

*Tuesday,
21st March, 1916*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. LIV

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OF

THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA

ASSEMBLED FOR THE PURPOSE OF MAKING

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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
Tuesday, the 21st March, 1916.

PRESENT :

The Hon'ble Sir WILLIAM CLARK, K.O.S.I., C.M.G., *Vice-President, presiding,*
and 56 Members, of whom 49 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Pandit Madan Mohan Malaviya asked :—

1. "(a) Is it a fact that a circular issued by the Government of the Punjab in 1904 prohibits the use of departmental rest-houses by families of the Indian officers of the Public Works Department, unless the written sanction of the Superintending Engineer has been previously obtained, while no such permission is required in the case of the families of European officers and even of European upper grade subordinates of the Department?"

(b) Have the Government of India received a memorial submitted to them through the Punjab Government by Indian officers of the Public Works Department of that province praying for a redress of this grievance?

(c) Is it a fact that both European and Indian officers were treated alike in this respect in the Punjab till 1904 without giving rise to any complaint?

(d) Do the Government of India propose to advise the Punjab Government to cancel the circular above referred to?"

[*Mr. C. H. A. Hill*; *Khan Bahadur Mir Asad* * [21st MARCH, 1916.]
Ali Khan; *Mr. Low*; *Sir Reginald Craddock*;
Sir C. Sankaran Nair.]

The Hon'ble Mr. C. H. A. Hill replied :—

"(a) and (c). The Government of India have no information in regard to the Circular in question. The framing of rules regarding the occupation of rest-houses is a matter entirely within the discretion of the Local Government.

(b) A number of Memorials were recently received direct by the Government of India from Indian Officers of the Punjab Public Works Department, and this being in contravention of the rules relating to submission of Memorials, they were forwarded to the Local Government for return to the Memorialists for resubmission through the proper channel, namely, through the Local Government.

(d) The Government of India do not propose to take any action in the absence of full information."

The Hon'ble Khan Bahadur Mir Asad Ali Khan asked :—

Levy of fees
under the
Indian
Companies
Act.

2. "With reference to the answer given in Council on the 8th September, 1915, to my question *re* levy of fees under the Indian Companies Act, 1913, have the Government decided to reduce the fees payable under the Act?"

The Hon'ble Mr. Low replied :—

"The matter referred to in the Hon'ble Member's question is still under consideration. It is regretted that, owing to the pressure of more urgent business, it has not been found possible to arrive at any conclusion regarding the levy of the fees in question, but the Government of India hope to do so shortly."

The Hon'ble Khan Bahadur Mir Asad Ali Khan asked :—

Indian
Police and
Criminal
Investigation
Department.

3. "With reference to the answer given in Council on the 1st October, 1915, to my question: *re* the strength of the Indian Police and Criminal Investigation Department, have the Government now obtained complete figures in answer to the same; if so, will the Government be pleased to lay them on the table?"

The Hon'ble Sir Reginald Craddock replied :—

"The Government of India have not yet been furnished with replies from all Local Governments to the reference made to them. The figures in question will be laid on the table when available."

The Hon'ble Khan Bahadur Mir Asad Ali Khan asked :—

Village
Panchayats.

4. "(a) Will the Government be pleased to state the number of village panchayats entrusted with general administrative functions and established under the various Local Self-Government Acts in the different provinces of British India?"

(b) Do such panchayats contain non-official members?"

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) Village panchayats of the kind referred to by the Hon'ble Member exist in Madras, Bengal, Bihar and Orissa, and Assam. In 1914-15, there were 398 union panchayats in Madras, 76 union committees in Bengal, 12 union committees in Bihar and Orissa, and 8 village authorities in Assam.

(b) In Madras all union panchayats contain non-official members.

In Bengal and Bihar and Orissa, save for reasons to be stated in an order in writing made by the Local Government, members of union committees are bound to be elected from among the residents of the union.

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[*Khan Bahadur Mir Asad Ali Khan; Mr. Low; Mr. Rama Rayaningar; Mr. C. H. A. Hill; Mr. C. Vijiaraghavachariar.*]

In Assam, members of a village authority may be wholly appointed or wholly elected or partly appointed and partly elected."

The Hon'ble Khan Bahadur Mir Asad Ali Khan asked :—

5. "With reference to the answer given in Council on the 22nd September, 1915, to my question *re* Post Office holidays for Mussaltmans in Madras, have the Government considered the desirability of including Id-uz-Zuha in the list of holidays to be observed in 1916, and if not, do Government propose to do so?" Post office holidays in Madras.

The Hon'ble Mr. Low replied :—

"In connection with the question of allowing in Madras a second Post Office holiday for Mohammadans in addition to the Ramzan, the desirability of making that holiday the Id-uz-Zuha was considered. But the Id-uz-Zuha in 1916, is expected to fall on Sunday, the 8th October, which is already a regular Post Office holiday, and for this reason it was considered advisable to make the Moharam the second Muhammadan Post Office holiday."

The Hon'ble Mr. Rama Rayaningar asked :—

6. "(a) Have Government had under consideration the economic condition of the rural population in India? Economic condition of the rural population in India.
(b) If not, will Government be pleased to consider the desirability of holding an inquiry into such condition?"

The Hon'ble Mr. C. H. A. Hill replied :—

"The economic condition of the rural population is one of the most intimate concerns of the Government; it is a matter on which they possess very full and continuous information; and it is the governing factor in many lines of administrative activity. There is no particular aspect of it, however, which, in their view, calls for special inquiry at the present moment."

The Hon'ble Mr. C. Vijiaraghavachariar asked :—

7. "(a) Has the attention of Government been called to a report which has appeared in the press that the Allied Governments propose to hold a Trade Conference at Paris? Fa- concentration of interests on the Trade Conference to be held in Paris.
(b) If so, do Government propose to take steps for the purpose of securing direct representation, in that Conference, of Indian interests by representatives from this country, official and non-official?"

The Hon'ble Mr. Low replied :—

"(a) The answer to the first part of the question is in the affirmative.

(b) As regards the second part, the Conference in question has been convened to consider, firstly, the possibility of putting further concerted economic pressure on the enemy during the war; and, secondly, to interchange views as to meeting the changed economic conditions after the war. The Prime Minister in a speech delivered on 7th March to a deputation from the Chamber of Commerce, has emphatically stated that the interests of every part of the Empire, India being specifically mentioned, would be borne in mind in entering on the Conference, and on the next day in the House of Commons he further explained that His Majesty's Government's representatives would return from Paris absolutely uncommitted to any specific measures, and that the Empire would be taken into Council before any policy was settled. The Government of India have further been informed by the Secretary of State in reply to their inquiry that, if as a result of the Conference any action should be contemplated, no step will be taken without full consultation with this Government and with the Governments of the Dominions."

[*Raja Sir Muhammad Ali Muhammad Khan of Mahmudabad* ; *Sir C. Sankaran Nair* ; *Maharaja Ranajit Sinha of Nashipur* ; *Mr. Low* ; *Mr. Dadabhoy* ; *Mr. Abbott.*] [21st MARCH, 1916.]

The Hon'ble Raja Sir Muhammad Ali Muhammad Khan of Mahmudabad asked :—

Dacca and Patna Universities.

8. " Is it a fact that the proposed Dacca and Patna Universities are intended to be teaching Universities, but with power to affiliate outside Colleges and Schools ? "

The Hon'ble Sir C. Sankaran Nair replied :—

" The Patna University will exercise jurisdiction over all Colleges situated in the Province of Bihar and Orissa. The University will also itself impart instruction in certain branches and grades. The Dacca University will be a local teaching University with constituent Colleges within a very limited area. The Universities will have no connection with High Schools."

The Hon'ble Maharaja Ranajit Sinha of Nashipur asked :—

Indentured emigration to the Colonies.

9. " Will the Government be pleased to state if they have received a memorial from the Marwari Association of Calcutta regarding the abolition of the system of indentured emigration of Indians to the Colonies ? If so, what orders have been passed in the matter."

The Hon'ble Mr. Low replied :—

" The memorial referred to by the Hon'ble Member has been received by the Government of India and forwarded to the Secretary of State with reference to their despatch recommending the abolition of indentured emigration."

The Hon'ble Mr. Dadabhoy asked :—

Excise duty on beer and potch & spirit manufactured in India.

10. " With reference to ' the usual practice ' alluded to in the Hon'ble Finance Member's speech on the 1st March in connection with the excise duty on locally manufactured beer and potable spirit manufactured in India known as ' foreign spirit,' will Government be pleased to state the principles on which it is based, and to lay on the table the papers relating to the imposition ? "

The Hon'ble Mr. Low replied :—

" With regard to the first part of the Hon'ble Member's question, I would invite his attention to the late Sir Edward Baker's speech in Council on the 26th January, 1906, to the Statement of Objects and Reasons to the Tariff Amendment Bill of 1910, and to Sir James (then Mr.) Weston's speech of the 25th February, 1910, introducing that Bill. In accordance with their policy in enhancing the rates of duty on country liquor, the Government of India have consistently advanced the rates of excise duty on foreign spirits and fermented liquors produced in India to the highest possible level, and have therefore imposed excise duties equal to the import duties on such liquors.

With regard to the second part of the question, I lay on the table copies* of the orders issued to the Local Governments and Administrations on the subject on the 26th and 28th February and the 1st March, 1916."

The Hon'ble Mr. Abbott asked :—

Indian Subordinate Medical Department.

11. " (a) With reference to the reply given in Council on the 17th September, 1913, to my question on the subject, have the Government come to any decision on the question of the elimination of the term ' Subordinate ' from the official designation of the Indian Subordinate Medical Department ?

* Not included in these Proceedings.

(b) If the answer to (a) is in the negative, will the Government be pleased to state—

- (1) whether any other Military Department or Corps is officially termed 'Subordinate,' and
- (2) whether it has been brought to the notice of Government that, owing to the use of this term, Military Assistant Surgeons, when employed as Civil Surgeons or as Medical Officers of Railways, labour under grave official and social disadvantage?

(c) Is it a fact that in November, 1914, an increased rate of pay was sanctioned for Military Assistant Surgeons, but that a higher rate of pension proportionate to such increased rate has not been granted to them? If so, will Government be pleased to state their reasons for deciding to withhold such increase of pension, and do they propose to reconsider their decision?

(d) Is it a fact that commissions in the Indian Medical Service have never been granted to Military Assistant Surgeons, while such commissions have been granted to Civil Assistant Surgeons serving in a subordinate capacity under Military Assistant Surgeons?"

His Excellency the Commander-in-Chief replied:—

"(a) The reply is in the negative. As stated on the 8th March, 1915, in reply to a similar question by the Hon'ble Member, the matter has been referred to the Right Hon'ble the Secretary of State for India, who has deferred his decision, pending the report of the Commission on Public Services regarding medical organisation.

(b) (1) The reply is in the affirmative.

(2) The reply is in the negative. Members of the Indian Subordinate Medical Department holding charge of Civil Surgeoncies or employed as medical officers of Railways are designated Civil Surgeons (District Medical, and Sanitary Officers or Civil Surgeons in Madras), or Railway Medical Officers, and not Military Assistant Surgeons of the Indian Subordinate Medical Department.

(c) Rates of pension in the Indian Subordinate Medical Department are granted according to military rank at the time of retirement, and not with reference to the rates of pay drawn. The question of revising the rates of pension is, however, under consideration.

(d) The reply is in the affirmative so far as Military Assistant Surgeons are concerned. During the war some Civil Assistant Surgeons have been granted *temporary* commissions in the Indian Medical Service, but the Government of India have no information whether any of these have ever served in a subordinate capacity under Military Assistant Surgeons."

BUDGET FOR 1916-17.

The Hon'ble Sir William Meyer:—"Sir, I rise to present the Budget of the Government of India for 1916-17. The Preliminary Estimates which I laid before the Council on the 1st March have been revised in the light of our latest information. The Financial Secretary's Explanatory Memorandum has also been checked and brought up to date.

"2. The final figures of the Revised Estimate for 1915-16 and of the Budget Estimate for 1916-17 are given in the statements which I have to-day laid before the Council. The broad results of the revenue account are brought out in the table below, in which I have also shown, in brackets, for convenience of comparison the figures now superseded, which were given in the corresponding

table appearing in paragraph 61 of my speech introducing the Financial Statement.

