an opportune time for him to bring this Resolution."

The Hon'ble Mr. V. J. Patel :—"In September."

4-5 P.M.

The Hon'ble Sir George Barnes :—"I hope the Hon'ble Mr. Patel will withdraw this Resolution. I cannot bind the Government to any particular course at this stage, I can only tell him that all that he has said will be most carefully considered. But as to the provision of a lakh of rupees, I have the authority of my friend the Finance Member for saying that, if a Commission is decided on by the Government, the provision of a lakh or any other sum will not be wanting."

The Hon'ble Mr. V. J. Patel :—"I am sorry, Sir, that Government cannot see its way to accept this resolution."

The Resolution was put and rejected.

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

4-6 P.M.

The Hon'ble Sir William Vincent :—"Sir, I beg to introduce the following heads of the Financial Statement for 1920-21 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Registration.	Registration.
Jails.	General Administration.
Police.	Courts of Law.
Medical.	Jails.
	Police.
	Medical.

"Sir, when it falls to my duty to introduce the heads of the Financial Statement with which the Home Department is connected I always feel a little envious of other more fortunate departments, particularly of my Hon'ble friend, the Education Member. Increased expenditure on education or sanitation is welcomed by the Council. Further, sometimes, I do not say this in the

[10TH MARCH, 1920.] [Sir William Vincent.]

case of the Education Department only, but in the case of other departments, too, Council will listen with at least somnolent content to long if lucid expositions of the work done by the department and commendations of the various officers connected with it; and at times we have an Hon'ble Member, like Mr. Khaparde, getting up and proposing an increase in the pay of subordinate officers in such a department as the post office. Sir, no such fortune falls to the lot of the Home Department. I can remember no occasion on which Mr. Khaparde has proposed an increase in the pay, say of the police. I can understand the reason for it. It is, I suppose, that he thinks that we look after the police so well that it is not necessary for him to do so. But it is a thankless job, the work of the Home Member in introducing the heads of his budget. As I have to do it, however, I may as well begin with this question of the police. I informed the Council last year what we had done to improve the prospects of the Imperial Police Service, and I understand that our efforts in that direction have not been free from criticism. It has been suggested in the case of this service, I think as well as in the case of other services, that we have increased the pay of the Imperial and higher branches of the services excessively without any regard to the lower branches. If Hon'ble Members have been reading their papers lately they will have seen something of the other side of the picture, how the increases in the pay of police officers have been attacked as inadequate to meet the requirements of the service. I would hope the Council will have a little sympathy with the Home and Finance Members in such very difficult circumstances.

"In any case it is not correct to say that we have not at the same time improved the pay of the provincial services, for we have issued instructions for the increase of pay of the provincial police service up to, say, Rs. 700, and we have also provided that service with increased chances of promotion to the senior service; and while I am mentioning this matter it may interest the Council to hear that twenty-five Indians are being appointed to the Imperial Service in 1919 and 1920. This is a matter, I think, in which the Council is somewhat interested.

"But the expenditure on the Indian Police and the Provincial Service is really a small matter compared with the expenditure on the lower grades, and I am anxious to correct any impression that while we have increased the pay of the higher grades we have not at the same time taken the same care to improve the prospects of those lower down. I gave some figures last year which illustrated this, and I do not propose to repeat them; but we have recently had schemes from many provinces, some sanctioned and some under consideration, for the improvement of the pay of the lower grades. This has been particularly the case as regards the Bombay District Police and the Bombay City Police. From my own province of Bihar, we have a scheme now costing five lakhs; and we have a large police re-organisation scheme affecting both the civil and military police from Burma, which we hope shortly to sanction, which will involve large expenditure." We have similar demands coming from the Punjab and from other provinces. "I am sure too that as the Council, as my Hon'ble friend, Mr. Khaparde, if I may quote him, is so anxious to have a contented post office, he will be anxious equally to have a contented police force, for he and other members of the Council will realise the dangers of a discontented police force.

"Turning now to the question of jails, I am glad to inform the Council that the Jail Committee, which has been making inquiries both in the United Kingdom and in America, is now in India and will, I hope, complete its labours in a short time, and we trust that as a result of their recommendations we shall be able to effect considerable improvements in the administration of our jails.

"I will turn now to another matter to which reference was made by Mr. Sastri, namely, the increase in the pay of the various Imperial services, including, in particular, the Indian Civil Service. The actual increase in the pay of that service has, I think, been overestimated. If Hon'ble Members will refer to the Reforms Report of Mr. Montagu and Lord Chelmsford, they will see that the authors of that report say that the scales of

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APPOINTMENT OF COMMITTEE OF OFFICIALS AND
NON-OFFICIALS TO EXAMINE THE WORKING OF ALL
REPRESSIVE ACTS AND REGULATIONS.

[*Sir William Vincent; Mr. V. J. Patel.*] [10TH MARCH, 1920.]

pay should be fixed sufficiently high to attract the best persons available, and the authors say in another place that they seek to restore the services in India to the position which they occupied twenty years ago. Now, the actual increase in prices in the last few years has been over 50 per cent. The increase of pay in many colonial services since the outbreak of war has been considerably over 33 per cent. The increases which we propose in the pay of the provincial services is, I think, approximately 25 per cent.; and in the Civil Service, although the pay was fixed many many years ago, at least 50 years ago, the increase is approximately 15 per cent. and even this is not granted to the higher paid posts of the service. I think, therefore, that Hon'ble Members will see that we have not really dealt recklessly with the public money in considering the claims upon it of this service. Indeed, the contrary accusation might well be brought. It was suggested by some critics again, I think, that we had been negligent of the provision for the ministerial and lower services of the country. But if Hon'ble Members will turn for one moment to page 71 of the Budget edition of the Gazette of India, in which the figures are given, they will see that the provision for increases in the pay of the subordinate services is no less than 125 lakhs, which is largely in excess of anything that is proposed for any other service. I only cite these figures, however, to show that in all the services the rise in prices has necessitated a very considerable increase. In dealing with these cases we have attempted to exercise—I hope my Hon'ble friend the Finance Member will bear me out here—most careful economy compatible with attracting competent men to the various services concerned. There is only one other department to which I need refer, and that is a department on which I am sure no member of this Council will grudge an increase of salary, namely, the members of the Imperial Secretariat. I know of no body of men who have better earned this increase or have suffered more from the rise in prices of all necessary commodities of life."

**RESOLUTION *RE* APPOINTMENT OF COMMITTEE OF
OFFICIALS AND NON-OFFICIALS TO EXAMINE
THE WORKING OF ALL REPRESSIVE ACTS AND
REGULATIONS.**

4-15 P.M.

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move the following resolution which stands in my name and reads as follows:—

'This Council recommends to the Governor General in Council that a provision of Rs. 25,000 be made under appropriate head in the budget to meet the expenses of a committee of officials and non-officials to be appointed to examine the working of the Press Act, the Prevention of Seditious Meetings Act, and all other repressive Acts and Regulations and report whether all or any of them can consistently with public safety be wholly repealed or at any rate so amended as to ensure that no executive action should be taken under them without obtaining previous sanction from ordinary court of law in that behalf.'

"Sir, during this Session there were three resolutions on the Agenda, one in the name of my Hon'ble friend Mr. Chanda, another in the name of my Hon'ble friend Mr. Sinha who I am sorry to say is not here to-day and one in my own name, all the three related to the very subject-matter which is in issue in this resolution.

"Unfortunately only five or six days were allotted to the discussion of resolutions and therefore none of these could reach. I have therefore brought this resolution before the Council with a view to inviting public attention to the fact that the situation demands we should seriously and immediately consider the question of repealing certain Statutes and amending others. Some of the Statutes to which my resolution relates are Regulation III of 1818, Bengal Regulation II of 1819, Madras Regulation XV of 1827, Bombay Act XXXIV of 1815, Act III of 1858, Act XI of 1857, Act XIV of 1908, Act I of 1910, Act X of 1911, Act VIII of 1913, Act IV of 1915 and Act XI of 1919.

RESOLUTION *RE* APPOINTMENT OF COMMITTEE OF OFFICIALS AND NON-OFFICIALS TO EXAMINE THE WORKING OF ALL REPRESSIVE ACTS AND REGULATIONS. 1265

[10TH MARCH, 1920.] [Mr. P. J. Patel; Mr. Kamini Kumar Chanda; Sir William Vincent.]

"I do not for a moment suggest that all the repressive Acts and Regulations should be struck out of the Statute-book at once. What I suggest is that a Committee should be appointed for the purpose of considering whether they or any of them could be wholly repealed or at any rate amended so as to ensure that in future no executive action can be taken under any of them without previous sanction of the ordinary court of Law. Well, Sir, the provision that I ask for is very small. I ask for only 25,000 rupees, not lakhs or crores as my Hon'ble friend Mr. Sarma would like, and I hope the Finance Department will not grudge me this small provision.

"My Hon'ble friend the Home Member referred to the dangers of a discontented police force in connection with another resolution. May I remind him of the dangers of a discontented public in connection with this resolution. We very well know the public feeling all over the country since the passage of the Rowlatt Bill. We also know the danger involved in allowing the Press Act to remain on the Statute-book. Both these Acts must go if the new era is to begin with mutual good-will and co-operation as desired by His Majesty. Sir, is there really any justification whatever why in this year of 1920 the old Regulations of 1818 or 1827 should remain on the Statute-book? Times have changed and we are about to begin a new era. Everywhere there is a cry that we should all co-operate, officials and non-officials, but how can Government expect the people to co-operate when they distrust them and when there is always this sword of repressive Statutes hanging over them? Where is the justification for keeping up these Statutes on the Statute-book? Trust begets trust and if you do not trust people they cannot trust you. I hope my Hon'ble friend the Home Member will consider the question in this light. Even the President of the All-India Moderate Conference suggested the other day that certain legislative measures must be radically amended, making particular reference to the Press Act. We know that the suggestion has found no support whatever in the country. The opinion in the country, Sir, is unanimous that the Act must go root and branch. I do not wish to take up the time of the Council any more, and I trust that the Hon'ble the Home Member in this new era will favour the people of India with this small concession."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, as my Hon'ble friend Mr. Patel told the Council, a similar resolution stood in my name but for want of time it was not discussed. As the grounds on which I intended to move my resolution are very similar to those which my Hon'ble friend has placed before the Council, I do not think I shall be justified in repeating them. I just want to say only a few words about the Regulation III of 1818. 4-21 P.M.

"Sir, it is well known that at that time British power in India was not firmly established, there were wars going on every now and again, and therefore it was very necessary that the Government should have armed themselves with this extraordinary power, and this measure was therefore for use in those times of danger. It was well known and it can be found by inquiry that at that time this Regulation was aimed more at some Europeans whose presence in the country was considered undesirable, and as a matter of fact that Regulation was used against a number of Europeans. Times have changed, Sir, and those days have gone, and I should think that in these altered days it is high time to consider whether this Regulation should remain on the Statute-book, at least in the form in which it is now. With these few words, Sir, I support the Resolution which has been moved by my Hon'ble friend Mr. Patel."

The Hon'ble Sir William Vincent:—"Sir, the reason why the 4-23 P.M. resolutions on this question were crowded out previously, was that we had very little time available for resolutions this year. His Excellency warned the members of this Council that the time for resolutions was limited to five or six

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days and we received notice of no less than fifty-one Resolutions for discussion, twenty-one of which were actually discussed, six of these notices came from the Hon'ble mover himself. I am not quite sure if I am accurate, I speak subject to correction. Thirteen of those resolutions proposed what I may call the new panacea for every real or imagined evil, the appointment of a committee. I think the Council will realize that if these proposals had been accepted, the Government of India would really have been lost in various committees working in different directions, and there would be no time even to digest the various reports that would have come in.

" I now turn to the merits of the discussion. The resolution as it appeared to me was very vaguely worded. A committee is to be appointed to inquire into the working of all repressive legislation. This term would, strictly speaking, include, I imagine, all penal and even prison laws. The Penal Code is certainly repressive to criminals, and I imagine that most laws in some degree impose restrictions on the liberty of the subject, but I do not want to make out that I was at a loss to know what the mover intended, because the Hon'ble Mr. Sinha had given notice of a similar resolution, and I gathered that the mover had in his mind the laws specifically mentioned by Mr. Sinha. Many of these Acts have not been used for years, one at least has never been brought into operation and some will cease to be operative in a few months, and I suggest to this Council that there is little need for appointing a committee to inquire into the working of a number of Acts and Regulations in such circumstances. As to Regulation III of 1818, the whole position was explained to the Council the other day by the Hon'ble Mr. McPherson; the policy of Government in the past, the extent to which we have released men and the line which it is proposed to take in the future, were fully explained. It is our desire to give effect, as far as possible, to the King's Proclamation by not employing the provisions of these restrictive measures against any person unless this course is forced on us by necessity. In Bombay and Madras, no persons are now detained at all under the analogous Regulations. Similarly, the number of persons under restrictions imposed under the Defence of India Act is negligible, and the Act will cease to be in operation in a few months. Further, I believe I am right in saying that no restrictions at all are now imposed under the Ingress into India Ordinance. Other Acts to which the Hon'ble Member referred, Act III of 1858, for instance, are really merely subsidiary enactments to Regulation III of 1818.

" There is, however, one very important law, namely, the Press Act to which he drew special attention. I told the Council the other day, I think, that we were prepared to examine certain amendments which have been suggested in that Act by Sir Sivaswamy Iyer and, I think, I am not betraying any confidence if I say that I was approached the other day on the subject of receiving a deputation from the Press on the subject of this enactment, and expressed my willingness to receive the deputation and discuss their difficulties with them. It will be seen, therefore, that the Government of India are not in any way averse from examining this question. I must point out, however, that our difficulties are materially increased by the manner in which certain organs of the Press are used at present. I do not want to wound the feelings of any members of this Council by a discussion of the subject of the various reported speeches, or by citing particular articles, but I believe that to many, I hope indeed all, Hon'ble Members these recent open incitements to disloyalty must have been a matter of great dissatisfaction and concern. I have in my hand the sort of article to which I have referred that increases our difficulties in relation to the Press Act. Another reason why I oppose the resolution, why I ask the Hon'ble Member not to press it, and why I will ask the members of this Council not to support it, is that I cannot but think that it will involve a great revival of bitterness and ill-feeling in the country. I have never seen an inquiry into matters of this kind on which there is a good deal of feeling which did not provoke great bitterness. I want members of this Council, if they give the Government the credit for what

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It has done in the way of taking steps to allay ill-feeling and for what it has done to give effect to the King's Proclamation, to assist us in our efforts. The Hon'ble Mr. Patel says that trust begets trust. Sir, can it honestly be said by any member of this Council that the conduct of some of the men to whom we have extended the King's clemency has answered this test, or that it has done any good, or that we have been treated fairly or generously by them? I am willing to leave it to members themselves of this Council in their heart of hearts to say whether it can possibly be said that all of those who are released have treated us in the spirit in which we have treated them. Sir, as I am speaking of His Majesty's proclamation may I repeat that an inquiry of the kind proposed, which would do nothing but evoke unrest, agitation and ill-feeling, would not be in accordance at all with the spirit of that announcement. It may be said that the inquiry would not be in any way opposed to the proclamation, but my point is that any action which would provoke any ill-feeling would not only be dangerous and unwise, but contrary to the wish expressed in the proclamation. I ask the Council to remember also the difficulties and the pre-occupations of the Government at the present moment. Do they not think honestly that the Government have enough on their hands without adding to their labours by a committee of the kind proposed? I want members of the Council to realise that we are, in my judgment, in a difficult and critical stage in the life of the country. An attempt is being made to evolve peacefully and gradually a new form of government. The process is the more difficult, because if facts are to be stated plainly, India has been for many years and is under foreign rule. The difficulty of the work is further enhanced by the fact that the change is being made when the whole world is suffering from a spirit of unrest; when the feelings of our Mubammadan fellow-subjects are much exercised over the Turkish Peace terms, and by the spirit of anarchy prevalent in Central Asia. I say that it would need little at present to cause these factors in the country to become a serious danger to the welfare of India, and I ask Hon'ble Members here not to add to the difficulties of Government by proposing a committee of this kind at this juncture.