[In millions of pounds]

	BUDGET, 1915-16.			REVISED, 1915-16.			BUDGET, 1916-17.		
	Imperial.	Provincial	Total.	Imperial.	Provincial	Total.	Imperial.	Provincial	Total.
Revenue	49,659	30,750	80,400	52,504 (51,982)	30,733 (30,036)	83,235 (82,620)	55,925 (55,651)	30,613 (30,518)	86,538 (86,149)
Expenditure	53,697	31,625	84,435	54,288 (53,968)	31,297 (31,296)	85,585 (85,264)	55,901 (54,699)	30,816 (30,915)	86,715 (85,912)
Surplus (+) or deficit (-)	-4,038	-1,075	-4,003	-1,784 (-1,986)	-565 (-618)	-2,350 (-2,644)	+324 (+1,952)	-203 (-3,5)	+473 (+1,687)

" 3. The effect of our corrections in the Revised Estimate for the current year is to reduce the Imperial deficit previously announced by £182,000 and the Provincial deficit by £93,000. On the Imperial side, there are three alterations of some importance. The Railway revenue has shown a still further improvement in February, and we have raised our estimate of gross receipts by £400,000. On the other hand, we have had to allow for an increase of £175,000 in Opium expenditure, owing to the circumstance that our payments for the Malwa opium which we purchase in the spring are being effected for the most part just at the close of the financial year instead of at the opening of the following year. This is due to our beginning our purchases a little earlier than in previous years, and it seems likely that the same thing will happen next year, so that the advancement of payments on this occasion will not relieve us in respect of the corresponding expenditure in 1916-17. The third material increase is one of £200,000 under Military Services, which is due to the possibility of our having to raise our contribution adjustments in favour of the Home Government for reasons which I will explain presently. These larger corrections almost counterbalance one another; and the comparatively small net change in both the Imperial and Provincial deficits is attributable to minor improvements under Customs, Land Revenue and other heads.

" 4. As regards the Budget of next year, the effect of the changes made is to reduce the Imperial surplus by £226,000, and the Provincial deficit by £12,000. There is no important change on the Provincial side, and I need not refer to that further. On the Imperial side, we have allowed, as in the Revised Estimate, for an improvement of £400,000 on our previous estimate of gross Railway receipts, but in this instance we have to make a proportionate increase under working expenses also, so that the improvement in net receipts is £233,000 only. The only other important change occurs under the Military estimates, which have been raised by £500,000, this being due partly to provision for further urgent military requirements which have matured since the Financial Statement was presented; and partly to allowance being made for the possibility of a higher total contribution to the Home Government. The extra provision of £300,000 included on the former account will enable us to undertake a further development of the mechanical transport service, to increase the provision of motor ambulances, and to establish in India a factory for the manufacture of acetone—an industrial development of considerable interest and importance.

" 5. As regards the contribution, the additional provision proposed is £200,000 in the Revised, and £200,000 in the Budget. As I pointed out in paragraph 27 of my speech introducing the Financial Statement, and further emphasised in replying to a recent question in Council, the adjustment of charges between the Home Government and ourselves in respect of the many units of our expeditionary forces is a very complicated matter, and the questions which arise are not yet completely settled. Since the Financial Statement was presented, the point has been prominently raised whether, in calculating the 'normal cost' of a unit, allowance should be made for the fact that

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in ordinary peace-time conditions a certain number of British officers are absent on leave and draw furlough allowances instead of their full sanctioned pay and allowances; or whether India's contribution should not be based on the assumption that, in present circumstances, even if the units in question had remained here, prudence would have required the recall of officers from leave, as in the case of certain Civil services. As I explained in this Council the other day, all such questions must be finally settled with reference to the terms and spirit of the Resolutions of the Houses of Parliament. Meanwhile, we have thought it prudent, without prejudice to the eventual decision, to include provision in our Budget and Revised Estimates, in case it should be decided that India should fairly pay the higher amount.

"6. These very recent instances of additional requirements and of the points of difficulty which arise in calculating our share of the expenditure of the expeditionary forces, emphasise the necessity of maintaining a reserve for unforeseen Military expenditure. We have, therefore, retained the reserve at its original amount, namely, £½ million, while making specific provision for the requirements and contingencies mentioned. The gross Military budget for 1916-17 will thus stand at £23·7 million, and the net budget at £22½ million, instead of £22 million provided in the Financial Statement.

"7. Turning to Ways and Means, we now expect the total cash balance in England and India at the end of the current year, exclusive of the amount held in the Home Treasury on account of the Gold Standard Reserve, to be about £18·1 million or £160,000 higher than the figure taken in the Financial Statement. This is due to the reduction already mentioned in the Imperial and Provincial deficits, and to a further improvement in the position in regard to withdrawals of post office savings bank deposits, which we are now able to take at £133,000 less than was previously estimated. There has also been a small further lapse under railway capital expenditure.

"Next year, however, there is a worseness of £298,000, principally caused by the reduction of the Imperial surplus which I have already explained. On the whole, therefore, combining the corrections of both years, we expect the closing balance on the 31st March 1917, exclusive again of the holding of the Gold Standard Reserve, to be about £17·6 million, or some £160,000 better than we anticipated in the Financial Statement.

"8. Since I presented the Financial Statement, the Secretary of State's sales of Councils have continued to be very large in view of the requirements of trade, a matter which I shall deal with more fully presently in connection with a Bill that I have to introduce, and are now estimated for the whole year at £20·1 million. Of these drawings our Treasury balances will meet £4·1 million, as compared with £3·7 million previously estimated. Our estimates of recoverable military expenditure in this and the following year have also been raised by £200,000 and £500,000, respectively.

"9. These changes *pro tanto* diminish the extent to which it will be necessary for the Secretary of State to draw on us next year, and accordingly, we now estimate the amount to be met from Treasury balances in 1916-17 at £3·9 million, or £1,200,000 less than the figure taken in the Financial Statement. But, as I said in my speech on that occasion (paragraph 104), this must for the present be regarded as a purely provisional announcement."

THE INDIAN PAPER CURRENCY (AMENDMENT) BILL.

The Hon'ble Sir William Meyer:—"Sir, I beg for leave to introduce a Bill to amend temporarily the Indian Paper Currency Act, 1910. The necessity for this legislation arises from the situation in respect of the Secretary of State's Council drawings to which I referred in paragraphs 101-108 of my speech introducing the Financial Statement. The relevant

facts are that, owing to the heavy demand for Councils at home for trade purposes by reason of the excess of India's exports over her imports, the Secretary of State has had to draw upon us to an extent which we are unable to meet from our Treasury balances. As I said then, the normal course would, in these circumstances, have been for the Secretary of State to draw against the Paper Currency Reserve, paying the proceeds of his bills and telegraphic transfers into the Reserve at home in the shape of 'earmarked' gold, and thus permitting us to utilise a corresponding quantity of the rupees in the Reserve on this side. In present circumstances, however, it is very undesirable for the Secretary of State to lock up more gold than is absolutely necessary, and it is, of course still more out of the question for him to stop Council drawings and let gold come out here as a private import. Nor, again, could the difficulty be met by the purchase of silver for fresh coinage, since, in present circumstances, this would take a long time and the Secretary of State's drawings are very largely in the shape of telegraphic transfers.

"Consequently, as I explained in my speech introducing the Financial Statement, we had to fall back on the additional investment powers in respect of the Currency Reserve given to us last year by Act V of 1915. Prior to that the total extent to which we could invest assets of the Paper Currency Reserve, instead of holding them in coin or bullion, was limited to 10 crores in rupee paper and 4 crores (£2½ million) in sterling securities in England. The Act of last year—which gave temporary force, for the period of the war and for six months after, to a recommendation of the Royal Commission on Indian Finance and Currency—permitted us to increase this investment by a sum of 6 crores (£4 million), and the primary intention then was that we should employ this money, if required, for the assistance of trade through the Presidency Banks, or for meeting liabilities of our own in the event of unexpected emergency. So, while previously section 22 of the Currency Act of 1910 permitted a total investment of 14 crores (Rs. 140 million), of which 4 crores (Rs. 40 million) might be Home securities, the Act of last year raised the first figure to 20 crores (Rs. 200 million). Last January, however, in consequence of the Secretary of State's heavy drawings, we were obliged, as I explained in paragraph 103 of my speech of 1st March, to enable him as well as ourselves to take advantage of this additional investing power, and we therefore (by Ordinance) temporarily altered the second sub-section of section 22 of the Act of 1910 by permitting investment in Home securities up to 10 crores (Rs. 100 million). Thus while the total power of investment remained at 20 crores, the additional 6 crores could be used either here or in London; and, as I stated on the 1st March, the Secretary of State made use of this power to the extent of £3 million or Rs. 4½ crores, an amount which has now been temporarily increased by £500,000.

"The Ordinance also made it clear that, in the event of our investing from the Paper Currency Reserve in India, we could do so by the creation of fresh Government paper *ad hoc*.

"I said on 1st March that I would presently ask the Council to give this Ordinance the force of law for the duration of the war and six months after; but it has now become necessary, owing to the Secretary of State's continued drawings, to go a step beyond this. We do not propose to give him or ourselves larger power to invest money out of the Paper Currency Reserve in the normal sense of the term; but in present circumstances, and given the necessity of assisting the Home Government by refraining from further earmarking of gold on account of Paper Currency in London, we think it is desirable to allow the Paper Currency Reserve to hold, instead of gold, a limited quantity of first class short-term sterling securities issued by His Majesty's Government, to wit Treasury Bills, to a total amount not exceeding £4 million. Treasury Bills have by Statute a maximum currency of 12 months, and as a matter of fact the investments already made by the Secretary of State under his existing powers have been in 3 months' Bills.

"This measure will enable the Secretary of State to satisfy the demand for Council drawings without dangerous depletion of our Treasury balances,

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since he will, when necessary, apply the proceeds of his Council sales to the purchase of these short-term securities, and we on our side will obtain, for the purpose of meeting the bills, an equivalent amount of Indian currency from the Paper Currency Reserve here, the rupee stock in which is at present very strong. I think it will be admitted that the holding of these short-term sterling securities, which can be readily sold and converted into gold when required, is the best thing that can be done to meet the present circumstances, and that it does not go counter to the real spirit of the Currency Act.

"Consequently, the Bill, which I now propose to introduce, is of a two-fold character. In the first place, it re-enacts the provisions of the Ordinance of last January. Secondly, without enhancing the power of normal investment against the Paper Currency Reserve, it enables the temporary holding in that Reserve of short-term securities to take the place of gold up to a limit which, in present circumstances, we fix at £4 million.

"I mentioned in paragraph 103 of my speech of 1st March that, in applying the additional investment power given to him in January last, the Secretary of State had purchased short-term securities of the same general character as those which he will obtain under the additional powers now proposed—as a matter of fact (as I have already said) three months' Treasury Bills. Consequently, should circumstances oblige us to borrow from the Paper Currency Reserve on our side as originally contemplated, he will be able to sell these readily and so enable us to operate

"The Bill, which was placed informally in the hands of Hon'ble Members for information yesterday, will, as I have already indicated, apply only for the period of the war and six months subsequently. It is, therefore, an emergency war measure, and as such I propose to ask that it be passed at once. Any permanent alterations in the Currency Act which may be necessitated by the Report of the Finance Commission, or by the experience of the war, will be undertaken apart from the present legislation when peace returns and normal conditions are restored.

"I move for leave to introduce the Bill."

The motion was put and agreed to.

The Hon'ble Sir William Meyer—"I now formally introduce the Bill and also, for the reasons I have indicated, move you, Sir, to suspend the Rules of Business to admit of the Bill being taken into consideration."

The Hon'ble the Vice-President—"I suspend the Rules of Business."

The Hon'ble Sir William Meyer—"I now move that the Bill be taken into consideration."

The motion was put and agreed to.

The Hon'ble Sir William Meyer—"I now move that the Bill be passed."

The motion was put and agreed to.

THE INDIAN REGISTRATION (AMENDMENT) BILL.

The Hon'ble Pandit Madan Mohan Malaviya—"Sir, I beg leave to introduce a Bill further to amend the Indian Registration Act, 1908. The reason for proposing the amendment is simple. In a recent case decided by

[*Pandit Madan Mohan Malaviya.*] [21ST MARCH, 1916.]

the Privy Council, the case of *Jambu Prasad v. Aftab Ali Khan* (I L.R. 37 All., page 49), it was held by their Lordships that, in order that a document requiring registration should be valid, it should have been presented for registration either by the person who executed it, or, if it was presented on behalf of a person in whose favour it was executed, by the agent, representative or assign of such person duly authorised by power-of-attorney executed and authenticated in the manner mentioned in section 33 of the Registration Act, though such agent may have been accompanied at the time of such presentation by the executant himself. Until that decision was passed, it was a common practice with well-to-do laudlords, money-lenders, men of business and *pardanashin* ladies, in whose favour the document was to be executed, to send agents, munibs, gumasthas, servants or relations to the registration office with the executant to pay the money payable before the registering officer, and to see that the document was duly registered. In some cases, such agents might possess a power-of-attorney of the kind required by section 33 of the Indian Registration Act, 1908, but in the majority of instances where the creditor, trader or lady concerned was not a landed proprietor, the most suitable man in the service of the person who was going to advance the money or in the family circle available at the time, was sent to pay the money because he was the most trusted man in the family or in the service of the person. No harm accrued, and I submit no harm could accrue to the person who borrowed the money. He was present at the registration and received payment. The agent who presented the document was the agent of the man who advanced the money, and whose interest it was to see that the document was duly registered, he was sent merely to pay the money down to the executant before the registering officer and to get the document registered. But, Sir, section 32 of the Act required 'that such agent should be a person, representative or assign, duly authorised by power-of-attorney executed and authenticated in manner mentioned in section 33 of the Registration Act.' That section laid down that for the purposes of section 32, the powers-of-attorney next hereinafter mentioned shall alone be recognised, (that is to say)—

'if the principal at the time of executing the power-of-attorney resides in any part of British India in which this Act is for the time being in force, a power-of-attorney executed before and authenticated by the registrar or sub-registrar within whose district or sub-district the principal resides.'

"The language of the section being what it is, their Lordships of the Privy Council decided, in the case to which I have referred, that where the person who presented a document on behalf of the man who advanced the money did not possess such a power-of-attorney as has been described above, the document had not been duly presented, and, the document not having been presented according to law, their Lordships further held that the registering officer did not have any authority to register the document, and that the registration effected by him was ineffective. In that view, the claims of mortgagees to recover amounts which they had secured by mortgages of property, which had been registered on presentation by the agent of the creditor who did not hold a power-of-attorney as required by section 33 of the Registration Act, were defeated. The result was that persons who had actually advanced money, and who had taken all the care which they were required to take under the law, except in one particular, which by the practice of many years was regarded as an unimportant matter of form, had failed to obtain the justice to which they were entitled.

"It is to remedy injustice in such cases that I seek the leave of the Council to amend the Registration Act. The object of the amendment that is suggested is to provide that the mere fact that the physical act of handing over a document to the registrar for registration was performed by a relative or agent not holding a proper power of attorney, ought not, by itself, to stand in the way of the document being accepted as one validly registered, if the document was otherwise duly registered. In the circumstances of the case, the need for amending the Registration Act is obvious. The question that arises is, what is

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the best way of doing it? What I have suggested is, that it should be provided by an additional section in the Act that—

‘Notwithstanding anything contained in this Act, the registration of a document registered before or after the commencement of this Act, shall not be deemed to be invalid by reason only of the fact that the document was presented for registration by an agent not duly authorized by a power-of-attorney executed and attested or authenticated under the provisions of any enactment in force.’

“Such an amendment would not affect any other provision of the Registration Act relating to registration, and if this was accepted, the result would be that where a document had been presented by an agent of the person who advanced the money, his claim would not be defeated.

“The object of the second clause that I have suggested is to remedy injustice done by reason of this decision in cases decided before the amendment I propose is effected. For this I propose that ‘where any claim has wholly or in part been dismissed, rejected or withdrawn after the 25th day of November, 1914,’—the date on which the decision of their Lordships was pronounced,—‘and before the commencement of the Indian Registration (Amendment) Act, 1914, in a Court of first instance or of revision or appeal, by reason only of the fact that a document was presented for registration under any enactment in force by an agent not duly authorized by power-of-attorney under the provisions of such enactment, the case may, if the dismissal, rejection or withdrawal has had the effect of invalidating, in whole or in part, the said document as between persons claiming or liable thereunder, be restored on review in the manner provided by the Code of Civil Procedure, 1908, for review of judgments, on application in writing made within six months from the commencement of the said Act.’

“Support for this provision to give effect to the measure in a retrospective way in order to save injustice, is to be found in the action of this very Council when, in order to nullify the effect of another decision of their Lordships’ relating to mortgages, this Council passed an Act to amend the Indian Limitation Act of 1908, and gave retrospective effect to the legislation.

“Now, Sir, I am sure that it will be conceded on all sides that it is hard that a man who has honestly advanced a loan should not be able to obtain the help of the Court in recovering it, merely because of a technical omission, that technical omission consisting in the fact not that the person who presented the document on his behalf was not authorized by him to do so, but merely that he did not at the same time hold a power-of-attorney from him executed according to the provisions of section 33 of the Registration Act.

“There are three ways in which the remedy can be applied. One is that which I have suggested. A second one is by way of an amendment of section 33 of the Act. That section runs as follows:—‘Except in the cases mentioned in section 31 and section 89, every document to be registered under this Act, whether such registration be compulsory or optional, shall be presented at the proper registration office—

by some person executing or claiming under the same, or in the case of copy of a decree or order, claiming under the decree or order, or

by the representative or assign of such person, or

by the agent of such person, representative or assign, duly authorized by power-of-attorney executed and authenticated in manner hereinafter mentioned.’

It has been suggested that the section should be amended by the omission of the words, ‘duly authorized by power-of-attorney executed and authenticated in manner hereinafter mentioned.’

“The third course, which has been suggested, is that the legislature may provide that documents which have been improperly admitted to registration in disregard of the provisions of section 33, may be registered again on production of a proper power-of-attorney or on presentation by the parties themselves, within a prescribed limit of time, and that a suit may be brought on the basis of the document so registered within a specified time.

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" I may say at once that though I have suggested the form of amendment which is embodied in the Bill before the Council, I am not particular that that very form should be accepted by the Council. My object is to afford relief to persons who honestly advanced the money and to whom money is honestly due, and to enable them to recover the amount which is so due.

" If, after full consideration, after consulting those who ought to be consulted, a form of amendment different from the one I have suggested is considered to be better, I shall have no objection to accept that form. But it seems to me that it is essential that some remedy should be provided to prevent the injustice which has unquestionably been done, and will, I fear, be done in many cases if there is no amendment of the law. For these reasons, Sir, I beg to move that this Bill, which has been published in the Gazette, may be referred to a Select Committee, consisting of the Hon'ble Sir Reginald Craddock, the Hon'ble Mr. G. R. Lowndes, the Hon'ble Mr. H. Wheeler, the Hon'ble Mr. Achariar, the Hon'ble Mr. Qumrul Huda, the Hon'ble Mr. Setalvad, the Hon'ble Mr. A. P. Muddiman, the Hon'ble Sir Edward Maclagan and myself.

" It so happens that the Hon'ble Mr. Lowndes, now our Law Member, argued the case before the Privy Council when this matter was up there, and pressed for the view which their Lordships eventually adopted. I concede that there is much to be said in favour of that view. But I have no doubt that he will agree that, in view of the practice which had been followed here for many years, injustice has resulted from the decision, and I am sure he will help us with his wide knowledge and experience to provide a remedy for it. I hope that it will be recognized on all sides that the state in which the creditors have been left by that decision is unsatisfactory. I hope it will be recognized that some remedy ought to be applied, and in order that the most appropriate should be decided upon it is necessary that the matter should be considered in Select Committee. I therefore move, Sir, that the Bill be referred to a Select Committee consisting of the gentlemen whom I have named."

The Hon'ble Mr. Lowndes :—" Sir, it is usual, I understand, to discuss at this stage any objections there may be to the principles of the Bill. But I suggest that it may meet the convenience of the Council if we depart somewhat from that practice on this occasion. The opinions that have been received by the Government of India with regard to this Bill are mainly unfavourable, and our own view is, that it is at all events possible that more harm than good would be done by the adoption of the amendment proposed.

" There can, I think, be no doubt that the sections of the Registration Act to which my Hon'ble friend's Bill are directed, form part of the outwork of the defences against fraud which have been set up by this Act. The amendments proposed deal only with the stage of presentation of a document for registration, and my Hon'ble friend has suggested apparently that anything connected merely with the presentation of the document is a mere formality,—as he called it a 'technical question'."

The Hon'ble Pandit Madan Mohan Malaviya :—" I meant this particular formality."

The Hon'ble Mr. Lowndes :—" This particular formality is the formality of presentation. The law says at present that, for the protection of people against fraud, a document must be only presented for registration to the registering officer by one of the parties concerned, or by a person authorized in a particular way to do it. If that is, as my Hon'ble friend has suggested, merely a technical question, merely a question of procedure, no amendment of the Act would be required, because the Act already contains in itself a section which would cover such a question. Section 87 says in effect that no registration of a document would be invalid by reason of any informality of procedure. But the essence of the decision in the Privy Council to which my Hon'ble friend has referred, is that this is not a question of procedure, but is an intimate provision of the Act, as their Lordships say, laid down as part of the defences against fraud. I would also point out that,

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ever since the law of registration has obtained in India, exactly this provision has always found a place in the Act, and until this very late period in the history of the Act no objection has ever been taken to it. It has never until recently been found that it works hardship or difficulty.

"In the next place, it is to be noted that the injustice which my Hon'ble friend seeks to remedy is one which is not due in any way to inherent difficulties of the procedure under the Act, but is, if I may say so, due entirely to the carelessness with which the provisions of the Act are observed. There is, however, no doubt that the stupidity of Sub-registrars in some cases has induced possibly ignorant people to rely upon them to see that the procedure that should be adopted is right, and the stupidity of Sub-registrars has frequently led to their accepting, in the face of the plain provisions of the Act, documents presented by people not properly authorized under the Act, and which they therefore ought not to have accepted at all. It is, I think, recognized that these cases have occurred, and that to this extent, so far as ignorant people have relied upon the assistance of Sub-registrars, they find themselves now in a very difficult position. It may be that it is desirable to give relief in such cases, if possible, where the parties concerned are entirely innocent and the mistake can be traced directly to the mistake of the official. I have suggested to my Hon'ble friend that the relief which he desires might possibly be obtained without disturbing what I would call the foundations of the law of registration, by some provision which would allow the parties concerned in cases of the nature referred to, to present the document anew for registration, although the time limited by the Act for so doing had already expired, the new time being limited to within such a period as may be considered desirable from the time when the mistake which was made has first been found out. I understand that my Hon'ble friend is willing to accept this suggestion, and we think that it would probably be easier for either this suggestion for relief or for any other possible one that may be brought forward to be discussed in Select Committee rather than in this Council, and if the Council agrees, we therefore suggest that this Bill may be allowed to go to Select Committee on this understanding."

The Hon'ble Rai Sitanath Ray Bahadur:—"Sir, I also beg to support the proposal for the amendment of the Registration Act. I do not see how the debtor can be prejudiced by the document being presented for registration by a party who may not have been properly authorized under the Registration Act. It does not prejudice anybody. Therefore the amendment proposed is, in my opinion, very reasonable. I, therefore, beg to support the amendment proposed by my friend."

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, I thank my Hon'ble friend the Law Member for agreeing that this Bill should go to Select Committee. As I said in my speech in introducing the Bill, my object is that there should be some relief, sufficient and adequate relief, given to those who have suffered by reason either of failure on their part to comply with the requirements of the law fully, or (which is more important) on the part of the Registrar to perform the duty which the law laid upon him. I am quite content that the matter should be discussed in the Select Committee, and I have no doubt that some form of relief will be decided upon which will help the cause of justice."

The motion was put and agreed to.

THE TRANSFER OF PROPERTY (AMENDMENT) BILL.