"If the Government of India can secure, if Local Governments can secure the co-operation of the members of this Council in dissociating themselves from those who are guilty of revolutionary and anarchical crimes, in discouraging and denouncing disloyalty, then I hope we shall not find it necessary to use these Acts to which reference has been made. That is the spirit in which I ask the co-operation of this Council. It has been said that members of the Government think that co-operation is one-sided, that Government expects the co-operation of non-officials, but is not willing to do anything in return. I put it to this Council that the Government has gone far to meet them in this matter of clemency, in meeting their requests in various ways. They have gone, as far as possible, to give genuine effect to His Majesty's request to all his subjects to do what is possible to allay bitter feeling in this country. I have explained the dangers of the situation, and as I have touched on this subject, I should like to conclude my remarks by appealing to all members to give us their whole-hearted and real support in securing tranquillity at a time of anxiety when such co-operation will be of the greatest value."

The Hon'ble Mr. V. J. Patel :—"Sir, I had little thought when I 4-35 p.m.
gave notice of this resolution that it would upset my Hon'ble friend the Hon'ble the Home Member in the way in which it has done. I thought the resolution was really innocent. I wanted really to give an opportunity to Government to show real proof of their intentions to co-operate with the people of India. As a matter of fact, what do I ask? I ask for a committee. How could those consequences which my Hon'ble friend the Home Member described result from the appointment of a committee to consider the question? I do not ask for the repeal of the Statutes all at once, I merely say appoint a committee! I understand from the Hon'ble Member that the Government themselves are considering the matter in the light of the proclamation and trying to do all

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that they can. And all I say is, 'please take us also into your confidence.' My Hon'ble friend the Home Member says he does not believe that trust begets trust. He says well Government used their clemency and released so many people. They did so no doubt in pursuance of the Royal command. But he said that the result was that some people misused the confidence. I wish he had quoted instances instead of merely making that general statement. The other day my Hon'ble friend Mr. McPherson said that certain individuals used objectionable language in their speeches very soon after they were released. He was not in a position to quote what particular speeches he was referring to, and I at once challenged his statement. It is no use making such general statements in a matter of this kind. I am surprised my Hon'ble friend challenges the very doctrine which has always been accepted that trust begets trust. The whole government is based on the trust and confidence of the people. If you do not trust them there is an end to all good government. He referred to certain Acts but he forgot to mention the Criminal Law Amendment Act, which he himself said only last year in this very Council hall that from experience Government had found that that Act had become ineffective. He said the experience of the working of the Act in Bengal had proved that the Act had become ineffective. If so, what is the justification for keeping it on the Statute-book? I really cannot see why all this long speech was necessary in reply to this small resolution of mine.

"I think the acceptance of this Resolution will help to create good feeling between the people and the Government. The apprehension of my Hon'ble friend is entirely unfounded. If you allow things to remain as they are, I am afraid the feelings will be more bitter. Only the other day, Sir, you know in Bombay, under the presidency of my friend Sir Narayan Chandavarkar, there was a huge public meeting protesting against the Press Act and asking Government to repeal it at once. These things will go on. How can you prevent it unless you give some proof that Government really intend to do something and propose to take the people into their confidence? The bitterness will grow as time goes on. I want Government to try and soothe the people, and the only way to do it is to appoint a Committee to consider and examine one by one all these regulations and see which of them could be repealed, and which could be so amended as to insure that no action under them could be taken without some judicial order.

"Now it has been said that the non-official Members must realise the pre-occupations of the Government. They have got so many other things on hand, and it is not right that they should burden their hands with this business also. Well, Sir, I see nothing more important than the consideration of a question which would at this period of our history, tend to bring closer and closer the Government officials and the people, and promote mutual good-will and co-operation. That is the object of my proposal, and I do not know why my Hon'ble friend is so much troubled about it. Public feeling, Sir, is very very strong against certain Acts on the Statute-book, and I think—I do not know whether it is parliamentary to say so—but I think we are living in a fools' paradise if we believe that all agitation will cease by the mere expression of lip sympathy or by mere talk about co-operation or anything of that kind. What is wanted is a radical cure. Remove those Statutes against which people have been protesting all these days. Why do you not take the straight and open course that lies before you? And what is the use of saying we are ready to co-operate, Government has done this, Government has done that? Why do you not do the very thing I propose should be done in order to bring the people into closer touch with the Government and promote mutual good feeling between them? I trust my Hon'ble friend will still re-consider the position of Government and accept this resolution and give real proof of the good intentions of Government in this matter."

The Hon'ble Sir William Vincent :—"I only want to say a word or two in reply on this argument that trust begets trust. It was

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with the object of inviting the confidence of the people that we acted as we did in giving effect to the gracious words of the King's Proclamation. Indeed in some cases as I daresay Members of this Council are aware, we have been accused of going too far. In any case I put it to Council that it cannot be denied that we have taken great risks in our reliance on the very principle on which the Hon'ble Member lays such stress. We have released various persons in the hope and belief that the exercise of this clemency would influence them, and would induce them to refrain from seditious or treasonable conduct, and what has been the response? The Hon'ble Member has accused me of making general charges and criticised me for not revealing the particular statements to which I referred. I guarantee that if he is ignorant of the particular speeches and articles to which I have referred, he is almost the only man in this Council that is in that position. The papers are here in my hand, he who runs may read them. My only object in not citing *verbatim* from them was not to cause any bitterness in this Council by naming individuals. If the Hon'ble Member wishes to have proof of my statement I shall be only too glad to give it to him and to show him these papers immediately after this Council."

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

<i>Ayes—8.</i>	<i>Noes—40.</i>
The Hon'ble Mr. S. Sastri.	His Excellency the Commander-in-Chief.
" " " R. Ayyangar.	The Hon'ble Sir Claude Hill.
" " " Mir Asad Ali, Khan Bahadur.	" " " George Lowndes.
" " " Mr. V. J. Patel.	" " " George Barnes.
" " " E. H. Jaffer.	" " " William Vincent.
" " " Chaudhuri Mohamed Ismail Khan.	" " " Mr. Shafi.
" " " Mr. G. S. Khaparde.	" " " W. M. Hailey.
" " " K. K. Chauda.	" " " Sir Arthur Anderson.
	" " " Thomas Holland.
	" " " Gangadhar Chitnavis.
	" " " Mr. C. F. de la Fosse.
	" " " E. M. Cook.
	" " " H. Sharp.
	" " " H. McPherson.
	" " " A. H. Ley.
	" " " Sir William Marris.
	" " " Mr. R. A. Mant.
	" " " Major-General Sir Alfred Bingley.
	" " " Mr. E. Burdon.
	" " " Sir Sydney Crookesbank.
	" " " Mr. H. R. C. Dobbs.
	" " " Sir John Wood.
	" " " Major-General W. R. Edwards.
	" " " Mr. G. B. Clarke.
	" " " H. Moncrieff Smith.
	" " " A. P. Muddiman.
	" " " C. A. Barron.
	" " " N. E. Marjoribanks.
	" " " N. F. Paton.
	" " " K. C. De.
	" " " Maharaja Sir M. C. Nandi.
	" " " Raja Sir Rampal Singh.
	" " " Mr. L. F. Morshead.
	" " " C. A. Kincaid.
	" " " P. J. G. Pison.
	" " " Sir Umar Hayat Khan.
	" " " Mr. H. A. Casson.
	" " " A. E. Nelson.
	" " " B. C. Allen.
	" " " Maung Bah Too.

The Resolution was therefore rejected.

[*Mr. Kamini Kumar Chanda; Sir William Vincent.*] [10TH MARCH, 1920.]

RESOLUTION RE REDUCTION OF SECRETARIAT CHARGES.

4-50 P.M.

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I beg to move the following Resolution:—

'This Council recommends to the Governor General in Council that the allotment under head '15—General Administration, sub-head 1, Cost of the Central Government (iv) charge of the Secretariats' be reduced by two lakhs of rupees and the estimated surplus be increased.'

"Sir, this is a very small matter and I will not take more than a minute. I shall simply call the attention of the Council to the composition of the Secretariat. I think it is well known that, in view of the delay that takes place in the Secretariat, it was suggested in the Joint Report on Constitutional Reforms that the matter should be examined, if necessary, by experts from England and it was stated in the Report that His Excellency the Viceroy had informed his colleagues that after the war there would be an investigation of this kind. We read in the papers last autumn that a Committee had been appointed under the presidency of Sir Llewelyn Smith of the British Board of Trade. Now the composition of that Committee was rather peculiar. It consisted only of English officials, excepting that there was one European non-official, Mr. Gall, a Calcutta merchant, who was connected with the Employment and Labour Bureau; the Indian element, official and non-official, was entirely absent. I do not know, Sir, if it is considered undesirable that the piercing Indian eye should have a look at the dark recesses of the Secretariat. Well, Sir, I think that it will be conceded that if perhaps some outside light in the shape of the non-official Indian view point was considered, it might have been useful. The Secretariat is an important feature of the Government, and it is unfortunate that it was not considered necessary to have an Indian element in the Committee. The Committee has reported to the Government of India. We do not know what the recommendations are. The reference to the Committee was very wide and included even the portfolios of Members of the Executive Council. In view of this, Sir, I contend that it is a matter for grievance to the Indians that the Government of India should have excluded Indians from this Committee.

"In the next place, we find that the cost of the Secretariat has gone up by leaps and bounds for the last five years. In 1916-17 it was Rs. 38,96,000; in the next year it was Rs. 46,00,000; and in the last year it was Rs. 47 lakhs; and in the budget we have provided for Rs. 49,56,000. Sir, it was believed that in view of the recommendations of the Hobhouse Commission on Decentralisation for the devolution of authority and decentralisation, the work of the Secretariat and the cost of the Secretariat would be reduced; but far from there being a sign of that we find it to be otherwise. It is a matter for serious consideration, Sir. With the coming reforms there is bound to be some decentralisation; but if you maintain a huge secretariat, as a centre of the bureaucracy, it will be a real menace to responsible government. It will be bound for its very existence to create work and to unnecessarily interfere with the Provincial Governments. That is a matter, Sir, which this Council ought to look into and, if possible, prevent. With these words I press this resolution for the acceptance of Council."

4-57 P.M.

The Hon'ble Sir William Vincent:—"Sir, when I first saw this resolution it gave me and my officers a great deal of thought. We saw that the secretariat grant was to be reduced by a very considerable sum of money, two lakhs of rupees; and our minds were exercised to know what the Hon'ble Member was after; was it the Simla exodus, or was it New Delhi, or what was it that the Hon'ble Member had in his mind? Now it turns out that his sole reason for wishing to reduce the secretariat grant is that he is dissatisfied with the Government of India for something which they did last year. It is said that we had a committee to inquire into the Secretariat procedure and put

[10TH MARCH, 1920.] [Sir William Vincent; Mr. Kamini Kumar Chanda.]

no non-official Indian on it and that the Hon'ble Member has brought this resolution as an indication of his dissatisfaction. Well, all I can say in regard to that committee is, that we regarded it as a purely domestic and technical matter in which we needed the opinion of experts. The suggestion to appoint the committee was made, I think, originally by the Secretary of State and he supplied an expert from Home. There was certainly no intention whatever of casting any slur on the members of this Council, nor did we think that any non-official members took that intimate interest in our domestic concerns, or if I may say so without any disrespect, that they had that expert knowledge—of course, Mr. Chanda may be an exception—which would enable them to deal with a very intricate administrative subject of this kind. I hope that the Council will not vote the decrease in the secretariat budget for next year because of him.

"The other point to which the Hon'ble Member referred, was the increase in expenditure which, he says, has gone up by leaps and bounds. I admit that there has been an increase; but the particular increase this year, according to my information, is due to a transfer of the Indian Munitions Board from the military to the civil. A note that I have before me says that the provision this year includes the full year's amount for the Indian Munitions Board amounting to Rs. 6.91 lakhs in all. Subtracting that, the actual expenditure is roughly a decrease on the preceding year; that is, any increase there is this year is due merely to a transfer from one head to the other of the Munitions Board which has now become more of a civil department than it was in the past. I do not think that Hon'ble Members will accept this transfer as a sufficient reason for reducing the establishment, unless it is proposed in some way to re-transfer my Hon'ble friend, Sir Thomas Holland and his establishment, to the military side.

"The Hon'ble Member went on to say that the large staff of the secretariat encourages undue interference with Local Governments and that such establishments are quite incompatible with the responsible government that is coming. I can assure him that our practice has been to interfere with Local Governments as little as possible, and I think, at any rate so far as the Home Department is concerned, I can state without fear of contradiction, that we do not interfere with them save where it is strictly necessary. As to the second argument, if the Hon'ble Member thinks that under responsible government there will be a small secretariat staff or less work for that staff than at present, I can assure him that he is making a very great mistake. As it is a large portion of the time of the officials of Government for many months in the year is occupied in collecting information for answers to the questions and resolutions placed before us by the non-official members and this is a burden which will increase with the size of the Council.

"In all these circumstances, I hope the Council will not accept this resolution."

The Hon'ble Mr. Kamini Kumar Chanda:—"I have 5 P.M. listened, Sir, to the speech of the Hon'ble the Home Member with all respect and with much interest; but I must say that I do not feel convinced. Taking the Committee first, was there no Indian official of experience at all, either in the Imperial or Provincial Governments who could serve on the Committee? That was what I contended.

"Coming to the next point, my Hon'ble friend says that this budget provision of Rs. 49 lakhs is due to the transfer of some department to civil; but I find some difficulty in understanding that; for instance, I find in the Home Department we have now got a new joint secretary, and there is my Hon'ble friend, Sir William Marris, the Chief Reforms Commissioner; in the Commerce Department I find there are two deputy secretaries; in the Finance Department there is a joint secretary; in the Revenue Department there is a Food Controller. I suppose these do not belong to the military department, but are additions to the civil departments. That is a serious grievance certainly of which we have a right to complain. The enormous rise of 8 lakhs

1272 RESOLUTION *RE* REDUCTION OF SECRETARIAT CHARGES ;
RESOLUTION *RE* GRANT OF FIVE LAKHS OF RUPEES TO
THE AYURVEDIC AND UNANI TIBBI COLLEGE, DELHI.

[*Mr. Kamini Kumar Chanda; The Vice-President; Khan Bahadur Ebrahim Haroon Jaffer; Mir Asad Ali Khan Bahadur; Sir Fazulbhoy Currimbhoy.*] [10TH MARCH, 1920.]

in the course of five years in the secretariat is not a small thing, and surely requires looking into. That was my complaint and these are my grounds for pressing the resolution."

The Resolution was put and rejected.

The Vice-President :—"The Council will now adjourn and re-assemble at 6 o'clock."

**RESOLUTION *RE* GRANT OF FIVE LAKHS OF
RUPEES TO THE AYURVEDIC AND UNANI TIBBI
COLLEGE, DELHI.**

6-3 P.M.

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer :—

"Sir, I beg to move—

'This Council recommends to the Governor General in Council that a grant of five lakhs be made to the Ayurvedic and Unani Tibbi College, Delhi, for building, equipment, etc.'

"Sir, for the last few years efforts have been made in all parts of the country on an organized basis to win for the indigenous systems of medicine the scientific and the social status they fully deserve, but which was denied to them for a long time. I do not want here to enter into a discussion of the comparative merits of the Western and Eastern systems of medicine, and, as a layman, I would be presumptuous if I attempted the task. I likewise know that very strong views are held on this question by the champions of the claims of Indian medicine and their opponents. But I may be permitted to observe, notwithstanding this difference of opinion, that the utility of a careful study and also of the practice of the Ayurvedic and Unani systems is coming to be more and more recognised even by experts. Looking to the needs of the masses of this vast country, and to the impossibility of relying only on the Western system and its practitioners for ministering to their medical wants, people have come to admit the importance of the Indian systems of medicine to give relief to suffering humanity. And the practitioners and supporters of these indigenous systems are actively striving to provide for the systematic teaching of the subject in special institutions so that the number of trained practitioners may increase to the great benefit of the mass of the people living in villages and small towns. One such institution is the Ayurvedic and Unani Tibbi College in this city, which has secured a large measure of popular support under the able and energetic guidance of Hazik-ul-Mulk Hakim Ajmal Khan, its Honorary Secretary. Lord Hardinge laid the foundation-stone of the college and the building is now an accomplished fact. It is expected that His Excellency the Viceroy will be pleased to perform the opening ceremony of this institution next autumn. Being a central institution established in this city, the capital of the country, the institution deserves every support the Government of India can give to it. A grant of five lakhs of rupees for buildings and equipment will prove very helpful to such a useful enterprise, and I hope Government will not grudge the money I am proposing it should give to the college. The Board of Trustees of the College is composed of respectable gentlemen, and private effort in the direction of education in medicine made under such auspices ought to receive generous patronage from Government. With these words, Sir, I move the resolution."

6-7 P.M.

The Hon'ble Mir Asad Ali, Khan Bahadur :—"I beg to support the resolution, Sir."

6-8 P.M.

The Hon'ble Sir Fazulbhoy Currimbhoy :—"Sir, I beg to give my hearty support to this resolution. Four-fifths of the population of

RESOLUTION *RE* GRANT OF FIVE LAKHS OF RUPYEE 1278
TO THE AYURVEDIC AND UNANI TIBBI COLLEGE,
DELHI.

[10TH MARCH, 1920.]

[*Sir Fazulbhoj Currimbhoj; Mr. Kamini Kumar Chanda; Nawab Saiyed Nawab Ali Chaudhri; Maharaja Sir Manindra Chandra Nandi; Mr. G. S. Khaparde; Mr. V. J. Patel.*]

this country are unfortunately unable to get the benefit of the European system of medicine, and the number of doctors that we have is so few, that they are hardly adequate to meet the requirements of the vast population of this country.

"Not only that, Sir, but there is a large proportion of the population in this country who are in sympathy with Ayurvedic and Unani systems of medicine and these people must not be left to be treated by 'quacks.' Now that an institution of this kind is established on the latest model, I think it ought to be encouraged by the Government. I am sure the Government have full sympathy with this institution, and I hope the Hon'ble Member in charge will see his way to give some grant for it."

The Hon'ble Mr. Kamini Kumar Chanda :—"I beg to support this resolution."

The Hon'ble Nawab Saiyed Nawab Ali Chaudhri :—"Sir, 6-9 P.M. I heartily support the resolution moved by my Hon'ble friend Mr. Ebrahim Haroon Jaffer. During the Muhammadan period, Sir, the indigenous systems of medicine had reached a stage, unrivalled by any of the existing systems; but since, under British rule, Allopathy has been accorded the Government patronage and recognition, the Ayurvedic and the Yunani schools have been relegated to the cold groove of neglect. Yet even now in some of its branches the Ayurvedic and the Yunani are in advance of their Allopathic rival. Sir, I can bear personal testimony to the great efficacy of the indigenous systems. The year before last, Sir, after three months' continual attack of fever when all the leading Allopaths of Calcutta gave up my case as hopeless, through the grace of the Almighty, Yunani treatment restored me to health again. I owe a deep debt of gratitude to the systems, and I am glad to notice that the leading exponents of the Ayurvedic and the Yunani medicines are exerting themselves for the establishment of a college of indigenous medicine at this Imperial City of Delhi. They deserve every support and encouragement from the Government, and I hope His Excellency's Government will not be slow in helping a beneficent institution of which the foundation-stone was laid by His Excellency's distinguished predecessor, Lord Hardinge. With these few words, Sir, I heartily give my support to this resolution."

The Hon'ble Maharaja Sir Manindra Chandra Nandi :—"6-10 P.M. Sir, I have much pleasure in supporting this resolution. It is a well-known fact that an Ayurvedic and Yunani Tibbi College has recently been established at Delhi, and it is desired by everybody that its buildings should be erected soon, as the public are likely to derive great benefits from the institution. As we cannot produce from the Medical Colleges, which we have at present in this country, a sufficient number of doctors to meet the needs of the public, the Government should encourage the establishment of colleges for the adequate study of the Ayurvedic and Hakimi systems in different parts of India. I, therefore, hope that the Government will be pleased to accept this resolution."

The Hon'ble Mr. G. S. Khaparde :—"Sir, I have heard the 6-11 P.M. arguments in favour of this resolution, and it seems to me that the Ayurvedic and Unani Tibbi College in Delhi would afford very great facilities for the study of Ayurvedic and Unani medicines. I therefore sincerely hope that the Government will see their way to help this institution with the grant asked for. With these words I support this resolution."

The Hon'ble Mr. V. J. Patel :—"Sir, I also rise to support this 6-12 P.M. resolution. I think it is in the fitness of things that the Government should

1274 RESOLUTION *RE* GRANT OF FIVE LAKHS OF RUPEES
TO THE AYURVEDIC AND UNANI TIBBI COLLEGE,
DELHI.

[*Mr. F. J. Patel; Haji Chaudhuri Muhammad* [10TH MARCH, 1920.]
Ismail Khan; Sir Umar Hayat Khan; Rao
Bahadur B. N. Sarma.]

accept this resolution. My Hon'ble friend Mr. Jaffer has rightly pointed out that one Viceroy laid the foundation-stone of the college and that another Viceroy is going to open it. Well, I think it is not at all a question of competition between two rival systems of medicine. It is, I think, the accepted policy of Government to encourage indigenous systems of medicine in this country, and that Government will, I hope, take this opportunity of giving proof that they really mean to carry that policy into effect. I submit it is absolutely necessary that all possible efforts should be made to have the Ayurvedic and Yunani systems encouraged on as large a scale as possible in order to meet the requirements of the masses in India. If we had the Ayurvedic and Yunani systems of medicine encouraged in times gone by, and if we had enough medical men trained in those systems, we could have combatted to some extent the results of the influenza epidemic in which about six million people died only the year before last."

6-14 P.M.

The Hon'ble Haji Chaudhuri Muhammad Ismail Khan:—

"Sir, I beg to accord my hearty support to the resolution moved by my Hon'ble friend. The necessity of encouraging indigenous systems of medicine has been acknowledged, and it is only proper that Government should extend the same patronage to Indian systems of medicine as to the European systems. The College at Delhi has done splendid work, and further opportunities for research should be afforded to it by grant from Government. I hope the Government will find their way to accept the resolution and thereby give proof of their sympathy with our endeavour to conduct research into Indian systems of medicine'.

6-15 P.M.

The Hon'ble Sir Umar Hayat Khan:—"Sir, I rise to support this resolution. Many of the Punjabees who have attended this college and have gone back to their districts are doing very good work. Where there are no doctors or hakims, some quacks come forward and generally, I think, they do the work of killing. I think that when the stock of English medicines ran short during the last war many hospitals had used Indian medicines which were considered very useful. Therefore I feel if we have people properly trained in the Ayurvedic and Unani College in Delhi, it will be very useful to the country. I therefore support this resolution very strongly."

6-16 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, there is a question of principle involved in this, and having regard to the fact that medicine is to a certain extent to come under the new ministers I think the problem requires some examination. It has been contended, and I think not without reason, that having regard to the small amount of funds available for the extension of medical teaching, it might not be desirable to dissipate our resources in departing from the established practice and encouraging studies which have not been scientifically proved to be sound. That has been the view accepted by the Governments in general in the past, and I know that in the Madras Presidency municipalities were to a certain extent prevented from giving funds to Ayurvedic institutions and grants were withdrawn in some instances. Now this question will come to the forefront in the immediate future, and I therefore think some kind of definite policy must be pursued by the Government; at any rate, some indication must be given so as to guide the people as well as the Government in the future.

"Sir, there is a very strong volume of opinion in favour of encouraging Unani and Ayurvedic studies, and, I think, it will be expedient, politic as well as just to give a grant to this central institution so that the results from the utilisation of that grant may be awaited and the system may be extended. There is no use saying 'no' to everything. I mean we shall have to go with the people to some extent in order to show that we have no prejudice in the

RESOLUTION RE GRANT OF FIVE LAKHS OF RUPEES 1275
TO THE AYURVEDIC AND UNANI TIBBI COLLEGE,
DELHI.

[10TH MARCH, 1920.] [Rao Bahadur B. N. Sarma; Sir William Vincent.]

matier, and I think Government will be setting public opinion against itself if it says that no money can be spared for this college. It will be better, I think, if the Government can see its way to give encouragement to this particular institution, ask it to show definite results and then wait and see whether the results justify any further extension of grants-in-aid to institutions of a similar character."

The Hon'ble Sir William Vincent :—" Sir, in 1916 a resolu- 6-18 P.M.
tion was moved in this Council by the Hon'ble Khan Bahadur Mir Asad Ali in which he asked us to investigate the possibilities of placing the ancient and indigenous systems of medicine on a scientific basis. That resolution was accepted and subsequently Local Governments were invited to give their opinion as to whether these proposals were feasible or not. I regret to say that the replies, the substance of which I placed on the table at a later date, were very unfavourable to the proposals. I hesitated to put the actual replies on the table because I thought they might cause offence to individual members. Since then, however, a good deal of water has passed under the bridges, conditions have changed, and although the opinions that I have received are not favourable,—I have now a memorandum before me by an expert in Western Medical science which speaks in remarkably scathing terms on the scientific aspect of the Ayurvedic system—yet I quite recognise that many members, in fact nearly all the non-official members of this Council, feel very strongly on the subject. Further, whatever may be the scientific basis of these systems, it is undoubted that many, both Indians and Europeans, have considerable faith in them. I have myself heard a very high official of Government say that he has known of as many cures effected by these practitioners as by any other class of doctors. Another consideration weighs with me in this matter, and that is the one which has been put forward by the Hon'ble Mr. Sarma. Medical administration is going to be a provincial subject. It is also going to be a transferred subject, as I understand, and it is, therefore, a matter in which the Ministers and the Legislative Councils will exercise great authority and for the administration of which they will be responsible. It is, therefore, quite possible and even probable that they will use some of their resources for financing or aiding dispensaries and various institutions worked on the Ayurvedic and Unani Tibbi systems. In fact, I believe in some provinces that is the case at present. That being so, the question of having a central institution in which the system can be properly taught is of considerable importance. The institution to which the Hon'ble mover refers has also received recognition from Government in the fact that the foundation-stone was laid by His Excellency Lord Hardinge when Viceroy, and I am told, though I have no authority for this myself, that His Excellency Lord Chelmsford will open the building. I do not know the authority for that statement, but I presume the Hon'ble Member has not made it without being satisfied that it is correct. Another argument that presses me is this. It was only a short time ago that I was speaking of co-operation between officials and non-officials, and I spoke of the necessity of this not being one-sided, that is that while asking the assistance of non-officials we should show that we are anxious to work in with them and accept their recommendations when we can do so. I cannot pretend to have any knowledge of the value of these systems of medicine myself, and I am bound to admit that the scientific advice I have received has little to say in favour of these systems, but I am anxious here again to meet Hon'ble Members. I recognise also that much of the criticism comes from persons who would naturally not be inclined to favour any system other than their own. It is also quite clear that facilities for medical treatment that at present exist are very inadequate for the needs of the country, and it will be very difficult, if not impossible, for many years, for the Government to train a sufficient number of persons in Western methods of medical science. Bearing

1276 RESOLUTION *RE* GRANT OF FIVE LAKHS OF RUPES
TO THE AYURVEDIC AND UNANI TIBBI COLLEGE,
DELHI.

[*Sir William Vincent; Pandit Madan Mohan Malaviya.*] [10TH MARCH, 1920.]

all these considerations in mind, I am prepared to go as far as I can to meet the Hon'ble Member in respect of this Resolution. I cannot, of course, and he does not really expect this, promise to make a grant of Rs. 5 lakhs to an institution which has never, I think, asked us for it, and for the employment of which sum we have no definite scheme before us, or anything of the kind. Nor would I, for one, think of approaching the Finance Department for a grant on the information before me. Sometime ago I offered to receive a deputation from the authorities of this Institution, and to my regret they have not thought fit to come near me, but I am prepared to say that, if I receive a scheme which, I think, I can conscientiously support to the Finance Department, I will do so and endeavour, so far as financial exigencies may permit, if the scheme seems a sound one, to secure a grant for it. The amount of that grant I cannot possibly say. It will depend largely on the character of the scheme, largely on the good-will of my Hon'ble colleague the Finance Member, and largely on the financial exigencies of the moment. I wish however at present to make it clear to the Council that I accept, so far as I am in a position to do so, the principle underlying the resolution of the Hon'ble Member."

6-25 P.M.

The Hon'ble Pandit Madan Mohan Malaviya :—" Mr Vice-President, as one interested in this institution I thank the Hon'ble the Home Member for the promise of support which he has made for it. It will be unnecessary for me to take up any more of the time of the Council, but I wish to say this much, that the reports and opinions which have been expressed by those who are not practising these two ancient systems should always be received with a certain amount of reserve. These two systems have existed in this country from very ancient days. They are beneficent systems. Millions of people have benefited from these systems. Even now, when we acknowledge with gratitude the advances made in the European allopathic systems we find that in important places *vaids* and *hakims* are effecting cures in cases often given up as hopeless by other practitioners. I know from personal knowledge many cases of *kabirajes* practising the Ayurvedic system successfully in cases which have been given up by practitioners of other systems. I know also at this moment that a very esteemed friend of mine, a very wealthy man, having tried other systems, has now called a *hakim* from Delhi to treat him when his case is considered to be nearly hopeless. I could state many instances, but I do not think it is necessary to take up the time of the Council by doing so. I will only ask my European colleagues to take one fact into consideration. The Ayurvedic system is more ancient than any other system prevailing in history, and it has its body of literature, it has its own science, it is not an empiric system. It has not developed as modern science developed. The progress made in ordinary science during the last 100 years is a matter for sincere congratulation, particularly on the question of surgery in which the progress has been immense. Also in the matter of medicine, the physician's work, the progress has been very great, and we feel grateful that this progress has been achieved. But we must not overlook the very great advantages which the system of Ayurvedic medicine and the Yunani system do confer upon the people who resort for medical help and relief to the practitioners of these systems. Also it should be borne in mind that the tendency in the teaching of both these systems now is to incorporate the advances made in the modern systems and teach them along with what is obtainable in the ancient systems. There is only one other point to which attention should be drawn. When the Government of a country like ours finds that vast numbers of people resort to a particular system which is prevalent in the country, they ought to adopt one of two attitudes. They ought either to accept the advice of the people who resort to those systems for relief and support the systems, or if they have a doubt they ought to appoint a committee of scientific men, upon which representatives of these systems should be invited to sit, to sift the

RESOLUTION *RE* GRANT OF FIVE LAKHS OF RUPEES TO 1277
THE AYURVEDIC AND UNANI TIBBI COLLEGE, DELHI;
RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS
CHIEF REFORMS COMMISSIONER.

[10TH MARCH, 1920.] [*Pandit Madan Mohan Malaviya ; Khan Bahadur
Ebrahim Haroon Jaffer ; Mr. V. J. Patel.*]

whole matter and to place the report before the Government which would relieve the Members of the Government of any doubt or distrust of the value of these systems. I am confident that if such a committee was appointed, if the matter was examined, the Government would be satisfied and it would be a matter of satisfaction to all to find that these systems have inherent merit in them which ought to be encouraged. I am very glad therefore that the Hon'ble the Home Member has promised to support this institution. I hope this support having been promised, it will not merely encourage the present institution which has been referred to, but other institutions also and that the army of workers who are working to administer relief to our fellows-subjects will greatly be increased to the satisfaction of all interested in the relief of human suffering and in the preservation of health."

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer :-- 6-30 P.M.

" Sir, I am glad that my Resolution has been so well received by the members of this Council. I must also thank the Hon'ble the Home Member for his sympathetic reply. I hope, when the scheme is placed before him, he will not only consider it favourably but liberally. We have had enough of sympathy in words, but nothing has so far been done practically. It is high time now that something was done to encourage this sort of medicine. In view of the assurance of the Hon'ble the Home Member, I beg your permission, Sir, to withdraw this Resolution."

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

**RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS
CHIEF REFORMS COMMISSIONER.**

The Hon'ble Mr. V. J. Patel :—" Sir, I rise to move the following 6-32 P.M.
Resolution :—

' This Council recommends to the Governor General in Council that the amount of general reserve entered for unforeseen requirements under the head ' Miscellaneous ' be increased by a sum of seventy-five thousand rupees which should be allotted for the appointment of an Indian as Chief Reforms Commissioner, and for the payment of the travelling and other expenses of members of the Informal Advisory Committee on rules already appointed and hereafter to be appointed '.