The Hon'ble Pandit Madan Mohan Malaviya:—"I beg leave, Sir, to introduce a Bill to amend the Transfer of Property Act, 182. My amendment relates to the meaning which is to be attached to the word

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'attested' in dealing with documents which require to be attested under the Act. For a long time the word 'attested,' which is used in section 59 of the Act, was interpreted in more than one Province as including not merely the witnessing of a document by the person in whose presence it was executed, but also the witnessing of it by a person to whom an acknowledgment was made by the person executing it that he had executed it. That was the view taken by the Bombay High Court; that was the view which was taken by the Allahabad High Court. In Calcutta and Madras, however, a different view had been taken. There it had been held that 'attestation' meant that the document had been witnessed by a person in whose presence the document had been actually executed. In this state of affairs, in the case of *Shama Patter vs. Abdul Kadir* (reported in I.L.R. 35, Mad., p. 607) which went up to the Privy Council, their Lordships there held that the word 'attested' used in section 59 of Act IV of 1882 meant signed by a witness who saw the actual execution of the deed, and that the attestation of a mortgage deed on a mere acknowledgment of his signature by the executant was not a compliance with the law. As I have said, until that decision was passed, there was a divergence of opinion among the Indian High Courts as to the meaning to be attached to the word 'attested.' The Calcutta and the Madras High Courts took the view which their Lordships of the Privy Council have now taken. The Bombay High Court had, at one time, held that the word 'attested' included attestation upon acknowledgment, but in a subsequent case, that Court also arrived at the same conclusion as the Calcutta and Madras High Courts. The Allahabad High Court had always held that the word 'attest' would include attestation upon a personal acknowledgment by the executant of his signature. This being so, the effect of the decision of their Lordships of the Privy Council in a large part of the country is that money-lenders seeking redress in Courts of law for the recovery of monies advanced on mortgage securities, often find themselves at the mercy of attesting witnesses, who, if they should be dishonestly inclined, are able to utilise the occasion to extract payment from one party or the other. This will particularly be the case where most of the attesting witnesses are dead, and only one or two are left alive. It is apprehended that many claims have already been dismissed on the authority of the decision mentioned above, and while redress has thus been denied to those rightfully entitled to recover their debts, dishonest debtors have found a new method available to them of avoiding payment, by trying to tamper with the evidence. In the United Provinces and the Punjab, in the case of mortgage deeds executed by *Pardanashin* ladies, who, according to the custom of the country, do not appear except before very near relations, the hardship caused by the restricted interpretation of the word 'attested' will be still greater.

"It is in this state of things that I have been pressed to invite the attention of the legislature to the need for amendment of the existing Act, to define what 'attest' should be held to mean. Naturally, Sir, in considering the question, reference has been made both in this country and in the Privy Council to cases decided under the English law, dealing with the question of attestation. Their Lordships have followed modern decisions in England in which it has been held that the word 'attest' means that the person who witnesses a document should have seen the person executing it actually sign it. In earlier cases, however, for a long time past, it was held in England that attestation would include not merely the witnessing of a document which had been executed in the presence of the witness, but also the witnessing of a document the execution of which had been acknowledged to him by the executant. In *Grayson versus Atkinson* (2 Ves. Sen. 455, Sc. 28 English Reports, 291 at pages 292-293) decided in 1752, Lord Hardwicke said :—

"It is insisted that the word *attested* superadded to *subscribed* imports they shall be witnesses to the very act and *factum* of signing, and that the testator's acknowledging that act to have been done by him, and that it is in his handwriting, is not sufficient to enable them to attest; that is, it must be an attestation of the thing itself, not of the acknowledgment. To be sure, it must be an attestation of the thing in some sense; but the question upon this clause, as abstracted from the subsequent, is, if they attest upon the acknowledgment of the testator that that is his handwriting, whether that is not an attestation of the act, and whether not to be construed as agreeable to the rules of law and evidence as all other

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attestation and signing might be proved? At the time of making that Act of Parliament, and ever since, if a bond or deed is executed by the person who signs it; afterwards the witnesses are called in; and before these witnesses he acknowledges that to be his hand; that is always considered as an evidence of signing by the person executing, and is an attestation of it by them.'

"A similar view was taken in *Ellis versus Smith* decided in 1754. These cases were followed in *White versus Trustees of the British Museum* (6 Bing, 319, Sc. 130 English Reports, 1303) decided in 1829. In that case Tindal, C. J. said—

'It has been held in so many cases that it must now be taken to be settled law, that it is unnecessary for the testator actually to sign the will in the presence of the three witnesses who subscribe the same; but that any acknowledgment before the witnesses that it is his signature, or any declaration before them that it is his will, is subscription of the witnesses complete. The case of *Ellis versus Smith*, which was decided by Lord Chancellor Hardwicke assisted by the Master of the Rolls, Sir J. Strange, Lord Chief Justice Willis, and Lord Chief Baron Parker, all persons of high and eminent authority, is express to the latter point.'

"Now, Sir, as I have already stated, in subsequent cases the view taken in English law has been that 'attested' meant that the witness should have been present as a witness and should have seen the executant sign the document. These cases are of 1848, 1850, and 1855. The question is in what sense the Indian legislature used the word 'attested' in its enactments. The first Act to which I will refer is Act X of 1865. In section 50 of the Indian Succession Act the word 'attested' has been used, and that section says that—

'The will shall be attested by two or more witnesses, each of whom must have seen the testator sign or affix his mark to the will..... or have received from the testator a personal acknowledgment of his signature or mark.'

"I submit, Sir, that it is important to note the date of this enactment, which is 1865, while the last English case relied on had been decided several years before, about ten years before. And yet after that decision had been passed, the legislature in India, in laying down the meaning which should to the attach word 'attest' expressly said—

'The will shall be attested by two or more witnesses, each of whom must have seen the testator sign or affix his mark to the will....., or have received from the testator a personal acknowledgment of his signature or mark.'

"According to the more recent English decisions this meaning could not be attached to the word 'attest,' because it went clear against those decisions. But if in spite of them, the legislature here thought it fit in enacting that the will must be attested by witnesses, to explain that these witnesses might be either those who have seen the testator sign or affix his mark to the will, or those who have received from the testator a personal acknowledgment of his signature or mark, I submit, Sir, that the Indian legislature clearly indicated that it attached the larger meaning which was attached to the word 'attested' in England according to the earlier decisions, i.e., the meaning which would include not merely the signing of the document by a witness who had seen it, but also the signing of the document by a witness to whom execution of that document had been acknowledged. I therefore venture to think that it would be more correct, more in the fitness of things, in construing an Act of the Indian legislature, to take that as a guide in deciding what meaning should attach to the word 'attest'

"It was subsequent to this that the word 'attest' was used in the Transfer of Property Act, IV of 1882. And therefore I submit that the view taken by the Allahabad High Court, that it was reasonable to suppose that the interpretation put upon the word 'attest' in section 50 of the Indian Succession Act should, in the absence of good, technical or substantial reasons to the contrary, be taken to be the meaning in which the word is used in section 59 of the Transfer of Property Act, is the correct view.

"Now, Sir, that was in 1882. But we have other indications to show that the Indian legislatures have attached the larger meaning to the word 'attest,' and one such indication is to be found in an Act passed so recently as 1910, I

mean the Oudh Estates Act III of 1910. That Act contains a definition of the word 'attest' as follows:—

'Attest with its grammatical variations, when used with reference to any instrument other than a will, means to sign such instrument as a witness, in the presence of the executant after having seen the executant sign the same or after having received from the executant a personal acknowledgment of his signature to the same.'

"No doubt that Bill was passed by a local legislature, but no enactment is put on the Statute Book of any Province unless it has received the sanction of the Government of India, and so we take it that the Government of India, so recently as 1910, gave its full authority to an interpretation incorporated in section 2(2) of the Oudh Estates Act III of 1910, wherein the larger and older meaning is attached to the word 'attest.' I submit, Sir, that the Government of India did so because they probably had in mind the fact that in earlier years the word 'attest' had been used in the larger sense, and had been interpreted in that sense by various Courts in this country; and they probably also had in mind the circumstances peculiar to this country. They knew, for instance, that the provisions of section 59 would govern all documents whether they were executed by men or women, and so documents executed by *pardanashin* ladies; and they knew that in the case of *pardanashin* ladies it was impossible, owing to the customs which prevail in this country, that they should come and sign a document in the presence of other persons. This difficulty was probably present to their minds, that in the case of those ladies it would be only near relations before whom a document could be attested by them, and that it was not safe for the creditor to rely on such persons as witnesses.

"In view of all these considerations, it is not improbable that the legislature attached the larger meaning to the word 'attest'; and while it was no doubt open to their Lordships of the Privy Council to follow the more recent English decisions, I venture to say that they should have—I say it with great respect, but I think it my duty to say so—that they should have given more weight to the special circumstances of this country and to the fact that the enactments passed by the Indian Legislature are intended to govern the dealings of persons residing in India and for the special circumstances of India. I hope what I have submitted is sufficient to show that it cannot be affirmed without doubt that in using the word 'attest' in section 59 of the Transfer of Property Act the Government of India—the Legislature of India—really intended; it cannot, I submit, be said without question, without doubt—that the Legislature in this country intended to attach the stricter meaning to the word 'attest' which has been attached to it in the later decisions in England, when we have, in section 50 of the Indian Succession Act, a clear indication to the contrary.

"Now, Sir, there are two courses open to us in order to remedy what injustice has been done. So far as my Provinces are concerned, ever since the time that the Transfer of Property Act was passed until the decision in the case of *Shama Patter v. Abdul Kadir* in 1912, the public at large believed, and the Courts accepted and supported the belief, that attestation included signing by a witness to whom the execution of a document had been acknowledged. In that state of things came this decision. It came like a bolt from the blue, and it has been the source of much injustice. In England, Sir, there is much greater hesitation shown in unsettling decisions which have long been uniform even though there may be a doubt entertained as to the correctness of those decisions on strictly technical grounds. Here in my Provinces the effect of this decision of their Lordships has been that the practice of 33 years has been put aside and a new view has been enforced upon the public to their great detriment. In this state of things I am driven to seek the help of the legislature. I ask that the legislature should now clearly say what meaning it intended to attach to the word 'attest' as it is used in section 59 of Act IV of 1882. Their Lordships may be perfectly correct; I have no doubt they are correct—it would be impertinence on my part to suggest they are not correct in interpreting the word 'attest,' so far as England and English law are concerned, in the way they do; but I submit with great respect that it is not so clear that they are equally

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correct in saying that the Indian legislature used the word in the stricter and narrower sense. I therefore suggest that in conformity with the practice which has prevailed in the United Provinces, and which prevailed for a long time also in Bombay, the legislature should now declare what meaning it intends to be attached to the word 'attested' as used in the Transfer of Property Act by an amendment of the kind I have suggested. What I have suggested, Sir, is that after the definition of the word 'instrument' in section 3 of the Transfer of Property Act, the following definition should be inserted:—

"Attest' with its grammatical variations, when used with reference to any instrument, means to sign such instrument as a witness in the presence of the executant thereof after having seen the executant sign the same, or after having received from the executant a personal acknowledgment of his signature to the same."

"This is in conformity with section 50 of Act X of 1865 and with section 2(2) of the United Provinces Act III of 1910, from which I have borrowed the wording largely.

"It is open to the legislature to say that it will not do anything of the kind that I suggest. It is open to the legislature to say that the decision of their Lordships is sufficiently clear and that it should be binding upon the people of this country. But then it will leave an obvious wrong unremedied. And I submit that in all such matters the people of the country are entitled to have a wrong of the nature in question remedied; they are entitled to ask the legislature to define the meaning of an important word used by them, when the highest Courts have differed in interpreting them, in order that the ends of justice should be promoted and not defeated. There is no danger, Sir, I submit, that if the interpretation, I contend for, is accepted there will be any harm done to any party. On the contrary, it is more likely, as has been pointed out, that the danger of witnesses perjuring themselves will be minimized. And in that view, and for these reasons, I ask for leave to introduce this Bill, and I submit that it should be referred to a Select Committee, consisting of the Hon'ble Sir Reginald Cradock, the Hon'ble Mr. Lowndes, the Hon'ble Mr. Wheeler, the Hon'ble Mr. Achariar, the Hon'ble Mr. Qumrul Huda, the Hon'ble Mr. Setalvad, the Hon'ble Mr. A. P. Muddiman, the Hon'ble Sir Edward Maclagan and myself.