" Sir, this is a very important Resolution. It raises two issues. In the first place I want that provision should be made for the appointment of an Indian as Chief Reforms Commissioner and, secondly, I want that provision should be made to meet the travelling and other expenses of members of the Advisory Committee already appointed, and mark the words ' hereafter to be appointed. '

" I take the second point first. There is already, as this Council is aware, an Advisory Committee appointed by the Government of India to consider the draft rules and regulations under the new Reform Act. That, I understand, is not the only function of that Committee. It has also to advise the Government of India from time to time on matters arising out of the reforms, so that the Committee will not cease to exist as soon as this Session is over, but will have to continue its sittings hereafter in April, May, June and July ; in fact for all the year round till the new Councils come into existence. Well, Sir, when I say that provision should be made to meet the travelling and other expenses of the members of the Committee hereafter to be appointed, I mean that the Committee requires to be strengthened ; some more members ought to be added to that Committee. As it is all the provinces are not represented on that Committee. I find that Assam is not represented ; I also find that the Central Provinces are not represented ; Burma is not represented. It is necessary, Sir,

1278 RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS CHIEF REFORMS COMMISSIONER.

[*Mr. V. J. Patel.*] [10TH MARCH, 1920.]

that there should be representation on that Committee from every province. Consequently, additional members will have to be put on that Committee and their expenses will have to be paid for. Meetings will take place at Simla and other places from time to time till the end of this year. Not only is there no representation from all the provinces, as I say, but all the interests are not represented. I know, as a matter of fact, that the European commercial interests are represented on the Committee. There are two non-official European members of this Council who are members of that Committee, so far, as I understand, but not one single member of the Indian commercial community is there. And what is the result? I understand—I am not giving out any secrets because I am not a member of the Committee; I tell the Council what I have heard for what it is worth—the other day a question was discussed whether there should be two European commercial members on the Legislative Assembly from Bengal as proposed by the Government of India, and the two European members of the commercial community who were members of that Committee pressed that there should be three. There was no one on the other side to represent the Indian commercial interests, with the result that the Committee recommended that there should be three European members and not two. I do not know how far that is true, but perhaps the Hon'ble Sir William Marris will be able to explain the matter. What I ask the Council to do is this. Let there be representation of all the principal interests on that Committee, the Indian commercial interests, landholders' interests, and the like. I do not want to go into the question whether the political bodies particularly the congress and the moderate conference should have representation on the Committee. I should like to see all interests represented. If my view is accepted, you will have to make provision to pay the travelling and other expenses of those members.

“The second point is, I want an Indian appointed as the Chief Reforms Commissioner. Sir, there is a good deal of talk about co-operation now-a-days. My submission to this Council is ‘let us begin co-operation in the Reforms Office itself.’ That is the place where co-operation must begin. The Reforms Office is there for the purpose of advising the Government on the rules and regulations to be framed under the new Act and on various other matters that may hereafter arise in connection with the reforms. Now we know, we have been told times without number, that the Minto-Morley reforms failed because of the rules that were framed by the Government of India under the Act. Let us therefore take lesson from past experience. It is absolutely necessary that Government should take the representatives of the people into their confidence in the matter of framing these rules and regulations. It is much better, Sir, in my opinion, that an Indian should really be in charge of the Reforms Office, as the head of it. Let us Indians be responsible for the making of these rules.

“It may be said that well, there is the Hon'ble Sir William Marris, who has already been appointed and he has been working for some time past, and how is it that I now come forward with a proposal for the appointment of an Indian as Chief Reforms Commissioner? Well, it may be said that he has been there and doing the work and there is no reason why there should be any change. I do not complain. We know the Hon'ble Sir William Marris. We know his views. I have great respect for him, and I know that he has been associated with this question of reforms long before the announcement of August 20th, 1917. In fact his name was associated with Sir Lionel Curtis who came in 1916-17 in search of some constitution for India. Subsequently Sir William was associated with the two distinguished authors of the Reform Report. We find his name prominently mentioned in the report; we also know that he was associated with the despatch of the United Provinces Government on that Report. We know that despatch very well, and we also know that he must have had a good deal to do with the nine despatches that were sent on the Reform Report by the Government of India to the Secretary of State. All these things we know, and we therefore know his liberality of views regarding the Reforms. We may not mind all

RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS CHIEF 1279
REFORMS COMMISSIONER,

[10TH MARCH, 1920.] [Mr. P. J. Patel; Mr. Kamini Kumar Chanda;
The Vice-President; Sir William Marris.]

that, Sir. But I am surprised at the colossal ignorance of the Hon'ble Sir William Marris on important questions connected with the proceedings of the Joint Committee. The other day I asked a question whether it was not a fact that Lord Selborne in the House of Lords stated that there would be four Indian Members of the Executive Council of the Governor General, and what was the reply? Up jumps Sir William Marris and says 'the Hon'ble Member must give notice of the question.' Now, Sir, I ask this Council seriously to consider whether the Reforms Commissioner, the person who is in charge of the Reforms Office, should or should not have known what the Chairman of the Joint Select Committee said in his speech on the subject of the number of Executive Council members of the Government of India, that is a thing which I cannot understand.

"The second point to which I should like to invite the attention of Council is regarding the Indian National Congress deputation. I asked a question a few days back whether there were any members of the Indian National Congress deputation on the Reforms Rules Committee. The Hon'ble Sir William Marris said he did not know the personnel of the Indian National Congress deputation. Well, Sir, if he had only seen the proceedings of Lord Selborne's Committee which contains among other things, the memorandum of evidence submitted to the Joint Committee by the Indian National Congress Deputation, he could have easily got the names. Sir, it seems to me he has not cared to know these things, and it would be much better therefore from all points of view that we should have an Indian who knows these things, who has worked in the Legislative Councils, local and imperial, who realises the difficulties, who can understand how the new reforms should be worked, and why and how the Morley-Minto Reforms failed. Such a man is the proper man to guide the destinies of the Reforms Office. I have great respect for Sir William Marris, and I know my friend, the Hon'ble Mr. S. N. Banerjea gave him a certificate only the other day, but there it is; the facts must be faced; he has disclosed deplorable ignorance of most vital things which a Reform Commissioner ought to know. Under these circumstances, I submit, Sir, the Government should take us into confidence and appoint an Indian as Reforms Commissioner. With these words I move my resolution."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I would G-16 P.M. like to make one suggestion to my Hon'ble friend, Mr. Patel. Instead of asking for a Chief Indian Reforms Commissioner, I would suggest that he should ask for a Joint Indian Commissioner to be associated with Sir William Marris."

The Vice-President:—"I am sorry I cannot accept any amendments."

The Hon'ble Mr. Kamini Kumar Chanda:—"I am not proposing any amendments."

The Vice-President:—"I must ask the Hon'ble Member to address himself to the resolution, and not to something which is not before the Council."

The Hon'ble Mr. Kamini Kumar Chanda:—"That is the only suggestion I have to make. I support the second portion of the Hon'ble Mr. Patel's resolution."

The Hon'ble Sir William Marris:—"Sir, when a few days G-16 P.M. ago a resolution was moved in this Council on a matter very cognate to that of the Hon'ble Member's speech, I ventured to ask the Hon'ble Mover of that resolution to remember the old proverb about the unwisdom of swapping horses when you are crossing a stream. I think that perhaps the same applies to the Hon'ble Mr. Patel's resolution now. It may be that you

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[*Sir William Marris.*] [10TH MARCH, 1920.]

do not very much like the horse you have got, indeed, I gather that he does not. But against the advantages of getting a mount that you would prefer, it is as well to take into account the inconvenience that may result from the wetting you may get in the process. This stream which we are crossing is not altogether a little rivulet; it is a broad stream, and we do not hope to get to the other side before the end of the year. When we do emerge on the other bank it has been arranged that there shall then be a considerable change of horses. Several old stagers are going to be relieved of part of their load, and some new and untried blood is going to assume part of the burden of the administrative harness. Is not that the appropriate time to make a change when we are safely across and know where we are?

"I gather from what the Hon'ble Member said that his main objection to the arrangements that have been made for the charge of the Reforms Office, (though he hedged it round with plenty of reservations), is that the Hon'ble gentleman objects to my association with this office on the ground that, when he had elaborately prepared two supplementary questions for me in this Council, I asked for notice of one, and gave the only answer that occurred to me on the spur of the moment in reply to the other. It was a perfectly true answer, and in the circumstances it appeared to me a satisfactory answer. I said that I could not charge my memory with the exact personnel of the Congress deputation to England. I do not see why I should have done so: and I gave the only possible answer. The other matter that the Hon'ble gentleman alleges against me is that he put another supplementary question and that I asked for notice of it. Now the Hon'ble Member's original question had been answered. Then, he, having read through various blue-books and having found in them the material wherewith to lay a train, fires it off in the shape of a supplementary question. Accordingly I asked for notice; I said that I required time to look into these blue-books and to verify the references that the Hon'ble Member had studied so long beforehand. I do not believe that anybody standing in my position could, without wading through hundreds of these pages beforehand—nor even then—give an answer straight off to any conceivable supplementary question that the Hon'ble Mr. Patel has elaborately prepared beforehand. I say that if the Hon'ble gentleman has nothing better to allege against the conduct of the Reforms Office than the fact that on two occasions his supplementary questions were answered in the only possible way in which they could be answered, then I say that his case is indeed a weak one.

"The Hon'ble Member briefly indicated some of the qualities which he thought suitable and desirable in the officer who had charge of this work. I suppose that the Hon'ble Member has given this matter some thought as a sagacious man, he has considered, I suppose, what the nature of the work is and what the problems are with which it is concerned. He sees that the office is there, in the first instance, to deal with a re-adjustment of the relations between the Central Government and the Local Governments, between the India Office and the Government of India; and again that the Reforms Office is concerned with some re-adjustment of the internal relations between the various executives and legislatures. Therefore I can conceive the Hon'ble Mr. Patel saying to himself 'For the charge of this office let us look for somebody who has had administrative experience, who has been in a local Government and also associated with the Government of India, who has also been in a local Council and in the Governor General's Council. As the office has a good deal to do with the relations between the Secretary of State and the Government of India, it would be as well if the officer had also seen some thing of the India Office. As there are questions of ministers coming into being, as a ministerial system is to be started, it is desirable to look if possible for some one who has dealt with or who has practical acquaintance of dealing with ministers in being. Parliamentary elections on a large scale also are in contemplation, and it is therefore desirable that you should get some one who has if not actual experience of such business also, at least some one who has at all events had the experience of watching a parliamentary election.'

RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS CHIEF 1281
REFORMS COMMISSIONER.

[10TH MARCH, 1920.] [Sir William Marris; Pandit Madan Mohan Malaviya.]

These then, I suppose, are the sort of qualifications that you would look for. I have omitted to mention three other matters of some importance which are involved in all the various parts of the scheme. Some knowledge of constitutional law and of finance and of the working of the services is clearly required, and some acquaintance with such matters would therefore be an element of value. Now the Hon'ble Mr. Patol may tell me that in enumerating these eight or nine points, all of which seem to be fully just and reasonable, I am setting up an impossibly high standard. I think the answer to that suggestion is a simple one; namely, that if it had not been for other chances which I am sure every one here regrets, we should have had in an *ex-member* of this Council one who possessed in a very unusual and extraordinary degree exactly all the qualifications that I have enumerated for the purpose. If the period of Lord Meston's service in India had been prolonged, I think it could not have been denied that he would have been the ideal person in every way for this work. He possessed all those varied and numerous qualifications. Well, circumstances have otherwise willed and Lord Meston may help us in another capacity and another place, but he is unfortunately not here to undertake the charge of the reforms work.

"I do not suppose, Sir, that it would be proper or seemly for me for a moment to attempt to justify or give reasons for the selection that the Government of India made when Lord Meston was not available. But what I have to do is to apply the premises I have suggested to the proposal before the Council. I would ask the Council to consider whether these propositions which I have put forward, these qualifications which I have suggested, are or are not substantial and reasonable propositions. Either let the Hon'ble Member show that they are not reasonable, or let him show in the alternative that the one qualification which he has put forward, that racial qualification which indeed he has put forward in all its nakedness, let him show that that is an over-riding consideration of such moment and value as to wipe out all others. Because, Sir, if he cannot do that, then it seems to me that it must be admitted that from no fault of theirs but from the mere circumstances of the case the field of selection of an Indian gentleman possessing the required qualifications must be a restricted one. I do not know who the Hon'ble Member had in his mind for this appointment, he did not indicate anyone, nor do I think it seemly to make any suggestion. But I am reminded that he did state qualifications, Sir, and it appears that those qualifications, so far as he stated them, would apply to a gentleman sitting within not a very large radius from where the Hon'ble gentleman himself sits in this Council.

"As regards the question of travelling allowance which the resolution also raises, I may say at once that of course provision will be made for that, and for that purpose there will be no need to enter any special sum in the Budget. But it is obvious to Council that the Hon'ble Member's concern is not mainly with the question of such allowances.

"I do not conceive, Sir, that the question of the composition of the Committee, or of the operations of the Committee, regarding which the Hon'ble Member appears to have gathered some inaccurate information—I do not think that these matters are sufficiently germane to the subject of this resolution for it to be necessary for me to enter upon any discussion of them. The Hon'ble Member has already had the opportunity of discussing the composition of the Committee once already and its function is to advise the Government and not to report to Council. For these reasons, Sir, I do not suggest to Council that they should accept this resolution."

The Hon'ble Pandit Madan Mohan Malaviya :—"Mr. 6-55 Vice-President, I consider it unfortunate that we should have had this discussion, and this Resolution should be open to the attack, to the criticism that the suggestion has been put on a racial ground. I also consider it very

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unfortunate that there should have been so much discussion of a personal character in dealing with the question of the character involved. I feel that the criticism on personal ground is most deplorable and I only want to say this, that while I do not at all wish to say anything in regard to the personal qualifications of Sir William Marris who has been appointed Chief Commissioner, it would pain me to discuss them and has pained me to hear the discussion of them. I would not go into the question on personal grounds, and I wish my Hon'ble friend Mr. Patel had put it in asking for preference for another Commissioner merely on the ground of his being an Indian.

"I think we had a suggestion that we wanted the co-operation of European and Indian. The whole basis of the Reforms Act, the whole basis of our reforms and changes in the new constitution to which we are looking forward rests upon the co-operation of Indian and European. Therefore I would not ask for the appointment of any Commissioner merely on the ground that he was an Indian, nor would I for a moment object to the appointment of a Commissioner merely on the ground that he was an Indian. Having made this much clear I would say that I wish it had fallen to some other member, that some other member had been asked to reply to this Resolution than Sir William Marris, not that I think he said anything to which exception can be taken, but I think that it was due to him that some other member should have taken up the answer to this Resolution. I think the only point which I will say is this, that this is a matter which does require some serious and impartial consideration. There is a feeling in the minds of many members of this Council, I should say of some at least in this Council and outside this Council, that in asking members to consult, to advise the Government regarding Reforms, the Government have not shown that large-heartedness which was expected of them on such an occasion as this. I think the Advisory Board should have been larger, and I think the suggestion that non-official members might be asked to co-operate was worthy of consideration. If that was only done the Board might have been still larger than it is.