"There is only one thing more which I have to add. I have suggested that retrospective effect should be given to this measure, and as I apprehended, opinion is very much divided on this point. I know that opinion is divided also on the main provisions of the Bill; but I submit, Sir, that the reason for my suggestion is to be found in the action which this very legislature took in the case of mortgages in 1908 by enacting section 31 of the Indian Limitation Act of 1908. If this recommendation is not accepted, there is no other remedy open to the people who have suffered injustice by reason of the decision of their Lordships of the Privy Council. It has been said that *bonâ fide* transfers might have been effected in the interval that has passed, and that they should be protected. That is a matter certainly worth considering, and when the Bill goes into Select Committee, all these and other aspects of the question will, I have no doubt, be considered. But my main object in introducing the Bill is that there should be some relief provided in order to save people from the injustice which has been wrought upon them by a too strict interpretation of the law, which I venture again to say, with all the respect that is due to their Lordships of the Privy Council, is clearly not in consonance with the intentions of the legislature, as is indicated by the other enactments to which I have drawn attention. I beg to move, Sir, that the Bill be referred to a Select Committee."

The Hon'ble Mr. Madhu Sudan Das:—"Sir, whether a particular decision of the Privy Council works hardship in this country or not is altogether a different question. But the Hon'ble Pandit Malaviya in introducing this Bill has argued that when the legislature used the word 'attest' in the Transfer of Property Act, it had before it the larger meaning

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which it has in section 50 of the Indian Succession Act. I do not think that section 50 of the Indian Succession Act puts a larger meaning upon the word 'attest,' because that very section says that either a will must be attested by a person or the signature or mark of the executant must be admitted before a witness. That very fact that there is an additional provision to the effect that an acknowledgment of one's signature might be sufficient shows that it has not got the larger meaning. There can be no question that the legislature when enacting that provision had before it no larger meaning than the word 'attest' naturally means; but in the case of will the legislature found it necessary to make an additional provision considering the condition of the country, knowing that there are many ignorant men here who do not know to write, and consequently put their marks; I say taking all these things into consideration the legislature thought it prudent to have a provision in addition to the ordinary attestation. Now, with this additional provision before it the legislature passed the Transfer of Property Act, using the same word that had been used in the Succession Act. The necessary legal inference is, according to known laws of legal interpretation, that the word was used by the legislature in the subsequent Act in the same sense in which it was used in the previous Act. Consequently, the learned Mover's argument that the legislature in passing this Transfer of Property Act had before it the larger meaning of the word 'attest' does not hold good. Then, Sir, it is very true perhaps that, considering the difference in the conditions of life between England and India, what is good law in England, suited to the conditions of that country, may not be suitable in India; it is for the legislature to decide whether there should be any variation in provisions on similar subjects. But the Privy Council could not do otherwise than interpret the word 'attest' as it stood in the Indian Statute Book then. Sir, if this Council considers that the word 'attest' with the meaning that has been attached to it by this legislature is not suited and requires a particular definition, then it cannot lay down a definition of the word without at the same time incorporating that definition in the Succession Act. It is one thing to define a word and it is another thing to provide an additional provision. If a definition of the word 'attest' is made, then the same definition would apply to the Succession Act or any other Act. So perhaps it would be a better thing, if the Council is of opinion that a change, in the circumstances, is necessary, to add an additional provision as there is in the Succession Act. But I think there is an objection to this, because an amendment of the Succession Act is not before this Council. It is only an amendment of the Transfer of Property Act, and we cannot define a word in amending an Act in a way which might affect the significance of that very word in another Act. Then, Sir, this attempt to give retrospective effect to a provision like this places the Legislative Council in a very novel position. I do not remember the circumstances under which a particular amendment was made to which reference has been made by the Hon'ble Mover of this Bill; but if we think it proper to bring before the Council and seek at the hands of this Council remedy against decisions of the highest Judicial tribunal in the British Government, this would actually be using the Council as a Court of review of the judgment of the Privy Council or any other Court. 'Retrospective effect' means practically setting aside their judgments; and there would be a good deal of confusion if this principle is introduced. Where would be the limit of the review? Suppose, for instance, the Privy Council and the High Courts have passed a decision interpreting a certain clause which is not suited to the conditions of the country or has worked hardship in a particular case, and some person in this Council takes up this matter and brings in a Bill before this Council say five years or ten years after, saying that there has been a hardship and that an amendment should be made. Should the Council undertake this? Of course it is quite open to the legislature, when it finds that a particular section has been working hardship in the country from reports of cases, to deal with it in the periodical amending of enactments. But if a Bill is introduced with reference to a particular case, then I submit with all my sympathy for the particular case and for the parties concerned, in the case, that it is introducing a very dangerous principle into the Legislative Council.

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"I daresay that if it is thought proper that in a particular case hardship has been done the legislature will do what is proper. But as I said I think this is a very novel principle ; a Bill is introduced, and after it is introduced it is said 'do anything you like, here is the Bill, you may expunge the Bill' and enact something else. If you expunge the provisions of the Bill where is the Bill except its headline ? Then where is the Bill before the Council to go to a Select Committee?"

The Hon'ble Mr. Lowndes :—"Sir, it seems to me that this Bill stands on very much the same footing as the last, and should be treated in the same manner. The Hon'ble Mover has treated us to a foretaste of the nature of the discussion that is appropriate to a Bill of this sort. Probably, it will suit the convenience of the majority of this Council that this discussion should take place in the more informal atmosphere of a Committee-room than in this Council Chamber. There may be various arguments by which the Bill can be supported, but I doubt if we can enumerate among them the fact that the Hon'ble Member disapproves of the decision of the Privy Council to which he has referred. There may be good reasons for altering the law, but certainly there appear to be no reasons for sitting in appeal upon the Judicial Committee. The replies which the Government of India have received to the circulation of this Bill seem to make it quite clear that the main proposals of it, both as to the definition of the word 'attest' and as to the retrospective effect which it is proposed to give to the emendation of the law, have met with no response, or, I might put it better, have met with an unfavourable response.

"It seems to me that it is expedient that I should explain to the Council very shortly, what are the real objections to the Bill because, if my Hon'ble friend will forgive me for saying so, he has only touched upon them. The position is that at present a mortgage is not valid if it is signed by the mortgagor actually in the presence of two attesting witnesses. Now it unfortunately happens that forged documents are got up from time to time and produced sometimes some years after the date when the original is alleged to have been executed. If you have this safeguard that three people have got to be present at the same time and in the same place and must sign the document in the presence of one another, which is the law as declared by the Privy Council, it is obvious that there is much greater difficulty put in the way of the forger and of those who seek to support the forger, than if the law says that it may be signed by the mortgagor in his own house. It may be signed by one attesting witness to-day in the attesting witness's house merely on the acknowledgment of the mortgagor and be signed by the second attesting witness in his house the day after merely on the acknowledgment of the mortgagor. It is a common thing in this country to have half a dozen witnesses to such a deed, and if they can all attest at different times and different places, their signatures are no real guarantee of the genuineness of the deed. There would be no difficulty, for instance, in one witness deposing in the case of a forgery that he was sitting in his verandah at 10 o'clock on Friday and the second witness that he was in his verandah at 10 o'clock on the Saturday, and that on each occasion the mortgagor came up and said 'I have signed this deed will you put your signature'. I think it will be clear therefore to the Council that there are very grave objections to accepting the provisions which this Bill seeks to enact, and this has been very clearly recognized by the judgment of the Privy Council itself in the case which has been already referred to, and which is the foundation apparently of this Bill. That what I am saying is of great importance will be seen from the following passage in the judgment ; their Lordships say :—

'Section 59 of the Transfer of Property Act in requiring that in a certain class of cases a mortgage can be effected only by a registered instrument signed by the mortgagor and attested by at least two witnesses could only mean that the witnesses were to attest the fact of execution. And any other construction in their Lordships' opinion would remove the safeguards which the law clearly intended to impose against the perpetration of frauds.'

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I only put forward this as showing the other side of the picture to that which has been brought before the Council in the arguments of my learned friend. At the same time, it seems to me that we have to recognise the fact that the High Court in the United Provinces has, for many years past, adopted a different interpretation to the word 'attest', and that it has laid down that, according to the law in the Transfer of Property Act, it is sufficient for the attesting witnesses to attest not what the Privy Council call the execution of the document, but merely an acknowledgment of the mortgagor on a subsequent occasion. It is not unreasonable to suppose that innocent parties may have been misled for some years past by the decision of the United Provinces Courts, and seeing that the mistake that has been made is a mistake of the Court, it is not unreasonable for Government to do anything that can fairly be done to remove the injustice which may result. Whether this can best be provided for by anything in the nature of a Bill applicable to the whole of India, or whether the simpler course would not be for the United Provinces themselves to pass a validating Act applicable to the particular cases in question in that province, is for consideration; but, under the circumstances, we think it would be better that the question should be discussed in Committee and if the Council agrees, this Bill can go to a Special Committee in order that the various aspects of the case can be discussed there. If this course commends itself to the Council, I would ask that they should agree to the present motion, on the understanding that the course I have indicated will be followed."

The motion was put and agreed to.

RESOLUTION *RE THE GROWTH AND DEVELOPMENT OF INDUSTRIES IN INDIA.*

The Hon'ble Sir Ibrahim Rahimtoola:—"Sir, I beg to move—

"That this Council recommends the Governor General in Council to be pleased to appoint a Committee of Officials and Non-Officials to consider and report what measures should be adopted for the growth and development of Industries in India."

"Two years ago when I first tried to bring forward a Resolution on the subject of industrial development in India, I had intended remarking that it was merely a commonplace to say that a wealthy or even a well-to-do India was of far greater advantage to England than a poor India. How well this view has been borne out by subsequent events must now be apparent to all. The experience of the war has clearly shewn that the economic well-being of the component parts of the British Empire is a tower of strength to Great Britain, in every crisis which may arise in the history of that country. No one can deny that India has contributed her best towards carrying the world war to a successful conclusion, but what she has done is nothing compared to what she would have willingly done, had her economic resources been helped to be developed in the past. In this connection, the people of India gratefully acknowledge the warm tribute which His Excellency and the Hon'ble Sir William Meyer have paid, both in this Council and outside, to the burden which India has borne so willingly in this world-conflict.

"It cannot be gainsaid by anyone acquainted with Indian conditions that the greatest need of the country has been its economic well-being, and many able minds have been engaged in finding effective remedies for the solution of the problem. British rule in India, with all its beneficent measures for the welfare and well-being of its people, has in a way contributed towards accentuating the economic backwardness of this country. Steady progress has been made in various directions. India, through the use of steam power, has been brought nearer to England, and may, by the help of science, be

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expected to be brought much nearer still. An extensive programme of railway construction has been carried out. Education and sanitation have been fostered. In consequence of the cumulative effects of all such factors, our wants have largely multiplied, and the cost of living has steadily risen. What were once regarded as luxuries have now become necessities. It can be easily imagined what economic effects must be produced upon a poor country in such close contact and association with one of the wealthiest countries in the world.

“ In drawing attention to these points, I do not wish to be misunderstood. It is not my intention to create any impression that I desire in any way to deprecate these measures. I fully recognize that they have contributed towards our enlightenment and improvement, better conditions of public health, facilities of travelling and transit, and our comforts and convenience. The country wishes to press for more educational institutions, more extended application of sanitary science and more railways. My object is to merely invite the attention of this Council to the fact that, with the progress and advance which India has undoubtedly made in various directions under British rule, our economic backwardness has come more prominently to the fore, and that the country demands unanimously and insistently for suitable and adequate measures to be adopted for substantial advance in the direction of our economic well-being. It is with this object that I have brought forward my Resolution before this Council, in the firm conviction that Government will be pleased to confer a lasting obligation on the people of this country by helping in the growth and development of industries in India as one of the principal factors to ensure our economic advancement.

“ I recognize that it will be within the discretion of the Government of India to determine what specific points should be referred for the consideration of the Committee which I am asking them to appoint. I should like, however, to suggest that the following may suitably form some of these points :—

- (1) Whether representation should be made to the Home authorities through the Secretary of State for India for securing to the Government of India full fiscal autonomy, specially in reference to Import, Export and Excise duties ;
- (2) whether (a) protection (b) granting of bounties and subsidies (c) guaranteeing certain rates of interest on capital invested in approved industries, should be availed of in such cases and for such time as may be deemed necessary ;
- (3) whether a special expert staff should be maintained to carry on research work and institute detailed inquiries into the possibility of successfully initiating and establishing new industries in India and to supply expert advice for the development of existing industries ;
- (4) what means should be employed for securing a sufficient supply of skilled labour ;
- (5) what special railway facilities in the matter of fares and otherwise are needed ; and
- (6) whether any special measures are necessary to attract capital and secure banking facilities ?

The list I have given is in no way comprehensive. I have not included in it such points as the foundation of commercial museums to bring the producer and the consumer together, or the establishment of Provincial Departments of Commerce and Industry to render ready help and encouragement. I have also not included points in regard to the development of our agricultural industry. It must not be understood that I am in any way indifferent to an industry which is not only the mainstay of the country, but upon the development of which successful industrial enterprise depends. I have not included agricultural development in the list, because the Government of

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India have a free hand, and are keenly alive to the great importance of the subject. They have provided a special department with a Member of Council in charge to look after it, and from the able and business-like speech which my Hon'ble friend Mr. Hill made in introducing the Budget heads of revenue and agriculture, he gave the Council interesting and valuable information as regards the measures which are being adopted to promote this industry. I feel confident that, during his term of office, he will do everything in his power to further the interests of agriculture, and thereby contribute towards the economic well-being of India. India wishes to depend upon her own soil and her own factories to supply her wants, and to build up her economic strength. In this connection, I should like to draw the attention of this Council to a Resolution which was to be placed before the Associated Chambers of Commerce in London. It runs as follows :—

'The strength of the nation lies in our power to produce our requirements from our own soil and our own factories.'

"Indian public opinion demands that India's national strength should be developed on identical lines. If a powerful and wealthy nation like England considers it necessary to add to its economic strength by means of producing her requirements from her own soil and factories, how much more necessary the same policy must be for a poor country like India? India is very favourably situated in this matter. It has been held by experts that there are four principal factors necessary for the success of industrial enterprise, namely (1) supply of raw material, (2) supply of labour both skilled and unskilled, (3) capital, (4) markets. India has an abundant supply of raw materials which she wishes to turn into manufactured products. She does not wish to engage at present in the manufacturing of articles the raw materials for which she does not produce. She has a plentiful supply of unskilled labour, and she has extensive markets of her own. She is certainly deficient in skilled labour, but that deficiency can be overcome by importing it to begin with, and by producing it for the future by the foundation of technological institutions, and by apprenticeship in going manufacturing concerns both in India and elsewhere. The question of capital is rather a difficult one. It has been stated, and I think correctly, that Indian capital is shy. It is shy, because under present conditions the chances of success are doubtful. I venture to think that if, existing conditions are changed and the prospects of successful industrial enterprise become reasonably possible, capital in India will lose its shyness, and will be available for all immediate wants. India will gratefully accept and pay for any help she may receive from England in her efforts towards her industrial regeneration both in the matter of supply of skilled labour and capital. I wish to make it perfectly clear that, in moving this Resolution, I have not the least feeling of jealousy against British enterprise in India. On the contrary, I firmly believe that English capital and English skill will be materially helpful in the economic salvation of India. Provided that the factories are established and worked in India, I would warmly welcome British enterprise and wish it every success. Establishment of successful industrial undertakings in India by Englishmen is, to my mind the present and ultimate advantage of this country. The people will find employment in such factories, and be trained in the course of time to start similar undertakings. As an example of what I mean, I will mention the jute industry in Bengal. It has been established by British enterprise, and is still mostly in British hands. It has been, and is still, paying handsome dividends. Let such profits go into the pockets of really enterprising men, be they Englishmen or Indians, provided, as I have already said, that the factories are established in this country. India cannot always remain an open market for the manufactures of other countries. She earnestly desires to gradually reach a position of one of the foremost manufacturing countries in the world, a position which her resources make it easily possible to attain.

"I need not tell you, Sir, that there is a consensus of opinion amongst the people of this country that, as a condition precedent to the growth and

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development of industries in India, and to build the national strength of this country, it is essentially necessary that the Government of India should have complete freedom in fiscal matters. India desires that her Government, following the lines adopted by other civilised Governments, should take a direct hand in co-operating and helping the development of industries in India. If Japan and Germany have succeeded within a short period of about 40 years to reach a foremost position as manufacturing countries amongst the nations of the world, by the joint co-operation of Government and the people, there appears to be no reason why India, with all its natural advantages, should not reach equal, if not a higher, standard. For many of their manufacturing industries, both Japan and Germany are obliged to depend upon imported raw materials. If, in spite of this drawback, they have successfully accomplished their aim, there appears no reason why India should not be able, with a cordial and wholehearted support of her Government, to achieve success with all the necessary raw materials available on the spot.

“The outbreak of the European war has opened the eyes both of the Government and the people to the unsatisfactory conditions prevailing in India in consequence of her helpless dependence upon foreign countries for her everyday requirements. I readily recognize that efforts are being made by the Government in many directions to meet the needs of the situation. It appears to me, however, that, unless the hands of the Imperial Government are free in fiscal matters, the results will not be adequate. If the Government of India were free to adopt measures solely in the interests of the people of this country, without any restrictions or limitations in fiscal matters, our industrial development would be in a fair way of successful accomplishment. India wants fiscal autonomy as the first step towards her industrial regeneration, and if Indian public opinion is to have any weight in the determination of this question, we ought to get it at once. Government will have noticed that in recent times many Conferences have been held and many newspaper articles and correspondence have been published putting forward a demand for fiscal autonomy. There is nothing unusual in this demand. The British Empire consists of large territories in different parts of the world, and each self-contained unit has a Government of its own. The Governments of the British Dominions are empowered to determine their own fiscal policy suitable to their economic conditions and circumstances. Each unit of the Empire has its own special economic needs and requirements which require to be promoted in accordance with local conditions. Whether the Government of each self-contained territorial unit takes office by the vote or voice of the people, or occupies its position by nomination by the Crown, it is the form of Government regarded as best suited to it by Great Britain. Whatever may be the method by which Government is constituted, there can be no question that such Government, if you give it the exalted name, should be allowed full freedom to determine what fiscal policy is suitable to the special conditions prevailing in the territory under their charge. My claim that the right to determine fiscal measures best suited to the economic needs and requirements of India should vest in the people who are entrusted with the administration of the country, appears to me unassailable. As illustrating what can be accomplished by sincere co-operation between the Government and the people, the case of the industrial development and economic growth of Japan may be advantageously cited. It was in the year 1868, *i. e.*, about 47 years ago, that the first Joint Stock Company was formed in Japan under the auspices of, and direct encouragement of, the Japanese Government. Ever since that time the industrial development of the country has formed one of the principal tasks of the State. How eminently successful these efforts have proved is known to every one who has taken any interest in the subject. No difficulty, however unsurmountable it may have appeared at first sight, was allowed to stand in the way. If railways and steamers were required to facilitate transit, they were built, and raw materials imported and manufactured goods exported at special rates in many cases below what may be justifiable on the commercial basis. To help the provision of

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capital, banks were started and capital was encouraged to become liquid and available. When in 1898 it was found that the development of industries needed the help of protection, tariffs were thought out and applied. They were not deterred by any scientific arguments in favour of free trade. Undeterred, as I have said, by fanciful ideas as to what was best suited to other countries, Japan went on the lines which she regarded to be most suitable to herself, and she has achieved a measure of success unparalleled in Asiatic countries within a period of less than half a century. If Japan, with joint co-operation between the people and its Government, has successfully accomplished so much within so short a time, I cannot understand why India cannot be equally, if not more, successful. India possesses many natural advantages as compared with Japan. With such advantages she can, without doubt, reach a higher standard of industrial development by a sincere and genuine co-operation between the Government and the people. The interests of India and her people should be put above all others.

"In order to show some of the methods which Japan adopts, I will quote from the report of Mr. E. F. Crewe, the British Commercial Attaché at Yokohama. Mr. Crewe says—'that subsidies for new enterprises will be granted under the following regulations:—The Japanese Government will pay three subsidies, (1) to a company specialising in the manufacture of dye-stuffs whose capital is at least 6 millions yen, (2) to a company manufacturing glycerine and carbolic acid whose capital is at least 1,200,000 yen, and (3) to a company manufacturing drugs whose capital must be 500,000 yen. Anyone who desires to organise a subsidised company for the manufacture of dye-stuffs and chemicals, must apply to the Minister of Agriculture and Commerce for permission to establish the projected concern, but in the case of drugs permission should be sought from the Minister for Home affairs. When part of the capital is paid up, the first general granting of the shareholders completed and the new company duly registered in the Courts, the promoters of the company are entitled to ask for a subsidy. The Government guarantees to each company a dividend of eight per cent. per annum making up any deficit. Each company must lay aside one-twentieth of its net annual profits as a reserve fund. If its shares are issued at above par, the premium must be included in the reserve fund.'

"This quotation shows in what manner the State helps to initiate new industrial enterprises. The work undertaken by the State and that performed by the people appears clearly defined. The State carries out all research work, all inquiries and investigations as to the means which are likely to provide materials for successful enterprise. As soon as all this work is completed and the Government is satisfied that a new industrial enterprise can be successfully established, it calls upon people, who are best able to manage the concern, to get up a company with the required capital, and the concession is granted. As you will observe, Sir, the concession carries with it the guarantee of such a high rate as 8 per cent. per annum. Indian capital will, I am sure, be content with a much smaller guarantee, if such a system was adopted in favour of manufacturing industries.

"There is nothing new in the Japanese method quoted by me. As a matter of fact, the same system is adopted by the Indian Government in promoting railway construction in this country. In this connection, the Government of India has been conceded practically a free hand. They are not only allowed to develop railway construction in India, but they are encouraged to push it on.

"Facilities of speedy transport develop trade, and provide markets for manufactured goods. The Government of India have taken full advantage of the liberty of action thus conceded to them. They carry out surveys in all directions in which railway enterprise seems likely to be successfully undertaken. All the surveys, inquiries, investigations and the financial prospects of railway projects are thoroughly gone into by a large expert establishment maintained for the purpose. When the State is satisfied, as a result of these

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elaborate inquiries, that a particular project is worth undertaking, they decide whether it should be carried out through State agency or by private enterprise. In the case of the latter, a suitable firm is chosen to find the capital and undertake the work. In addition to all the necessary facilities, a guarantee of interest is also given. This method appears to me to be on all fours in principle to that adopted by the Japanese Government. In each case the object aimed at is successfully accomplished. If it was not for this system, it can be said, without fear of contradiction, that railway progress, specially in the direction of feeder lines, would not have reached anything like the present proportions. I venture to think that the railway policy so successfully adopted by the State, is due to the freedom of action conceded to them, and I am confident that, if the Indian demand for full liberty in favour of the development of manufacturing industries was also conceded to them, the result would be equally satisfactory.

"It was at one time my intention to deal with the question of free trade. I intended to discuss the arguments urged in favour of free trade and the principal objections advanced against any system of 'protection.' In the first place, I cannot do so within the time-limit imposed, and in the second place, it does not appear necessary, as I am asking for the appointment of a Committee to go exhaustively into the whole question, and to determine whether 'protection,' 'subsidies and bounties' and 'a guarantee of interest' should be allowed 'in such cases and for such time as may be deemed necessary.' I will, therefore, content myself by merely pointing out that every civilized country in the world, including the British Dominions, has abandoned this principle, and follows a line of fiscal policy including protection, as appears best suited to its own needs. England has been the only civilized country in the world which has persevered in her policy of free trade and has enforced it upon India. I maintain that the principles of free trade, however unexceptional in theory, are totally unsuited to the conditions and circumstances prevailing in this country. England has to depend largely for her raw materials, and even for her foodstuffs, upon foreign imports. India has a plentiful supply of raw materials, and produces an abundance of foodstuffs. England is a highly developed industrial country. India may be said to be on the first rung of the ladder in the matter of industrial development. India's position under free trade has been that she has the proud privilege of being the supplier of raw materials to outside countries and furnishing an open market for the factories of the world. In dealing with this subject, however, my task is greatly simplified by the fact that a considerable change has come over British sentiment since the outbreak of the war. Even the Manchester Chamber of Commerce, which has been the stronghold of Cobdenism, has recently rejected a Resolution in favour of free trade after the war. There is one point, however, to which reference is necessary. During the many discussions which have recently taken place in England on the subject of the future trade policy to be adopted after the war, India appears by tacit consent to be left out of consideration. I am referring particularly to the recent debate in Parliament upon Mr. Hewin's Resolution. Though the motion was confined to the war period, the whole question was fully debated. Mr. Runciman, in a long and elaborate reply, gave some indication of what is likely to be the outcome of changed conditions due to the lessons taught by the war. The whole time was taken up in the consideration of measures in consultation and co-operation with the Dominions and trade treaties with the Allies. There was not the slightest reference to any consultation with the Government of India, nor a word as regards the part which she was to play in the Imperial Customs Union of the Empire. Before any one corrects me, I will myself admit that there actually was one reference to India in this elaborate speech, and that was to India's ability to supply manganese ore. I earnestly trust that it is not intended to convey that, whatever may be the changes effected by the war in the fiscal views in England, India's position will remain the same, *vis.*, the supplier of raw materials to foreign countries and the dumping ground for the factories of the world. I cannot conceive that such

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can be the intention. It is, however, necessary to point out that a copy of the proceedings of the House of Commons has been forwarded to each of the British Dominions, and their views invited on the points raised, while it has not been sent to the Government of India. May I take this opportunity to respectfully remind the responsible Ministers of the Crown that the educated people of India closely follow the proceedings in Parliament which in any way affect the interests of their country and form their impressions from all such pronouncements? His Excellency has kept himself thoroughly conversant with Indian thought and sentiment. I hope he will impress upon the Ministers in England that India will not be satisfied with the position of a trusted dependant, but claims the rights and privileges of equal status in the Imperial partnership. India will not willingly accept a subordinate position in any scheme of Imperial Customs Union. India claims that she is entitled to participate on equal terms in all the deliberative assemblies called for the purpose to determine the lines on which the future Customs Union shall be formed. In claiming this right, India accepts her full share of responsibility. India has its own economic needs and requirements as much as the Dominions, and she claims perfect freedom to pursue such fiscal policy as may, in the opinion of her Government and her people, be best suited to her own conditions. At the same time, she is ready and willing to accept full responsibility of the Imperial partnership in which each member, while working to advance its own economic interests in its own way, participates in schemes for the promotion of the best interests of the Empire as a whole.