"The President of the Indian National Congress, I understand, sent a cable to the Secretary of State complaining of the composition of the Advisory Board; I should like to know from the Government whether any intimation has been received by the Government from the Secretary of State with reference to that complaint. I should like also to know from Government why is it that Government were not able to satisfy the request that the composition of the Advisory Board might be made more liberal or large. No, Sir, the Hon'ble the Home Member has referred more than once to the desire of the Government to co-operate with the people and has appealed to non-official members of this Council to co-operate. This was certainly a legitimate appeal for him to make. We on our side also appeal to him and to other members for co-operation in a generous spirit. Now I want that we should really work in that spirit, and that the action of the Government should not be exposed to the criticisms that they have begun to form and foster a feeling that there are two parties in this Council and that the Government favour one party. I wish the Government to guard against it. I wish also that the Government should do all that they can to avoid the criticism to which the regulations framed under the Morley-Minto Reforms were exposed. The Government is aware, and my Hon'ble friend Mr. Patel has brought the question again before Government that the Act which was passed by Government in 1908 was welcomed with enthusiasm by India. The Government is also aware that the regulations which were passed under that Act were received with very great disappointment. The fact has again and again been mentioned, and when people have been blamed for not welcoming the Reform Act in fair terms, they have again and again pointed to the fate which overtook the previous Reform Act. The Government have to see that no opportunity is given for such criticism. We ought to show in this matter on both sides as much large-mindedness as we can. The Government ought therefore to consider whatever criticism there is in Mr. Patel's Bill in regard to the enlargement of the Advisory Board in an impartial and fair spirit free from

RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS CHIEF 1288
REFORMS COMMISSIONER.

[10TH MARCH, 1920.] [*Pandit Madan Mohan Malaviya; Mr. G. S. Khaparde.*]

any prejudice arising from references or discussions of a personal character. I think at this stage there is time at least for Government to re-consider the position. The Hon'ble Sir William Marris has told us that it will not be before the end of the year that this work will be completed. Well, that is, I suppose, the final completion of the work, but before that time there is ample opportunity which should be availed of to consult the members of this Council as largely as possible. I hope the Government will consider this suggestion in the spirit in which I put it forward. I repeat that, while I deplore the references of a personal character in this discussion, I should say that there is justification for the complaint that the Advisory Body is not enlarged and that the Government should approach the question relating to the formulation of the rules in a larger spirit and the matter does require consideration, and I hope it will receive that consideration from the Government."

The Hon'ble Mr. G. S. Khaparde :—" Sir, I do not propose to take much time in placing my views before the Council on this Resolution. There are two points of view that have occurred to me, and as they have not been mentioned I should like to put them forward. In the qualifications which are mentioned by the Hon'ble Sir William Marris, he has not stated the qualification to which I look forward with some amount of solicitude and anxiety, and it is this, that the framing of the rules will cover the ground of the formation of the electorates and those electorates will be formed. In forming those electorates, however, I believe the views of all those people who have laboured and who have done what they could possibly do in order to create as wide electorates as possible, would be very useful. We therefore naturally feel that the Commissioner to be appointed to preside over this office should be one who has had some experience of having worked in India for electorates of the kind which we seek to create, and this qualification has not been mentioned by the Hon'ble Sir William Marris, and I therefore particularly want to put it forward. The Reform Scheme, as I understand it, will stand a great deal by the kind of electorates that would be created. We know that at present the vote is purely property vote, yet it admits of being so arranged that nearly all interests may be represented in the new Councils, and my anxiety is to see that these new electorates are so formed that all interests in the country are represented. That is one part of our anxiety, and the reason why our anxiety is increased is that the rules framed now may be considered as unalterable for a period of ten years, which is rather a long period. If therefore the electorates are not properly formed and they do not work well, I am afraid we shall all have to stand the criticisms that will be made on those rules and on the consequences of those rules. So I feel that it is our duty to get those electorates formed as well as we can.

7-4 P.M.

"Then there was a question put which I did not expect here, as to what candidate the Hon'ble Mr. Patel had in view, and that the candidate would be within a certain radius or at the apex of a triangle or whatever it might be. My reply to that is, if the Government will kindly accept this proposal, then it will be time to put forward a candidate and discuss his relative merits. At this stage it is not necessary to see what candidate is going to come forward, or what particular person the Hon'ble Mr. Patel has in view. There is a further qualification which I like to put forward and which has not been put forward, and it is this. I like that this new scheme should be the joint production of Europeans and Indians. I am aware that there is an Advisory Body, but this body has no constitutional existence. There are no rules, and there is nothing to show that the views of a particular majority or of a particular person will prevail or succeed. If it was a sub-committee appointed by this Hon'ble Council I would understand the rules, and I would know how the committee is being worked. As it is, I do not know how the Advisory Board is being worked, and I believe the outside public would imagine that there were no rules because they were not placed before the Council, nor were they discussed and passed

1284 RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS CHIEF REFORMS COMMISSIONER; FINANCIAL STATEMENT FOR 1920-21. RESOLUTIONS *RE* SALES OF REVERSE COUNCILS.

[*Mr. G. S. Khaparde; Mr. V. J. Patel; The Vice-President; Sir William Marris; Mr. W. M. Hailey; Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1920.]

through the Council, nor were they subjected to those criticisms of this Council. I do not wish to speak of the composition, however, but the qualification comes in here that by appointing an Indian gentleman to the chief place in that office, the public will have a guarantee that there was an Indian associated with the Hon'ble Sir William Marris and that everything that could be done has been done. If it is not done, then there will be, as my Hon'ble friend Pandit Malaviya said, ground for some people to imagine that their interests or their point of view has not been considered. These are the remarks that I wish to put forward, and I hope and trust they will appeal to the Council.

"With these few observations I heartily support the proposition moved by the Hon'ble Mr. Patel."

The Hon'ble Mr. V. J. Patel:—"I have nothing to say in reply."

Vice-President:—"Has the Member in charge anything to say?"

The Hon'ble Sir William Marris:—"I have nothing to say, Sir."

The Resolution was put and rejected.

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

7-10 P.M.

The Hon'ble Mr. W. M. Hailey:—"I beg, Sir, to introduce the heads of the Financial Statement for 1920-21, Revenue and Expenditure, which stand in my name:—

<i>Revenue.</i>	<i>Expenditure.</i>
Opium.	Refunds.
Interest.	Opium.
Mint.	Stamps.
Receipts in aid of superannuation.	Income Tax.
Exchange.	Interest on obligations other than the Public Debt.
Miscellaneous.	Mint.
	Civil Purlough and Absentee allowances.
	Superannuation Allowances and Pensions.
	Exchange.
	Miscellaneous.
	Reduction or Avoidance of Debt.

"These heads are largely technical; the points of general interest have either been dealt with in my Financial Statement, or have formed the subject of resolutions which have already been before the Council or are still being discussed. I do not, therefore, propose to detain the Council with any introductory remarks on the subject."

RESOLUTIONS *RE* SALES OF REVERSE COUNCILS.

7-11 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, with your leave I shall take the two resolutions on this subject together and make my observations in regard to them."

The Vice-President:—"Certainly, Nos. 24 and 26."

[10TH MARCH, 1920.] [Rao Bahadur B. N. Sarma.]

The Hon'ble Rao Bahadur B. N. Sarma :—"They are :—

' This Council recommends to the Governor General in Council that the deficit during 1919-20 be reduced by 6 crores, the said sum being deducted from the loss on sales of Reverse Councils shown in paragraph 152 of the Explanatory Memorandum,' and

' This Council recommends to the Governor General in Council that in ' Interest receipts XII ' the receipts in England during 1920-21 be raised by £191,000, the decrease in the revised figure for 1919-20 provided for owing to an anticipated reduction in the amount of investments for meeting reverse drafts on London '.

" Sir, the subject-matter of the two Resolutions is practically identical, the questioning being as to whether the Council would advise the Government of India to stop immediately the sale of reverse drafts on London under the existing circumstances. The first Resolution deals with what is to be done during the few remaining weeks of 1919-20, and Resolution No. 26 deals generally with the policy in 1920-21. Well Hon'ble Members will excuse me for undertaking the task of bringing to their notice the consideration of this highly technical subject. I do it partly in response to a strong feeling on the part of the Indian public that the Government are losing heavily and unnecessarily by the sale of Reverse Councils, and chiefly because as far as I have been able to understand the subject subject to correction, I have felt that there is ample justification for the feeling of unrest among the Indian public, especially among the Indian commercial community who have sent me numerous telegrams on the subject, and who have been agitating the matter in the Indian press. I believe, Sir, it is generally understood that the object of the Government in selling these drafts is for the purpose of maintaining the exchange at a uniform level. The Government possibly feel that unless they do it, exchange may break away from the point at which it ought to remain, and that inasmuch as it is part of the currency policy of the country to so maintain it, whatever temporary loss may be incurred in doing so, the Government are justified in facing it, although for the time being the public may be alarmed thereby. Well really if in the general interests of the country and following the true spirit of the recommendations of the Chamberlain Commission, the Commission of 1898-99 and the report of the Currency Committee of last year the Government had been doing this, there would be something to be said for it; but I think, Sir, that, although the Government may bring themselves within the technical meaning of the term ' weak exchange ' as it may be loosely interpreted, I think the object of selling these Reverse Councils is not really what the framers of these recommendations had in their minds when they suggested that the Government should have practically unlimited power, a power subject to little control, to sell freely Reverse Councils. Now I will just read a few extracts from these various reports for the purpose of showing that Reverse Councils should be sold only if it be absolutely necessary to do so to keep the Secretary of State in funds, or to adjust the trade balance against India and in order to support exchange at particular times of severe stringency, and that the object is not merely to benefit trade or individual persons who may like to remit funds from one country to another. That is not the object, and my point is the first condition does not obtain and that during 1919-20, taking every month of the year, you find a large excess of exports over imports so that at no period can it be said that the trade balance has been against us. And even taking into account the Council Bills which have been sold by the Government during the period running from April to December for which alone I have figures, there is nothing to show that the trade adjustments of the country really necessitated the removal of funds from this country to England in order to adjust any trade balance. If this country had to pay in gold or whatever may be the equivalent of gold, for the purpose of meeting an adverse trade balance, certainly I would not have had anything further to say; we must incur the losses for the purpose of maintaining our exchange. But I think, Sir, that criterion does not obtain in the present circumstances.

" Then there is another point. I shall mention it and try to justify my position with reference to the recommendations of the commissions. The Smith Committee as well as the Chamberlain Committee practically contemplate a free inflow and outflow of the precious metals, and they say that if the

[Rao Bahadur B. N. Sarma.] [10TH MARCH, 1920.]

trade balance is such that gold might be exported from one country to another and the exchange is likely to fall, in order to keep up the exchange at a particular level, when it is weak Government would have to prop it up. But my submission is that here there is no adverse balance against us for which we have to remit funds, and the other conditions do not exist for the simple reason that you have no free import of gold here. There is no free export of gold. At any rate there would not be any export of gold for the reason that gold is dearer here than outside India. Again, supposing a man had to remit funds now, he cannot say that he has to do it because he cannot obtain trade bills inasmuch as the exports are in excess of imports, if the market be not manipulated. Whatever may be the handling of the mechanism of the exchanges by the exchange market, the stock exchange banks here seem to think that their business is only to make a profit and leave all the loss to the Government. Whatever may be artificial condition created, my submission is that there must be some justification for the Government or the exchange market to come forward and say 'here on account of adverse trade in order to meet this balance of trade, we cannot meet the import trade bills; consequently, Government must come to our aid.' That they cannot say now.

"Then the point is, if it is not for the benefit of the trade really in the strictest sense of the term, for whose benefit is it? A man possibly during the war kept his money here when he would have received only 1s. 4d. Now he finds it pays him to remit money to England. What is he to do? If he were to send his notes, nobody would take them in England; if he were to send his silver rupees, nobody would take them there. Therefore, he wants gold or pounds sterling. Now, if he goes to the market, he has to buy like anybody else, and the market rate is considerably above the exchange rate. It is above Rs. 16, was sometimes as much as Rs. 23 or Rs. 24 per tola, or it may be lower, but it is above your exchange rate, considerably above that rate. If he buys gold in the market, it will not pay him to send it to England, or, at any rate, he will lose on it. Therefore, he uses the mechanism of the Government for transmitting what he would not otherwise do in his own interest, through the free market or such market for gold as might exist. Here he wants to use the mechanism of the Government to pay Rs. 7 or Rs. 8 into your Paper Currency Reserve and ask for a pound, the pound meaning really what he hopes would in a very short time be equivalent to Rs. 10 or a much larger sum. He wants to make a profit at the expense of the Government. My submission, therefore, is there is no export point and there is no such thing as supporting an export point. The Currency Committee, as I have put it already, recommended the immediate adoption of the removal of all restrictions with a view to enable the Government to meet a normal course of free interchange of metals. It is then that this question of weak exchange and strong exchange will come in, and then it may be that the Government would and could rely upon the recommendations of the Currency Committee for remitting money to support exchange, but when they retain the restrictions for certain purposes they ought to retain the restrictions for other purposes. After all, is there such a thing as a steady exchange now? It is 2s. 7d. one day, 2s. 8d. a second day and 2s. 10d. the third day, and with a variation in the American cross rate it is possible it may be still further depressed against England if India's resources are not at her disposal, and it may be that your 2s. 10d. rate may still remain notwithstanding your refusal to sell, leaving it to the stock exchange banks to take further risks or to ask for a higher discount. These recommendations have no application whatsoever in the case of abnormal conditions like the present. Here is the first answer. First of all Reverse Councils may be drawn against the treasury balance in England which may be in excess of the Secretary of State's requirements. I do not believe that there are any such bloated balances with the Secretary of State because you propose that some part of the Treasury Bills and some part of the securities would have to be sold and the interest thereon reduced, and I take it that the first condition does not exist. Then the gold standard reserve was considered to be your first line of defence. That first line of defence, owing to causes into which we need not enter here, does not contain one ounce of gold. Therefore, if you were to

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draw on it, you would lose heavily by the sale of securities. Then again, you will have to translate into gold at a heavy loss which by a little waiting, say for six months or eight, you might save by sterling appreciating during the interval. Therefore, this forced sale of securities is extremely undesirable in the interests of India, because she will have to bear all the loss.

"The conditions laid down do not obtain because you have really no gold, as was recommended in the Chamberlain Commission's Report, in the Gold Standard Reserve wherewith to meet it. You may have temporarily a small quantity; again in the paper currency what you have is largely Treasury Bills which all of us know under the present exchange conditions have depreciated considerably in rupee value. Therefore, those conditions which are to exist in order to be able to meet these currency bills in terms of adverse trade do not exist at the present moment. The Report of the Committee of 1898-99 stated:

'We regard it as the principal use of a gold reserve that it should be freely available for foreign remittance whenever the exchange falls below specie point; and the Government of India should make its gold available for this purpose, when necessary, under such conditions as the circumstances of the time may render desirable.'

"For instance, the Government of India might, if the exchange showed a tendency to fall below specie point, remit to England a corresponding reduction being made in the drawings of the Secretary of State.

"Commenting upon that (I think it is in Sir Lionel Abrahams' note) says:—

'As a matter of fact, there is, I believe, now a general consensus of opinion that the reserve, so far as held to provide against a fall in exchange, should be used for two purposes namely to supplement temporarily the resources of the Secretary of State at times when he is unable to sell Council Bills except below specie exporting point, and to serve as a fund for enabling an adverse balance of trade to be liquidated without a fall in exchange'.

"Now you do not allow any imports of gold except under license, and there is no normal specie exporting point, the second condition does not obtain at all, as there is no adverse balance of trade.

"Then again, let us turn to the Report of the Chamberlain Commission. They say:—

'On the other hand, the Reserve is not required to provide for the conversion into sovereigns of the rupees in circulation in India. Gold is world's money and India, like other great countries, needs gold less for internal circulation than for the settlement of external obligations when the balance of trade is insufficient to meet them'.

"Then they say:

'This being the purpose of the Reserve, its amount depends not so much on the amount of rupees at any time in circulation as upon the growth of India's trade and the extent of the deficiency which adverse seasons and circumstances may at any time be reasonably expected to produce in the country's power to liquidate immediately its foreign obligations'.

"There are a number of passages to the same effect. In the course of the evidence it was objected that London might utilise the reserves for her own purposes in times of great crisis; that suggestion was indignantly repudiated by the whole Committee. They said:

'The objections put forward to keeping it in London rest on the belief that the Reserve is regarded in London as being available to supplement the Bank of England's reserve. There is no foundation at all for this belief'.

"Then they go on to say that this must be the first line of defence.

"Turning to the Currency Report of 1919 I find it stated:—

'The Chamberlain Commission recommended that the Government of India should make a public notification of their intention to sell in India bills on London at a price corresponding to the gold export point, whenever they were asked to do so, to the full extent of their resources..... We therefore recommend that the Government of India should be authorized to announce, without previous reference to the Secretary of State on each occasion, their readiness to sell weekly a stated amount of Reverse Councils (including telegraphic transfers) during periods of exchange weakness'.