" Sir, I am constrained to make these remarks in view of India's past experience. We have been encouraged to hope by clear pronouncements of high authorities, but when the time comes for such hopes to fructify, various reasons are discovered against a full recognition of our just rights. I fully appreciate the difficulties in the way. However much the Ministers of the Crown may be sympathetic, they have to take into consideration the prevailing political conditions in England. Lancashire has 60 votes in the House of Commons, while India has none. The combined effect of these votes has an overwhelming influence on the party system of Government in Great Britain. They have a telling effect upon the determination of the policy which should govern India's economic and industrial development. Only two years ago a motion to reduce the duty on Indian tea brought forward to afford relief to the breakfast table of the poorer classes in Britain was negative on the ground advanced by the Chancellor of the Exchequer that it would be construed as giving preference to India over China, and that it meant ' picking a quarrel with Lancashire's best customer.' China has the power to retaliate, India has none. China imports from Great Britain merchandize to the extent of about £15 millions, and due consideration must be shown to her as a customer. India's imports from Great Britain amount to £85 millions, but India is only a British dependency. Russia does not hesitate to give preference to China by lower rates of duty on Chinese tea than on Indian tea. She does so, by differentiating between imports by land and by sea. Germany has imposed a heavy import duty on jute manufactures, while raw jute is admitted free. She secures her raw material in this way, and promotes her industries by penalizing the imports of jute manufactures. America has by similar means tried to throttle our tanning industry, she has imposed heavy import duties on tanned hides and skins, while raw hides and skins are admitted free of duty. Japan, which was not very long ago a large buyer of Indian yarns, has so managed her industrial development that she takes instead a large quantity of Indian raw cotton, and supplies not only her own requirements but also competes with Indian yarns in the Chinese market. Not content with this, she is trying to compete with our mills in the Indian markets, and her exports to India of hosiery and cotton piece-goods have already reached about a crore of rupees. India has, under present conditions, to be merely a patient spectator of what is going on. She has no power of talking about retaliation. She occupies a strong position. Her imports amounted to £122 millions in 1913-14, out of which £96 millions represented manufactured goods;

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Her exports during that year amounted to £162 millions, of which £124 millions represented food-stuffs, tobacco and raw materials, or nearly 77 per cent.; 50 per cent of raw materials and about 27 per cent. of food-stuffs and tobacco. The Council will clearly see how well India is situated in the matter of her imports and exports. Her imports largely consist of manufactured goods and exports of raw materials, food-stuffs and tobacco. If India was free to talk of retaliation she can do so to some purpose. Such a power in the hands of her Government would enable them to enforce better trade terms and obtain for this country at least 'fair trade' principles.

"I do not wish to go over the ground again how, in spite of the opposition of the Government of India and Indian public opinion, Lancashire's view prevailed in 1894 in regard to the imposition of excise duty on cotton manufactures, and even during the current year in regard to increasing the duty on textile fabrics. I need not mention here how highly India appreciates His Excellency's sympathetic administration or the deep regret with which she is parting from him. We know how highly the British Ministers appreciate Lord Hardinge's valuable services and esteem his great gifts. I earnestly trust that His Excellency will try to render a lasting service both to Great Britain and India by impressing upon the Home authorities that the time has come when fiscal freedom should be conceded to this country, that India should be raised to the status of equal partnership in the British Empire, and that every help and encouragement should be afforded in her efforts for her economic advancement. With the great grasp of Indian problems which His Excellency undoubtedly possesses, I hope he will make it perfectly clear that any disappointment in this direction will be keenly felt throughout the country. The greatest need of the Empire at the present time is high-minded statesmanship. It is essentially necessary that Imperial problems should be dealt with in a broad-minded spirit of Imperial brotherhood, and I earnestly trust that such spirit shall prevail. With these words I will commend my Resolution to the favourable consideration of the Council."

The Hon'ble Sir Gangadhar Chitnavis :—“Sir, I have listened with very great interest to the exhaustive speech of the Hon'ble Sir Ibrahim Rahimtoola. The Resolution has my unstinted support. I feel the necessity of a Committee as much as the Hon'ble Mover does. Not that I hold that the Local Governments are not wideawake to the importance of industrial development, or that they have not moved in the matter as far as possible within the limitations imposed by higher authorities. I am glad the Hon'ble Mover himself gratefully appreciates the work done by Government before now in this direction. I can myself testify to the good work done in the Central Provinces and Berar by the Local Government there under the sympathetic and capable guidance of the Hon'ble Mr. Low as Director. We have in certain matters made some progress, but that is hardly enough. I believe the time has come for a dash forward. A nice opportunity has presented itself. We are freed to a large extent from foreign competition, and that at a time when the pre-war economic theories have received a rude shock. The British Empire has, as the Hon'ble Mover has said in his speech, awakened as from a dream; all round there is a sincere desire to prevent Germany and Austria regaining their hold on the market of any of the units, India included. Unless, however, we make full use of our opportunity there is precious little chance of our wishes being fulfilled. And Government is moved for the appointment of a Committee, because we are anxious that the best use shall be made of the short time at our disposal. If the revival of old industries and the creation of new industries be not helped in the initial stages by Government, there is the very great risk of our adopting wrong lines and of our energies being frittered away in idle attempts to compass the impracticable. The deliberations of a committee like the one under discussion, will help to give us accurate ideas of what is practicable at present.

[*Sir Gangadhar Chitnavis; Rai Sitanath Ray* [21ST MARCH, 1916.]
Bahadur.]

There are also several points which must be very carefully considered by such a Committee. We have often urged ourselves, and we have seen others urging it, that model factories should be started by Government for the popularisation of different industries. I believe in their educative value. We have experience, too, in our support. But we cannot forget that the scheme is opposed to the policy laid down by Government. The *pros* and *cons* of the whole subject in these circumstances must be sifted by a strong committee before we can expect Government to accept our recommendation. Similarly, other important suggestions made by the public for the resuscitation of our decaying industries—and reiterated by my friend the Hon'ble Mover—await careful examination. The Hon'ble Mover has raised many other questions regarding capital, labour, etc., intimately concerning the development of industries in this country. These difficult questions relating to our industrial development, and questions such as the grant of subsidies to promising companies, expert advice about industrial matters to the public and market-pushing cannot be satisfactorily and finally discussed either in this Council or on the public platform. Such discussion, to be fruitful, must be undertaken by a committee of experienced gentlemen who will devote their whole time and attention to industrial subjects, and who will verify their inferences at large industrial centres. The appointment, therefore, of an investigating committee is every way desirable. I will not touch here on important fiscal questions connected with the development of our industries. My views about them have been expressed before more than once. But we must recognize that in existing arrangements the Government of India is not the supreme authority in fiscal matters, and the Secretary of State for India, as one of His Majesty's Ministers, has to consider them from a broader standpoint. All the same, it is necessary that our resources should expand in proportion to the increase in our population and the cost of living. This can only be when our industries are fully developed, and therefore it is that an exhaustive consideration of the whole subject of industrial development is necessary. The Colonies have taken up this work in right earnest, and it is right that we should have a programme ready which will help us also when the war is over."

The Hon'ble Rai Sitanath Ray Bahadur :—“Sir, the Hon'ble Sir Ibrahim Rahimtoola's Resolution is, in my opinion, only an articulate expression in a concrete form, of a feeling which is uppermost in the minds of all classes of people throughout the country. With his usual powerful advocacy my Hon'ble friend has ably discussed the subject-matter of the Resolution, from all points of view, indicating the line of action to be taken for attaining the object we all have in view. The object being to take advantage of the present situation, to capture as much as possible, of the markets which were in the hands of our enemies. At the outbreak of the war, we were suddenly awakened to the painful consciousness that in respect of many important and necessary commodities, of daily use, the supply came entirely from enemy countries, and the pity of it was that India supplied the raw materials for the manufacture of some of these commodities. This was not only true of our own country, poor as she is, in her industrial aptitude and equipment, but in some respects, equally true of England, the greatest industrial country in the world. In England, many movements were immediately set on foot and some undertakings were taken in hand, just as the situation was realised, and it soon became evident that some definite and systematic course of action would have to be adopted with regard to this question. Even in the height of the present crisis, when the mind of the English nation is wholly engrossed in the prosecution of this great war, they have not lost sight of the importance and necessity of further developing their industries with a view to substituting their own goods in the place of enemy manufactures at Home and abroad. Responsible Statesmen not only in England, but also in the Colonies and in the Allied countries, have spoken out their minds, all supporting a policy of concerted action to oust the enemy goods from our own markets,

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but no policy has yet been announced in this country. I must admit that the Imperial and Provincial Governments have already done something in this direction. We know that an Industrial Exhibition was organised last year, and the show was exhibited in several places. We know that an Industrial Museum has been recently opened at Calcutta. There have been some industrial investigations and inquiries conducted under the auspices of some Provincial Governments.

“ These and all other efforts in this direction are indeed laudable, but I fear their cumulative effect will be very small unless vigorous and concerted action is taken to give all possible encouragement of a nature which would go to stimulate industries. To be plain enough, what I beg to suggest is, that our Government should, in the light of what has been done in Japan, Formosa and Java, take the initiative in launching some selected industries, so that the people might follow their lead, which, I daresay, will have a stimulating effect in developing industrial enterprises. There are other ways in which Government might very well help in developing and stimulating industries, as for instance, by giving subsidies, imposing protective tariffs, regulating railway freights and by expert advice. What we urge upon the Government in this connection is that a comprehensive committee should be appointed to thoroughly study the question in all aspects as it relates to India as a whole. What I further beg to suggest is that after the committee, as suggested by my Hon'ble friend, has submitted its report, a permanent Board of Trade should be appointed to assist the Hon'ble Member in charge of the Commerce and Industry Department, in developing the trades and industries of the country. It requires a strong committee to discuss the question in all its bearings. All the important trading interests of the country should be well represented in this committee. The matter is so urgent and imperative that it requires no special pleading on my part to recommend its acceptance to the Council.

“ It is a matter of great gratification to us to see the announcement made by Reuter last evening that the *Times* understands that the Government propose to appoint a representative commission, including several Indian members, to survey the economic resources and the industrial possibilities of India, with a view to the promotion of business enterprise after the war. The announcement is as if in anticipation of our Hon'ble friend's Resolution. We hope the information contained in the *Times* will prove true. This is as it should be. Our only prayer is that the proposed commission should be a little more comprehensive.

“ Sir, with these few words, I heartily beg to support the Resolution which has been so ably moved by my Hon'ble friend Sir Ibrahim Rahimtoola.”