[*Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1920.]

“They refer to the Chamberlain Committee's recommendation, and I take it, Sir, that what is meant by weak exchange is, not inability of the exchange banks temporarily to provide or say that they cannot provide bills at the day to day fluctuating exchange that is now the course of events, but weakness of exchange on account of inability of trade to adjust differences on account of an adverse balance really running against India. How do the facts stand here? You find in April the exports were 23 and the imports 14; in May 21 and 13; in June 20 and 11; in July 27 and 14; in August 26 and 16; in September 31 and 16; in October 29 and 16; in November 30 and 17; and in December 27 and 17; even excluding re-exports here the difference would not be much; you find no month of 1920, in which there was not an excess of exports over imports. I would like to have some explanation why trade bills can find no ready adjustment except it may be because the exchange banks do not want to take any risk and wish to transfer all the risk to the shoulders of Government, that is on to the public tax-payer. If it was a merely artificial gain and loss, Sir, I would not mind it. There would be no real loss, if £100 were to be remitted from here on import trade and £100 sent back here in the export trade; whether the remittances are on a *1s. 4d.* or *4s.* basis it does not matter; it does not make the slightest difference; but this is not of that description; here really you are sending out money which need not be really sent; in adjustment of trade you are merely the post office; you are, through the post office to a certain extent, remitting money at considerable loss when exchange banks do not undertake remittances not for currency stability but to enable certain persons who want to send money to do so cheaply, and get that money back when it is dear; that is the long and short of the whole matter. Then, may I ask this? We read in the papers that there are £120 millions applied for to be remitted by Reverse Councils. Well, we find that the whole capital of the joint stock companies in India is only 99 crores. I am of course referring to the paid up capital, not the nominal capital; the nominal capital may be anything. That was in 1917; during the last two years considerable additions have been made to this but not very considerable if we consider the amount of paid up capital; of course any company may advertise two, three crores or more nominal capital but that does not count. I ask where does this money come from? You might easily have assessed these people to excess profits tax because they made such huge sums of money which they got in at *1s. 4d.* when the market rate was *1s. 6d.* or more, and now that they have got a chance they press Government to facilitate their remitting money at *2s. 10d.* Is it to the interest of the country to allow export of money from India when we want every pie that we can get to mobilise our industrial resources? As a question of policy I submit the present course of action is very dangerous. Of course there may be temporary advantage if the Europeans sell their shares and the Indians buy them; there is nothing which has not something good in it. But I would strongly deprecate it, because we are not likely to attract British capital for a long time and I should not like to drive away British capital, because we cannot have too much capital in this country. My submission is that you should not allow export of capital in this artificial manner with these artificial aids. And for whose benefit? I can very well understand the Secretary of State being cool and firm over it. I was reading in a telegram that if only England could send £60 millions or so in gold to America the cross exchange rate might be considerably bettered for London. I can understand that each country will have to build up its gold reserves; but the Secretary of State should not allow the people of India to entertain that suspicion, even though there may be no foundation for the suspicion, that exchange is being manipulated for helping the United Kingdom. I submit on the information available to us there is reasonable ground for entertaining that suspicion, and I submit it should be the policy of the Government to remove that suspicion. Therefore, I submit there is absolutely no justification for remittances in the past year; of course what has been done cannot be revoked; but I submit you should stop it from now. You have lost about 18 crores; you had to sell £24 millions, and you obtained 18 crores, I think, Sir, this 6 crores which I asked should be deducted, would be the approximate loss on the sale of £8 during the

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next four weeks. I cannot of course give the exact loss, having regard to the variation in exchange; and the object with which the figure £191,000 in the estimate was adopted, was to protest against Reverse Bills being sold during 1920-21 and securities being sold in an adverse market, whereas we might have a chance of sterling recovering. I do not want the Gold Standard Reserve or the British Treasury Bill's to be now converted in an unfavourable market; but I think we should wait for a suitable opportunity; and there is no difficulty about waiting for that opportunity if we do not sell Reverse Bills. The Secretary of State has said that the 1s. 4d. rate should continue to be adopted in keeping accounts; and so long as we keep accounts that way there is no necessity for us to convert those funds at the rate of 2s. or at a higher figure. I would therefore strongly deprecate this Gold Standard Reserve or the other reserve being converted at the present moment. These, Sir, are the reasons for which I think I can ask the Government reasonably to re-consider their position and not sell any more reverse councils."

The Hon'ble Mr. W. M. Hailey :—"Sir, I am not at all sorry that 7-38 P. U my Hon'ble friend has raised this question, as it is just now occupying a great deal of public attention, and I am glad, therefore, of the opportunity of making clear what Government's position in this matter is, and also, I hope, of clearing away some of the misapprehensions which undoubtedly exist in the minds of some of my Hon'ble friends in this Council. I am unable to accept the conclusions which Mr. Sarma invites the Council to endorse, and I am unable to accept his Resolution. At the same time, I wish to express my appreciation of the moderation with which he has stated his case, a moderation which has been singularly wanting in some quarters where the case has been argued against us. My remarks will, I am afraid, take a somewhat wide range and the Hon'ble Mr. Sarma will perhaps excuse me if in the course of doing so I re-state, though in a different form, some of the objections he himself has brought against our policy.

"There is a good deal in the present position which must be somewhat puzzling to the ordinary member of the public, and I do not think we have any right to complain that people generally should feel that this is a matter which requires explanation. Let us take in order the points as they no doubt strike the public. The first is this. They see, on the one hand, that India's trade is prosperous; there was an excellent autumn harvest and there is a promise of a good spring harvest. So far as the ordinary men can see, the balance of trade is not markedly against India; indeed, so far as actual merchandise is concerned, it is still in India's favour. Theoretically, therefore, there should not be any need for providing remittance to England. Yet he sees that the Government is not only selling sterling remittances weekly, but is selling them at rates which are usually more than 3d. above the rate which remitters could obtain in the open market: that is, it is obtaining fewer rupees for its remittances than it would if it sold them at the market rate. It is not unnatural, therefore, that this should appear to be nothing less than the giving of a bonus, at the expense of the Indian tax-payer, to those people who are fortunate enough to get a share of the allotment of Reverse Councils. I take a second point. The offer of these Reverse Councils would appear, as the Hon'ble Mr. Sarma pointed out, to be a direct invitation to people to transfer their investments to England. It is not surprising, I say, that Hon'ble Members, knowing the great demand that the internal development of India and the necessity for freeing ourselves of the incubus of our floating debt are likely to make upon all our capital resources, should feel somewhat perturbed at the sight of large transfers of capital out of the country. Thirdly, the transfer of capital puts a strain on the money market, reduces the value of Government securities, and raises the rate of interest at a time of the year when money is required to move our exports. And finally, there is the consideration, which I myself mentioned in my speech on March 1st, namely, that these sales of Reverse Councils operate very considerably to reduce the gain by exchange which would otherwise accrue to us. The sale of direct Councils at the present high

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rate of exchange would mean that London would have to pay more sterling to lay down rupees in India; that therefore would be a potential gain to us; the sale of Reverse Councils, on the other hand, means that we are receiving in India only about ₹725 for £100 in London, though this £100 cost us originally about ₹1,500 to deposit there. That at all events would be the case as it would be put by our friend, the man in the street.

“Now I have stated the facts as they would appear to the ordinary man: and now, in reply, let me go at once to the general principle which governs our sale of Reverse Councils. I need not, I am sure, go over again the reasons which prompted the Currency Committee to advocate linking the rupee on to gold. I know that my Hon'ble friend, Sir G. Chitnavis, expressed a desire to return to the old state of things before the rupee was linked on to sterling—which was then the same thing as gold—but I think that he alone of all those who have discussed the question in this Council, would desire to get back to a pure silver currency with open mints, and with no attempt to give our rupee any ratio to gold or to sterling. Nor, indeed, outside this Council, has the decision to link the rupee to gold been seriously attacked. But the Committee, in linking the rupee to gold, in their desire to make it possible for us to maintain our silver currency by the purchase of silver on better terms than other people, took a high figure as the gold parity, namely, one-tenth of a sovereign; in other words, at the present sterling price of gold the rupee is bound to have a high exchange value, and it will not, when gold and sterling again coalesce, be below two shillings. Now let me pause to repeat once more some of the incidents attaching to the high exchange rate we have aimed at establishing. It is not only that it is intended to enable us to buy silver and thus save us from the nightmare of inconvertibility. It aims at more; we hope to do something to combat the high level of prices from which so many of India's population are suffering. I will add a further consideration, which is prompted by what my Hon'ble friend Mr. Banerjea and others emphasised during the general discussion on Monday last; it relates to the effect which we expect our gains from exchange to have on our ability to relieve Provincial Governments of their contributions. As the Council knows, we are hoping to reduce the all-India deficit to Rs. 6 crores. The result of this will be that the provinces as a whole will be Rs. 11 crores better off under the Reform Scheme than they would be otherwise. As I pointed out on March 1st we have only felt justified in making this reduction because of the considerable savings which, with a high exchange, will accrue to us in our home charges. I will not pursue this point further, because I think it must be obvious to every one here. All I will say is that Sir Fazulbhoj Currimbhoj's proposal that we should allow exchange to fall by stages to 1s. 4d. would be little short of disastrous in this particular respect. We should either have to take larger contributions from the provinces, or we should have immediately to introduce fresh taxation to finance the many schemes of improvement which the Reformed Councils will desire to introduce. Taxation may have to come for that purpose; but we desire to defer the day. I know that it has been represented that what we call gain is not a real gain, because what appears to be a saving to Government really comes out of the pockets of the people, that is to say out of the pockets of the producer. The argument may be stated as follows:—Money sent home is of course only equivalent to exports sent home. If Government has to send home £25 million at Rs. 15 to the pound it has to send 37½ crores of rupees, and the producer gets 37½ crores for his produce. By making the rate Rs. 10 to the pound Government will, of course, send only 25 crores of rupees and the producer will therefore get 12½ crores of rupees less. That is true as far as it goes; but the argument goes only part of the way. The same argument was, of course, applied when we raised the rupee to 1s. 4d., and I do not think that anyone would now-a-days claim that the producer has suffered severely in the last twenty years. You call it an indirect tax; but you cannot deny that it is in many cases, perhaps almost entirely in the case of our monopoly exports, largely paid by the foreign consumer. And what is the alternative? A low exchange and high prices; increasing demands for enhancement of wages and salaries; and the social and industrial disturbance which comes from the attempt of wages to

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catch up the rise in prices. If you advocate a low exchange, let us, at all events, be clear what it will cost the country. And if you want to abandon the Currency Committee's policy, do let us have--what we have not yet had--some definite and clear-cut alternative.

"Well, Sir, I will continue my argument. It is an essential feature of our exchange policy, and I quote here the words of one of our critics, that we should 'not only provide for remittance from London to India through Council Bills at approximately gold point, but from India to London in time of exchange weakness also at gold point through the sale of sterling remittance known as Reverse Councils.' It is simply an alternative to the export of gold. This is no new matter—we have been selling Reverse Councils for years; we were selling them this time last year, and unless we do so the exchange policy does not become effective; that is, trade does not get the remittance it requires at the ratio fixed, and the whole policy of exchange breaks down. This is the reason, and the only reason, why we have sold Reverse Councils; that is, to help trade to get remittance at the fixed ratio. It is an effort in fact to maintain exchange as near as possible to the gold point.

"Well, Sir, so much for the reason for selling Reverse Councils at all. It is urged that there was no reason to follow our previous practice in this case because there is not a genuine trade demand for remittance and that, I think, is one of the Hon'ble Mr. Sarma's points. It is urged and has been urged elsewhere as well as by him that if the balance of trade is in favour of India, there cannot be a genuine trade demand for remittance Home. I reply that it is exceedingly difficult to separate the elements in the demand. You cannot gauge the balance of trade by looking to see whether ships are full or empty at that particular moment; we are dealing not with freight, but with the balance of demand for remittance one way or the other. We know that a strong and insistent demand exists. It is undoubtedly a genuine trade demand to a certain extent; that is to say that over and above remittances to pay for imports, which are of course of high value, there is the demand (in some cases antedated) on the part of companies for remittance of funds for the purchase of machinery. Part, I admit, is a demand by persons who merely wish to send their savings Home; and another part I also admit may be an actual demand by speculators. As I have said, it is difficult to separate the elements; just as it has been difficult for us to estimate the total amount of the money still awaiting remittance. We have been hoping weekly to see the end of this; to see export bills come out and the tide turn the other way. Our critics allege that in any case we have not achieved our object, since we have not maintained the theoretical exchange rate; there is a definite gap between the market rate, that is, the rate at which exporters are prepared to sell their bills, and the theoretical gold rate. That is so, but I maintain that the gap would be far greater if it were not for our sale of Reverse Councils; and the larger the gap the further off are we from the realization of that stability which the Currency Committee desiderated, namely, fixity of exchange in relation to two shillings gold. What would be the consequence if we yielded to the pressure placed on us and ceased to sell Reverse Councils at all? I can understand a demand that Reverse Councils should be sold by some different method, or at rates different from those at present in force, but I must confess that I cannot understand the demand that the facilities for the exchange of rupee into external currency should be entirely withdrawn. I see that in Bombay it is urged that we should let exchange find its 'natural level'. That is a catchword which does not impress me. Used in the sense in which that phrase has recently been used, there is no such thing as a 'natural level' in exchange, for, when one translates the internal currency into another currency, there must be some sort of common denominator to which both currencies can be brought; it may be gold, it may be silver, it may be sterling, or it may be Spanish pesetas, which we take as our basis. The rupee must be linked on to *something*, and, if it is so linked, then it must be at some definite rate, and this necessarily involves that we must sometimes be prepared to sell Reverse Councils in order to maintain that rate. If Reverse Councils be withdrawn entirely, then we should have

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neither a gold standard, nor a gold exchange standard, nor any kind of standard at all. I have no doubt that some of my friends here, who have followed me so far, have nevertheless in their minds an objection which they would probably put as follows: 'This may be all very well as a matter of theory: it may be the proper and orthodox thing to support exchange; but nevertheless the effort to support it is costing India a great deal of money; and that vast expenditure is unjustifiable merely in order to attempt, and to attempt with only partial success, to support the high rate indicated in the Committee's Report'. Well, Sir, if there is a loss, and what is this loss due to? It is due to the fact that the sterling resources, from which Reverse Councils are now being met, were remitted Home at a lower rate of exchange than that which now prevails. What I want to emphasise is that it is not the sale of Reverse Councils which produces that loss. The loss is there all the time potentially, and sooner or later it must become a reality. Take, for example, the sterling securities in the Paper Currency Reserve. Sooner or later those reserves must be brought back to India, if not by Reverse Councils, then in the shape of specie remittances of silver or gold, and, as soon as the re-transfer takes place, that loss immediately becomes apparent. There is no avoiding the loss, and the stoppage of Reverse Councils would not make it any the less real. There is only one way to avoid the loss; that is to get back to the *1s. 4d.* exchange, and I have already described the consequences which this would, in my opinion, entail upon the people of this country. You cannot have the matter both ways. You cannot take the benefit of the gain by exchange, and at the same time hope to re-transfer your money to India at *1s. 4d.* The loss you are now making should not be regarded as a loss; it is the expenditure necessary to earn the advantages which, I am convinced, this country will gain, both in respect of the saving in the Home charges and also in many other directions, from a high exchange. I must again remind those Hon'ble Members, who are inclined to grudge the reduction in our gains by exchange resulting from the sale of Reverse Councils, that if these are withdrawn altogether, and exchange be left unsupported, there would be little prospect of realising in the future the permanent exchange gain upon which we are counting. It is not a question of throwing good money after bad; it is a question of standing up to a certain amount of present loss for the sake of the future gain. Well, here again, I can fancy Hon'ble Members recurring to an argument which has been used more than once outside this Council and has been, I think, incidentally repeated here in the course of our discussions. I imagine the objector saying: 'This again is all very well—but why is there all that money accumulated at Home? Why have you had this big banking up of resources in London which have to come out again at a loss? Why, instead of investing in Treasury Bills at Home, did you not adopt the proper method of paying for India's own exports by sending out gold?' Well, Sir, I think the answer to that objection is simple. It is not the fact, as has been alleged, that we adopted during the war the perverse course of investing in London instead of bringing out gold or silver merely to conserve gold and silver for the London merchant or banker. In the first place, we brought out enormous supplies of silver. As for gold, I believe that every fair minded man would admit that the policy of investing in London, instead of bringing out gold, was in the interests of the whole Empire in a time of war, and not in the interests of the London money market. England, France, America, all found themselves under the imperative necessity of conserving their gold resources. I have seen the statement made that no neutral country would have consented to take payment for its exports except in gold; and that as England would not let us have gold during the war, England should now bear the loss which will occur in transferring our investments back to India. We have heard suggestions made to this effect in this Council two days ago. Well, I can only ask my friends here, was India a neutral country during the war or was it a partner in it? Should she in this matter claim different treatment from other partners, Canada for instance or Australia, which came under the same disability in regard to gold? And again are we to take all the profit of a rise in exchange, and is England which bore, and for many years to come will continue to feel the effects of, by far the greatest share of the

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Empire's defence, alone to finance the loss which will occur in realizing that profit?

"I turn now to the criticisms directed not against our policy in selling Reverse Councils, but against some of the features incidental to that sale. Let me take first the criticism which is based on the difference of about 3d. in the rupee between the rate at which we have been selling Reverse Councils and the market rate. I have touched on the point before; but wish to deal at greater length with it here, because, probably, but for the existence of this difference we should have heard nothing of these objections to the recent sales of Reverse Councils. That difference, as every one knows, is due mainly to the severe slump in the sterling-dollar exchange which occurred just about the time the Currency Committee's Report was published. Now on this point, while I admit that the present difference between the two rates certainly acts as a stimulus to remittance, or at any rate incites people to make their remittances to England as quickly as possible rather than spread them out throughout the year as they would otherwise do, I must nevertheless point out that it is by no means an essential part of the Currency Committee's policy that there should at all times be an exact correspondence between the rate at which Reverse Councils are sold and the market rate. I do not wish to press this point too far, because the present divergence between the rates is so marked. On this matter I will say no more at present than that we have kept the Secretary of State very fully informed of the feeling in India on the subject. We are in hopes that he will agree to measures recently proposed by us which we believe will bring the two rates more closely together: we are awaiting his reply; and we believe that if that be done, much of the present artificial stimulus to the remittance will be removed, and I am inclined to think that a great deal of the present criticism will lose its force.

"I take a further point of criticism, one of detail rather than of principle; I mean the discrimination which we have exercised in the matter of refusing or accepting tenders. The reason for this discrimination was explained in a communiqué issued on February 23rd, and was due to the fact that speculators and profiteers, who had no real necessity for remitting, were taking advantage of the situation in order to snatch a considerable profit, thereby reducing the amount of Reverse Councils available for *bona fide* remitters. It is common knowledge that at one time people who had obtained allotments of Reverse Councils from us had been able to re-sell them at a profit of several pence in the rupee. Others have sent money Home, by way of speculation, in the hope that, if the agitation for the withdrawal of Reverse Councils is successful, so that exchange will break to a lower level, they can re-transfer their money at a profit. Our officers have applied this discrimination as best they can, but I am sure that every business man here will agree with us that it is a most difficult and a most invidious task. I do not think that in fairness to our officers it is a task which we can continue to lay on them, and I am ordering its discontinuance.

"And now, Sir, I have dealt, I hope, perfectly frankly with the bulk of the criticisms directed against our policy. I would willingly have concluded here. But I cannot do so, without alluding to a type of criticism which has endeavoured to import into what is after all only an economic problem accusations which I cannot pass over in silence. These criticisms, I admit, have not come from within the Council; though I have heard them hinted at here; but if I am not strictly in order in referring to them, I claim the indulgence of the Council in this respect. It has been represented that our present action is only the continuance of a policy which has been deliberately directed to the furtherance of British interests as against Indian; it has been contended that during the war we kept exchange artificially low, in order to benefit the Home Government, and that subsequently we have kept it artificially high in order to benefit British merchants; and finally it is now said that our policy in respect of the sale of Reverse Councils is pursued definitely in order to benefit Europeans. I see that the phrase 'organised loot' has obtained a temporary popularity in certain quarters in Bombay. I have even heard the expression 'embezzlement.' I have only recently assumed charge of my Department, but I am, subject to

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such control and united action as the constitution of India requires, for the time being the custodian of its traditions and its honour. When I look back on the list of distinguished men who have held the post of Finance Member, in the last twenty years I ask myself against whom do you bring the charge of criminal conspiracy? Sir James Westland, Sir E. Law, Sir E. Baker—were they the tools or the allies of London bankers? Was Sir Guy Fleetwood Wilson, who left India with such testimonies of respect and goodwill as have fallen to the lot of few, and whose bust was placed by the non-official Members of this Council by the side of that of Mr. Gokhale, was he one of these criminal conspirators? Sir William Meyer's strenuous guardianship of Indian finances during the war deservedly won him the good will of India; would any body here dare to bring a charge of that nature against him? Do you bring that charge against Lord Meston or against Mr. Howard? Then again, Sir, the Secretary of State is the custodian of India's finances in Parliament. It would be entirely out of place for me here either to criticise or to defend the Secretary of State, but when you bring a charge of that nature, you must include him also in the conspiracy. I come to myself; but as for myself I care nothing. I care only this, that the Council will allow me to repudiate those charges against the fair name of my predecessors and my Department. I say this to our critics. The financial policy pursued in the difficult years of the war may have been right or it may have been wrong; we are all entitled to our own opinions on that. The policy of the Currency Committee may have been right or it may have been wrong; we are all entitled to our opinions equally on that point. The steps which we are now taking to attempt to support the policy of that Committee may be right or they may be wrong; you may criticise us on economic fact or economic theory and we will welcome your criticisms, for they may help us; but I warn you to beware of suggesting that men whose one object and one thought has been to serve India, have joined in a criminal conspiracy to squander her resources."

[The Council adjourned at 8-10 P.M. to re-assemble at 9-30 P.M.]

9-30 P.M.

The Hon'ble Sir Fazulbhoj Currimbhoj :—"Sir, I beg to support the Resolution moved by my Hon'ble friend Mr. Sarma. We have been able to find out the policy of the Government of India in regard to Reverse Bills by this Resolution.

"Sir, I have to express the views of the commercial community of Bombay who feel very strongly on this subject, and if in giving expression to their views I have offended the Hon'ble the Finance Member, I should feel sorry."

The Hon'ble Mr. W. M. Hailey :—"Sir, might I interrupt the Hon'ble gentleman. I have never had to complain of any expression that has been used by any member of this Council in connection with this matter. I tried to make that clear before; I wish to repeat it now."

The Hon'ble Sir Fazulbhoj Currimbhoj :—"I am sorry I am not convinced by all the arguments used by the Hon'ble the Finance Member, in defence of his policy, but at this late hour, if I go into their discussion it will take nearly two hours and still, I believe I will not be able to convince the Hon'ble Mr. Hailey"

The Vice-President :—"I must remind the Hon'ble Member that he has only a quarter of an hour"

The Hon'ble Sir Fazulbhoj Currimbhoj :—"Sir, the Hon'ble the Finance Member wants to stick to the policy recommended by the Finance Committee, *i.e.* of selling Reverse Bills connecting with the cross rate of exchange between England and America. But if I have understood him rightly, while he says that they are going to stick to this policy, he also says that he has

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recommended to the Secretary of State to allow him to sell the Reverse Bills at the competitive tenders. I understand he has submitted to the Secretary of State a scheme by which he will be able to sell the Reverse Council Bills at nearly the actual rate of the market. If this is so and if the Reverse Bills are sold at nearly the parity market rate, then he will not be selling these Reverse Bills at the cross rate between America and England. That is what I have understood by his speech. I congratulate the Hon'ble Member on his desire to sell the Reverse Council Bills at lower rates. He has himself admitted, that, when he sold the Bills at 2s. 11d. there was a lot of speculative tendency in the tenders which were given. I know for a fact that the exchange banks were selling their exchange bills at 3 to 4 d. less, and therefore, as the people were getting 3 to 4 d. more, and as everybody wants to make money, there were so many tenders. Really speaking, there was not a genuine demand for the tenders.

"I will just take only two or three minutes more to express the feeling of the Indian Merchants' Chamber. If the Government wishes to stick to the policy of the Currency Committee, surely they can stick to that, and, if the exchange goes down below two shillings, then they can sell these Reverse Bills. Sir, the Hon'ble Member has admitted that the first Reverse Bills were given to people in proportion to the tenders which they submitted. Later on, the policy was changed, and, as there was a lot of speculative demand, the Government decided to give only to the genuine people and for not less than £10,000 tenders. Sir, there is a strong feeling among the commercial community that the other policy should be adopted, namely, that of selling Reverse Bills by tenders and accepting the tenders of the lower amounts. I thank the Hon'ble Member for doing his best and approaching the Secretary of State, and I am sure he will be able to induce the latter to agree to his proposals.

"The Hon'ble Member also complained that no constructive proposals had been made to him. Sir, I had made one or two proposals, the first was of not selling Reverse Bills under two shillings which was the rate fixed by the Currency Committee, and the other was of fixing the acquisition rate of gold at from Rs. 10 to Rs. 12. There was another proposal, to which I referred in my budget speech about bringing the exchange down to 1s. 4d. When I spoke about that I never meant that it could be done within six months or twelve months; I know that it is not practicable to bring down the exchange to 1s. 4d. without inconvertibility; that is impossible now; but in the distant future it is the belief of many people, including myself, that silver prices will go down, when India will largely import gold; and if India is not a big buyer of silver, surely the silver rate will go down. Mexico is also producing more; the total production before the war was 220 millions and during the war it came down to 170; but now Mexico is trying to produce more, and I believe that if India one of the largest consumers, is not buying largely and if the silver comes down the Government will not try to keep up the exchange to 2s., if it is naturally coming down to 1s. 4d., 1s. 6d., or 1s. 8d., later on in two or three years. I am entirely against inconvertibility or debasement of the coin, because that will be misunderstood in a country which is uneducated and will bring more trouble, and that is the opinion also of many of the members of our Indian Chamber.

"Sir, as I said before, I do not wish to argue all the other points mentioned in the debate, but I want to know if the Hon'ble the Finance Member is going to sell Reverse Bills at the approximate near rate of the real exchange, how he is going to keep in with the policy of having the rates kept up with a cross exchange rate."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-p. 50
President, I beg to move for an adjournment of this debate. My reason for it is this, Sir. I have not been able to understand that there was any necessity to have this debate continued at this late hour in the evening. I find several members have not been able to come here; the Hon'ble Sir Dinshaw Wacha, who is a great authority on this question, is not here; the Hon'ble

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Mr. Surendranath Banerjee is not here. Of course if there is a necessity for continuing the work of the Council till late in the evening no member would object and we might sit till the next morning. But I have not been able to find in the circumstances so far appearing in the debates or in the work of the Government, that there has been any actual necessity to justify our being called to meet this evening at this hour. I may say that ordinarily when we finish our work day after day in the day time, unless there is some very overpowering reason, the continuance of the meeting at a late hour results in unfairness to those members who may want to continue the debate at some length. It necessarily leads to a desire to shorten the discussion and not to prolong the debate. For these reasons I beg to move an adjournment of this debate."

The Vice-President:—"I am afraid the Hon'ble Member does not understand our position; he has not been present at many of our meetings this Session and does not know how very full of work we are. It is quite impossible to adjourn now. We have got a very full day to-morrow, and unless we sit late to-night we shall have to stay late to-morrow."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, of course it is for you to decide whether the meeting shall be adjourned or not and the motion is to be put to the Council; if it is so, I shall only say this; I have unfortunately not been able to attend a few meetings of Council this Session; but from what I see of the importance of this discussion on the subject that is sufficient to justify my request. Once a year we meet for the budget; the resolutions put down relate to the budget and full opportunity should be given to discuss these resolutions; and I have not been able to see any justification for the view that the Government work is so heavy that one day more, or a few hours more, could not be set apart for this discussion to-morrow. If there is work set down for to-morrow, I do not know why this should not have taken precedence over that work; at any rate I do not see any justification, and I think the matter must be put before the Council, unless the rules enable you, Sir, to decide the matter without reference to the Council. I have nothing more to say, but I think the matter is one which should be put to the Council."

The Vice-President:—"It is for the President to adjourn the Council and not for the vote of the Council. If the Hon'ble Member desires to speak on this Resolution, I give him the opportunity now."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I should like to say what little I can at this hour on the question which is now before the Council. The Hon'ble Finance Member has placed the history of the whole question of exchange admirably before us; he has also told us enough to remind us of the difficulties which surround this problem of exchange. The calamities which India and Indians have suffered and the heavy losses they have had to pay for on the score of exchange is all matter very well known to members of this Council. At this juncture the point before the Council is not what the right policy to pursue is in regard to the general question of exchange. The issue before the Council raised in the Hon'ble Mr. Sarma's resolution is a very simple one and has reference to the sales of reverse councils. Now, Sir, with a great deal of what the Hon'ble Finance Member has said nobody would disagree, and I think I may also say that every body sympathises with the difficulties of the situation which he has to meet. I think most people, if not all, will agree also that he has put the whole case with admirable clearness, and that he has enabled us to understand the question in a better form than probably we may have been able to do without such a clear statement. They will also agree that the question is not free from difficulty and that with the two alternatives which the Government had before them if the Government decided to adopt the report of the majority, not

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many people will be inclined to quarrel with the Government. But the question before the Council is, as I said, a very short one ; and in discussing this question Members of this Council might very well, though they might reject the attack made in strong language on the action of the Government, they might be excused for not being responsible for those attacks, and they might therefore not take upon themselves to answer them either. I think the strong language used, as the Hon'ble Finance Member pointed out, seemed to my mind unjustifiable. There is no suggestion that members of the Government or the Finance Member or those who preceded the Hon'ble Mr. Hailcy have intentionally done anything against which they have to defend themselves. As the Hon'ble the Finance Member himself said, he would welcome criticism relating to the proposals before us. We, Members of this Council, find it a difficult task to offer such criticism. But there are certain points which emerge from the discussion and from the statement. So far as the sale of reverse councils is concerned, I find it stated in the summary of conclusions to the Report of the Committee appointed to inquire into Indian Exchange and Currency, that the 12th conclusion runs as follows :—

' Council drafts are primarily sold not for the convenience of trade, but to provide for the Home charges in the widest sense of the term. There is no obligation to sell drafts to meet all trade demands ; but if, without inconvenience or with advantage, the Secretary of State is in a position to sell drafts in excess of his immediate needs, when a trade demand for them exists, there is no objection to his doing so, subject to due regard being paid to the principles governing the location of the reserves.'

" Now Sir, that is the recommendation of the Committee, the question then arises, were these drafts sold to meet trade demands, the balance of trade, the principle that we apply to direct sale would also apply to reverse sales. The question as it is raised here is that we have to see now what these reverse sales come to. My point in drawing attention to this recommendation was that there is no obligation to sell drafts to meet trade demands, that is the point which I wanted to make. The recommendation is that if it is necessary to sell reverse Councils in order to adjust balance of trade, that if it would be to advantage of India to sell reverse Councils, then only should reverse Councils be sold. That I take it is the recommendation. What has been done here ? Have the reverse Councils been sold solely in favour of India, for the benefit of India.

" I find it said here in page 127, paragraph 20, of the Statement of the Hon'ble the Finance Member that ' when we are selling reverse Councils, our accounts will show a credit of rupees 150 lakhs for every million sterling we have sold, whereas the actual payment made to us by the purchasers of the reverse drafts only amount to Rs. 75 lakhs, the difference being debited as loss on exchange.

" Now, Sir, that is the real result of reverse sales, and further we find it stated that during January and February the Government sold 16½ millions of reverse Councils on which they would incur a loss of 12 crores. At page 125 we again find the Hon'ble the Finance Member saying ' The much greater amount of sterling that could be purchased by a given number of rupees naturally provided a great incentive to people, with accumulated funds in India, to remit these to England. The demand for reverse Councils came unprecedentedly great and the exchange markets could have absorbed considerably more than the £11 million of reverse Councils which we sold during February. This fact resulted in a considerable divergence between the gold rate at which, following the Currency Committee's policy, we have been selling reverse Councils at the actual market rate. Speculators and profiteers have not been slow to take advantage of the situation. Then it comes to this that it has not been shown that it was necessary to sell reverse Councils to the extent that they have been sold in order to keep the exchange where it could have been kept, and that is the question on which we wanted to have a Committee. Up to this time we do not see any justification for the extent to which the reverse Councils have been sold. I hope when the Hon'ble the Finance Member speaks again he will try to help us with further

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information on this point. It is clear from the Statement that speculators have come in to profit by the reverse sales; it is clear that a great deal of money has gone to them. If it is not merely to help trade altogether it has been to the advantage to the persons who had accumulated funds in India and as it is stated when they accumulated funds in India they tried to remit these to England, and in this connection they have been stimulated and encouraged to remit these funds to England because of the reverse sales. I hope I am quite right in stating this. If this has been so, it is obvious that there has been too much of reverse Councils sold, and am glad to find that the Hon'ble the Finance Member has told us that he is in communication with the Secretary of State in order to bring the rate as near the actual market rate as possible. The difference which has been lost, unfortunately the amount that has been lost, I fear, is irrevocably lost, but it is great consolation to know that it is going to be rectified and I hope it will be rectified, but on the general question I hope that this discussion will have the result of preventing reverse Councils sales to the large extent to which they have been sold unless there is a real and just explanation forthcoming."

10-15 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, in putting forward this Resolution before the Council my attempt is to represent the interests of the general tax-payer; of course the general tax-payer's interest and the commercial man's interest are to some extent identical, although they may not necessarily be always so. We desire to promote the interest of commerce consistently with the general safety of the country and that is the reason why I did not go into the intricate question as to whether a high exchange or low exchange rate would be beneficial to the country. It is a very controversial question and is not one that is likely to be satisfactorily settled in the very near future or by a short discussion on it here. But Sir, the point that I tried to make was that there is no reason whatsoever for the sale of Reverse Councils here at all, because the position justifying their sale has not arisen. The Hon'ble Mr. Hailey said that it is difficult to discriminate between what is required for genuine trade purposes and what is not? If there be any difficulty about discriminating between the two, assuming that there is a genuine trade purpose, then the argument will go to some extent in explaining the position of the Government. But Sir, my point is that there can be no genuine trade purpose at all under the circumstances, having regard to the existing state of the export and import market.

"Then the other important argument which has not been clearly met by Mr. Hailey is that we are not linked to any particular market, whether it be a British market or any other market. If our exchange were linked on to sterling then I can understand the necessity for an obligation on our part to maintain the exchange level at that rate. I take it that we are linked on to gold, and the duty of the Government of India would be to maintain exchange at the gold rate. In that case the United Kingdom or any other country would stand on exactly the same footing, from the legal as well as from the commercial point of view. Therefore we shall have to maintain the rate of exchange with gold at 2 shillings or so many grains of gold per rupee and keep it there. There is no tendency of weakness in the exchange market for the rupee going below 2 shillings, and apart from the question as to whether there is any adverse trade balance against India which justified the sales of these Reverse Councils, I ask the Government to consider whether the recommendations of the Currency Committee would support their selling reverse bills and at the present rates. The Government of India is not bound to maintain, from moment to moment, from day to day the course of the exchange rate as between England and America, I think that will be too much for us to undertake. Even at the rate of 2 shillings the Commissioners were extremely doubtful whether the Industrial interests of India would not be jeopardized, and Indian industrial interest would be seriously hampered by the high rate of exchange. That they would be hampered was admitted, and the only question was whether they would be seriously hampered or only slightly hampered. Therefore, we shall

[10TH MARCH, 1920.] [*Eao Bahadur B. N. Sarma; Mr. W. M. Hailey.*]

have to be very chary in fixing our rate of exchange so that we shall not kill our nascent industries and also turn the balance of trade against us and make us a debtor country instead of a creditor country in at least those matters where we occupy the position of creditors.

"The other point is that we are really abandoning the only solid advantage we might get under the recommendations of the Currency Committee, namely, that we shall get gold into India comparatively cheap so as to link our currency really with gold in the true sense of the term, by possessing at the back of our currency gold in circulation and in the reserves so that we might make silver to a large extent—gradually, completely, subsidiary in the true sense of the term. That advantage we are absolutely foregoing in addition to undertaking the burdens and disadvantages attendant upon a high exchange. The recommendations of the committee are that the paper currency reserve a proper proportion of the gold reserve must be in India, at any rate half the metallic portion must be in India; therefore anything in excess of the treasury balances required for the Secretary of State purposes must be sent on to India. Then again we need not worry ourselves very much just now about the gold standard reserve, because there is no gold there. The net result is, and must always be the dissipation of our gold stock or what was intended to be converted into gold. For otherwise how is the Secretary of State to meet the Reverse Councils? either with the gold there or by the sale of Treasury Bills. That means in effect that we are intercepting the imports of gold or virtually exporting gold, you may put it that way if you like, intercepting gold which might have come to India or really encouraging the exports of gold, assuming that it has come here technically. But I think these are the further considerations that I place before the Council in addition to those which I have already urged. The main position stands, namely there is no adverse balance, there is necessity for importing more gold into this country, there is no real export point, and consequently the conditions under which the Reverse Councils have to be sold do not exist.

"Then, again, if I understood rightly Government themselves admit that the world's market rate for gold is more closely approximate to the rate at which Government has been selling it. If so, the observations which have fallen from the Hon'ble Sir Fazulbhoy have considerable weight. We shall be in adopting this fictitious rate about which experts themselves are so very dubious landing ourselves in an endless sea of trouble. We are launching ourselves in a sea of speculation and we need not add to our troubles, I think, by losing so heavily from day to day in order to support a theoretical standard which does not really exist."

The Hon'ble Mr. W. M. Hailey:—"Sir, I began my first answer 10.30 P.M. to the Hon'ble Mr. Sarma at an early stage of the discussion in the evening by expressing my gratification at the opportunity which his resolution afforded us of explaining our views, our position and our intentions with regard to the sale of Reverse Councils. I reiterate that sentiment of gratification now. I do so because it has brought from Mr. Sarma, I think, a recognition of some of the difficulties of our position. It has brought from him also, I think, a recognition of the fact that our intentions in this matter were clear and above-board; that there was no desire or intention on our part of supporting European trade, there was no intention of doing anything else, than to attempt to support the rate of exchange which was indicated by the Report of the Currency Committee. I welcome the expression of opinion which has fallen from the Hon'ble Pandit Malaviya that the prejudice which it has been attempted to import into this question was in itself unjustified. I welcome also what the Hon'ble Sir Fazulbhoy said in the same sense. I intended to take, I hope I did take, particular pains to explain that in what I said in the latter part of my speech regarding the manner in which this question had been treated outside this Council, I was dealing entirely with outside criticism; I was taking the only course which it is possible for a member of the Government to take in dealing with criticisms of that nature, and I was in

[Mr. W. M. Hailey; Pandit Madan Mohan Malaviya; The Vice-President.] [10TH MARCH, 1920.]

no sense resenting, criticising or in any way objecting to the manner in which that question had been approached by members of this Council.

"Now, Sir, in my speech I tried to place before the Council very frankly and fully each and every one of the objections which I thought could be brought by the public against our present policy, and I tried to meet those objections. I am still left with a doubt as to whether the Hon'ble Mr. Sarma and his friends who have supported him here, think that we are bound immediately to stop the sale of Reverse Councils. They have advanced considerations as to the undesirability of our action, but they have not in my opinion met the substantive arguments which I put forward to show that for the present it was our duty to attempt to support the policy of the Currency Committee. It is true that the Hon'ble Sir Fazulbhoj Currenbhoj did suggest an alternative course of action; but he himself did not seem to be very strongly persuaded of its feasibility. He suggested that we should endeavour to work back to the old parity of 1s. and 4d. sterling. But he admitted that it would be many years before we could work back such a figure, even if we decided to attempt to do so. He recognised, I think, that in the interval we must give up any idea of realising our anticipated gains from exchange, and I have already emphasised here the importance which we attach in connection with the development of the country to making some of those gains from exchange; the uses to which we intend to put them, are, I believe, such as will commend themselves to the Council. He will, I believe, agree with me that a return to the 1s. 4d. rupee, even if possible, would involve a rise in prices of food grains and the like which might provoke severe social disorder in this country. His ideal of an eventual 1s. 4d. rupee, as he himself admits, depends entirely on a heavy fall in the price of silver. The Currency Committee very carefully considered the possibilities of the fall in the world price of silver; they themselves were pessimistic on the subject; he is much more optimistic. I can claim no gift of prophecy and must leave others to judge between the two views. But he himself, as I think his speech has clearly shown, admits that if we try to work back to a low exchange and if silver does not fall, then we will have to face inconvertibility, and he himself, (and I heartily welcome his statement on the subject) is of our own opinion on this subject; he himself fully admits that neither inconvertibility nor a debased coin is a desirable thing for India.

"I find it necessary to refer—I do not intend to keep the Council at any length—shortly to what the Hon'ble Pandit Madan Mohan Malaviya said on the subject of our obligations to issue Reverse Councils. He read from the report of the Currency Committee an extract referring to direct councils. He did not refer to the following paragraph in which that Committee lays down its policy in regard to Reverse Councils, and I will trouble the Council with it. You will remember that the Hon'ble Pandit said that we were under no obligation to issue Reverse Councils merely to provide facilities for trade. What they actually said is this:—

'The Chamberlain Commission recommended that the Government of India should make a public notification of their intention to sell in India bills on London' (that of course is Reverse Councils), 'at a price corresponding to the gold export point whenever they were asked to do so, to the full extent of their resources. We agree entirely with this recommendation.'

"Now the Hon'ble Pandit would have put the case very much more completely"

The Hon'ble Pandit Madan Mohan Malaviya :—"May I, Sir, invite the attention of the Hon'ble Member"

The Vice-President :—"The Hon'ble Member is only entitled to make a personal explanation; I will not hear him on anything else."

The Hon'ble Pandit Madan Mohan Malaviya :—"I wanted to draw his attention."

The Vice-President :—“ I call upon the Hon'ble Member to resume his seat while I rule.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ Thank you, Sir, I beg your pardon.”

The Vice-President :—“ I will allow the Hon'ble Pandit to make any personal explanation he desires to do, but I cannot allow him to make any other speech.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ I wanted to explain what I said on the point which is being dealt with by the Hon'ble Finance Member; I wanted to invite attention to this sentence in the report of the Currency Committee at page 3.”

The Vice-President :—“ Really, really, this is not a personal explanation.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ Very well, Sir, if it is not then I have nothing more to say.”

The Hon'ble Mr. W. M. Hailey :—“ I am not, Sir, accusing the Hon'ble Pandit of attempting wilfully to mislead the Council; I am only pointing out that he has made a mistake, and that the policy of the Currency Committee actually was that we should sell reverse councils up to the extent of our resources whenever we were asked to do so. And that is emphatically what we have been trying to do. If we have failed in narrowing the gap between the market price and the theoretical gold price of the rupee, if we have failed to do that, it is not because we have sold too many reverse councils, as I think the Hon'ble Mr. Sarma suggested; it is because we have sold too few. I put it to any member of the commercial community here, and I put it without fear of contradiction, that if our resources had enabled us without unduly tying up the Indian money market, to sell straight away 20, 30 or 40 millions of reverse councils, we should probably have had no gap between the market price of the rupee and the theoretical gold price of the rupee at all. One of our difficulties has been, not that we have sold too many reverse councils, but that we have been obliged to sell too few.

“ Then, Sir, I have one remaining point. The Hon'ble Sir Fazulbhoj Currimbhoj stated that he approved of the intention to which I had given expression of attempting to narrow the gap between the market rate and the theoretical rate of the rupee; he assumed that we should endeavour to do this by selling reverse councils by tender. He has jumped somewhat hastily at a conclusion which I do not think was fully justified by the statement I made to Council. I merely said that we were in correspondence with the Secretary of State; that we had put before him a proposal which I hope would have this result; but as to the exact method which we have recommended to the Secretary of State, I am not at present able to make any communication at all. Sir, I leave the matter at that. I have, as I said before, tried to explain the whole case very fully and very frankly to the Council. I think the Hon'ble Mr. Sarma would himself admit that I have put before the Council practically every objection that he or any of his friends could think of to our policy of reverse councils. I have asked, and I think I have asked in vain, for some clear indication from the Council as to what policy we should adopt instead of selling reverse councils, and failing any answer to that question, failing from them any clear indication of policy, failing from them any indication of a better line of action than we ourselves have been pursuing, we, I think, are only able to continue in the course which we have mapped out for ourselves.”

The Resolutions were put and rejected.

RESOLUTION *RE* GOLD MINT AT BOMBAY.

11 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Well, Sir, I understand that there is no objection to making some provision for the continuance of the establishment of a Gold Mint in Bombay, and some provision is intended to be made. The figure 120,000 in my resolution ought to be Rs. 1,20,000, and I shall formally move my resolution and leave it to the Hon'ble Mr. Hailey to explain what he wishes to do. I beg to move formally the following resolution:—

'This Council recommends to the Governor-General in Council that the budget figure during 1920-21 under Expenditure 17—Mint be increased by Rs. 1,20,000 to provide for the charges for a Gold Mint'.

11-1 P.M.

The Hon'ble Mr. W. M. Hailey:—"Sir, I have to thank the Hon'ble Member for the succinct and very friendly way in which he has moved this resolution. It is a fact that we have no objection whatever to making such provision as is necessary for the re-opening of the Gold Mint. May I explain the following facts to the Council? I shall not occupy much of their time in doing so. The proclamation opening a branch of the Royal Mint at Bombay was issued on the 16th February 1918. A certain number of sovereigns were coined, but the greater part of the time of the Mint was occupied in coining Gold Mohurs, which had to be issued at a time of exceptional pressure for currency and before the arrangements for the issue of sovereigns were fully completed.

"It was closed in March 1919. The only reason why it was closed was that the two officers sent out from Home were in ill-health and had to return to England. It is our intention to follow the recommendations of the Currency Committee's Report and re-open the Mint as soon as it is required. I may say that it can hardly be required in the immediate present because we have a large holding of sovereigns in our Currency Reserves. It was eight millions up to a week or so ago, and, of course, owing to the fall in the internal premium on gold that number is likely to be augmented by the presentation of sovereigns for notes in our treasuries. But, Sir, as soon as a state of things arises when gold is likely to be presented at the Mint, we shall apply to the Secretary of State for the services of officers to replace those who have gone Home ill and we shall re-commence operations. Last year we budgetted for an expenditure of Rs. 1,20,000—I do not know whether the Hon'ble Mr. Sarma would like us to include in the Budget any definite sum on this account; if he would, as a guarantee that we intend to continue the operations of the Mint, I shall be very glad to put a sum of say Rs. 50,000, which, I think, will be quite adequate for the purpose, into the Budget. If that will satisfy him, I shall be very glad to accept his Resolution to that extent."

The Hon'ble Rao Bahadur B. N. Sarma:—"I accept that with thanks."

The Vice-President:—"Does the Hon'ble Member wish to press his Resolution? I cannot accept an amendment under the Rules."

The Hon'ble Rao Bahadur B. N. Sarma:—"Except with the permission of the Council and with your permission."

The Vice-President:—"The Budget Resolution rules do not provide for amendments at all. I suggest the Hon'ble Member may be satisfied with the Finance Member's assurance that he will provide Rs. 50,000 in the Budget for this purpose."

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[*Rao Bahadur B. N. Sarma; The Vice-President.*]

The Hon'ble Rao Bahadur B. N. Sarma:—"I am satisfied."

The Vice-President:—"I think I may say that the Resolution is by leave of the Council withdrawn."

The Council adjourned till Thursday, the 11th instant, at 11 A.M.

A. P. MUDDIMAN,

*Secretary to the Government of India,
Legislative Department.*

DELHI :

The 24th March, 1920. }