The Hon'ble Khan Bahadur Mir Asad Ali Khan :—“ Sir, in heartily supporting the Resolution of my friend, the Hon'ble Sir Ibrahim Rahimtoola, I should like to emphasise the need for a complete industrial survey of India, as would suggest great commercial possibilities in the near future. The real prosperity of the country depends upon her economic independence. With the exception of the cotton and jute industries, there is perhaps no large industry worth the name. Next in importance to these is the tanning industry which needs even greater attention than in the past. Among other industries requiring particular attention may be mentioned the mining, paper and sugar industries. Mica mines may be worked with success, and manganese ores are to be found in abundance in certain tracts of the country. The war has brought to prominence the question of the paper industry. More than half a dozen paper mills are working in this country, most of them not as efficiently as they should. For instance, the Punalur Paper Mill in Madras needs badly State aid. It is even proposed that the Madras Government should take over and manage that concern. As for sugar, too, why India should import such a large quantity from Java is really inexplicable, when we find

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that that industry can profitably be worked here. Besides, small cottage industries can be revived or encouraged, and small model factories, too, may be set up at important centres through State aid.

" Food and clothing are the prime necessities of life, and India, rich in her natural resources and in her varied climate, need not depend upon any foreign country for the very necessities of life. And yet it seems strange that under food and clothing she imports large quantities, especially the latter. The development of her internal trade, therefore, means her assured commercial prosperity. Even as they are, all the 240 cotton mills are too inadequate to meet the large needs of the country. The less cotton goods imported, the better. India imports to-day about sixty-six crores worth of cotton goods (including yarn and twist).

" Any committee that may be appointed, I venture to submit, should concentrate its efforts upon a few large industries that can easily be developed to the country's great advantage. Smaller industries, such as the glass, are, pencil-making and match industries, may be allowed to take care of themselves. The Board of Scientific Advice should increase its usefulness and enlarge its sphere of operation by applying chemical knowledge to the promotion of industries.

" In Madras, Sir, we had successful experiments conducted through State aid in the aluminium and chrome leather industries. If similar attempts were continuously made in regard to smaller industries, such as glass-making, pencil-making and match industries, these industries will surely thrive better under Government auspices. The leather industry has of late received increasing attention, and new companies are being floated for the manufacture of leather goods. The Director of Industries, be it said to his credit, has been a useful factor in the investigation of industrial possibilities.

" Industrial expansion in India, Sir, is one of the crying needs of the hour. Closely associated with the growth and development of Indian industries is the fiscal policy of the Government. Though I do not propose to enter into that large question, yet I believe that a beneficial change of that policy so as to afford protection to our infant industries is indispensable to any real industrial advancement in the country.

" Now that trade has ceased with the enemy countries, the State with its great power of organization and vast resources, should not let go this golden opportunity by suffering either neutrals or even Allies to capture the Indian market. I do hope, therefore, that the outcome of this Resolution will result in the gradual expansion of Indian trade both internal and foreign, and in building up the commercial prosperity of the Indian Empire.

" With these words, I beg to support the Resolution."

The Hon'ble Mr. Dadabhoj:—" Sir, though I readily acknowledge that Government has done a great deal in the past in the matter of collecting useful information by industrial survey; and otherwise, I still hold that Government can do much to help the industrial development of India, and I have more than once indicated the manner in which this help can be usefully rendered; but in the pre-war days Government continued wedded to an economic policy which did not hold out a great promise to the people of direct State assistance or even guidance. Proved success and the example of foreign countries were equally powerless to wean the Government from a policy of strict non-interference in industrial matters. In Madras, the experiment of direct official association with the industries proved so successful that the Provincial authorities contemplated an extension of the principle, but the idea had to be abandoned under orders from the Secretary of State. The war, however, introduced a new force, and necessity was expected to prove at least more effective than abstract reasons. But while even in Free Trade England the State has stepped forward

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to lead the people to manufacture articles the supply of which has become short on account of the war, we in India have not yet got through the preliminary stage of investigation. It is only right therefore that the Resolution should be accepted by Government, and that a strong committee should be appointed. The task before the committee is important; a good deal of our future development will depend upon the results of its investigations.

"It will have the advantage of having before it the report of the British Advisory Committee, but the difference in the local conditions will in all likelihood lead to a somewhat different programme.

"Sir, in my humble opinion, the development of the existing industries should engage the earnest attention of the committee even more than the question of the introduction of new industries. I do not deny the need, in some cases the urgent need, for new manufactures. Nothing would satisfy us more, or would serve our interests better, than the larger utilization of our raw products in the manufactures and the replacement of foreign manufactures by the finished products of our own mills. Our success in this direction would undoubtedly depend in a large measure upon new manufactures. But it should be borne in mind that perhaps the sounder course would be to conserve what manufacturing industry we have, and to consolidate the ground already gained before we launch into new ventures. I find that some of our important industries are in an unsatisfactory condition, and in some others we are actually losing ground. I find that down to 1912 the development in certain industries was either slow or retarded, and in certain other industries there was an actual decline. The paper industry and the sugar industry may be cited as illustrative of the former proposition, and the lac industry, the woollen manufactures, the distillation of spirits, the iron and brass manufactures and the silk filatures, of the latter. The factories of each one of this last group of industries have shown a steady decline in number, productive capacity and the total strength of labour employed, the lac factories showing the heaviest decline. The existing industrial reports do not enlighten us about the causes of this regrettable state of things. Every effort should be made to prevent the ruin of these industries, and the committee recommended in the Resolution before the Council will have done a real service to the country by suggesting simple means of their preservation and development. These industries are suited to the country, and nothing inherently wrong is noticeable. With regard to the paper industry, it is difficult to believe that it does not admit of immense expansion. It may be that the cheap supply of wood pulp is the first condition necessary for development, but the investigations so far made warrant the conclusion that the solution of this problem is practicable. The development of the sugar industry, on the other hand, appears to depend upon the utilisation of the by-products. Here too it will be possible for the committee, I doubt not, to formulate simple and workable schemes of supplementary industries, with a view to prevent waste of materials and to make the main industries more profitable, and to suggest improvements in the manufacture. If the committee succeed in helping the development of these two industries at least, it will have done something to earn the gratitude of posterity. There are other industries, however, little undertaken now for one reason or another, which are more or less both individually and collectively important and the possibilities of the introduction of which appear reasonably great. Matches, dyes, drugs, soaps, fertilisers, glass-ware and a number of other articles are now imported in large quantities from abroad, and the only change which the war has so far effected is to transfer the business from Germany and Austria to Japan and the United States of America. We do not lack the principal materials. They are to be found in abundance within the country, but the great drawback appears to be that the necessary chemicals have to be purchased abroad, and the prices demanded are prohibitive. Our first effort accordingly should be to organize the manufacture of chemicals. And in this matter especially the committee's report ought to be suggestive. My own view is that we should follow the German example, and a body of scientific experts should be maintained at State cost for discovering and advising

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new processes of manufacture. Germany owes all her present greatness, both industrial and military, and go-aheadness, to the labours of her scientists and research scholars. We should not be slow to profit by that example. The importance of science and research work in our national life must be recognized, and the public funds must be freely used for the support of great laboratories. This subject in all its details can only be properly examined by a special committee, but a committee of industrial experts are expected to throw considerable light on the lines in which an immediate beginning is possible. For the development of most of the industries this question of research institutes is of supreme importance, and the sooner it is handled in a thorough manner, the better it is for India.

"Sir, I do not deem it necessary to emphasize the importance in this connection also of an early and satisfactory settlement of large political questions like those of fiscal autonomy and the right to determine independently our industrial and commercial relations with foreign countries, or of economic questions like those of a protective tariff, subsidy to industries, supply of cheap capital, banking facilities, facilities of transport and advertisement. The committee cannot leave them out. The result of their investigation will be anxiously awaited by the people of this country. In the view I take of the importance of an early and thorough investigation of the numerous points connected with the whole question of the industrial development of India, I accord my hearty support to the Resolution."

The Hon'ble Mr. Low:—"I crave the indulgence of the Council while I make a few remarks about an aspect of the matter with which to-day's Resolution is concerned, which has not, I think, received sufficiently full treatment in the speeches of Hon'ble Members hitherto. Much has been said of the industrial helplessness of India, and of the failure of Government to lend assistance. I propose to explain briefly what is India's real position as a manufacturing country, as a corrective to the somewhat pessimistic views which have been expressed in to-day's debate, and in order to show on what foundations those of us who look forward to a still brighter future build our hopes. I shall also briefly recount the various efforts which have been made by Government, in spite of difficulties, to help towards a fuller industrial development. I should like, before proceeding to discuss these topics, to say a few words about my own personal views. I have for many years felt the extreme importance of a definite Government policy for the encouragement of industries in this country: a cause in which I confess to being an enthusiast. Such small efforts towards the attainment of this ideal as were possible for an official in a minor and industrially somewhat backward province, I have made, with the feeling, it is true, that the task on which I and others were engaged was long and full of difficulties and unlikely to show any immediate results, whatever the policy adopted and however fully it might be supported by Government, but with the assurance that it was the bounden duty of Government to adopt all right and fair means to accomplish the end in view, and with the sure and confident hope that the co-operation of Government and people and the working of inevitable economic causes would, in the future, distant though it may be, secure for India and her people a fair share of the individual profits and national strength that may be expected from the conversion of her raw products into manufactured goods.

"The Hon'ble Mover calls on the Government to make a great effort to a great end; we admit the necessity, we have for long admitted it and acted on it so far as circumstances permitted, but the path bristles with difficulties.

"I should like to give some reasons for the faith that is in me. Several Hon'ble Members have spoken as if there were no industries in India, as if her only economic rôle hitherto had been the tame surrender of her natural wealth for foreign manufacturers to work their wicked will with. Did I believe that this was the case, I should esteem any effort that Government could make

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to remedy this state of affairs to be vain: but I am far from such a belief. I think it can be shown that, where circumstances admit, private enterprise in India has taken no mean toll of the possibilities of creating wealth afforded by the manufacture of her raw products; and that the difficulties in the way of future progress lie mainly in the fact that in several directions it has come within sight of the end of any further advance on the lines which it has hitherto followed, and must seek for new ones. In all industries for which the agricultural, mineral and industrial products of the country supply means and materials, or, for which the assistance of foreign countries can with advantage be obtained, India has made substantial progress. The cotton industry was started in India as long ago as 1851. It was for long conducted by European enterprise, but the force of example was felt in time, and since Indian capital began to regard it as a possible field for investment, its progress has been extraordinarily rapid. In 1884, there were only 63 mills at work, with a capital of about 6½ crores, and a labour force of a little over half a lakh. By 1914, the capital invested had nearly quadrupled, the number of mills had more than quadrupled and the labour force had been multiplied more than five times.

"The production of the higher counts, in spite of the fact that India has to pay higher freights than her competitors on most of her imported long-staple cotton, and in spite of the handicap inflicted on her by the fluctuating nature of her labour supply, has increased very largely. Though for long insignificant, it has trebled within the last 20 years: and with the hope of an increasing production of long-stapled cotton in certain important areas in this country, the future prospects of this section of the industry seem promising.

"The increase in the jute industry has been equally striking. The number of mills at work has grown from 21 to 64 in the last 20 years, and in the same period the capital invested has increased from 270 to 1,309 lakhs, and the employes from 38,000 to 2,16,000. Jute is an Indian monopoly, and the coal fields are near at hand. With these factors in its favour, it cannot be doubted but that, if there had been in Bengal the same bent towards industrial enterprise as was to be found among the hereditary trading and industrial castes of Bombay, a city whose face has always been turned towards a wide ocean and the distant ports of Africa and Arabia, the investment on a larger scale of Indian capital would have led to a still greater increase.

"But the profits of the industry are by no means monopolised by Europeans. The jute growers of Bengal have gained enormous sums by the increased prices and extended demand: very large sums have been invested in mills and in the finance of the trade by Indians: and the great wealth of Calcutta and the opportunity it gives for trade and employment are largely, if not mainly, due to the jute industry. In the year 1901, apart from these two industries, there were no other large power actuated manufacturing industries, strictly so called, that employed as many as 20,000 persons and only 4 that employed 4,000 or more.

"At the present time among power using industries, iron and brass foundries employ some 25,000 hands, and rice mills about 22,000, while saw mills employ 11,000, and woollen mills, petroleum refineries, coffee works, sugar factories, oil mills, paper mills, tie factories, leather and tanning works and silk filatures all employ over 4,000 hands.

"Turning to other than strictly manufacturing industries, we have first the coal industry. The first Indian coal mine was opened in 1820: in 1912, India was (and doubtless is still) the ninth coal-producing country in the world, her production having increased from under a million tons in 1880 to over 16 millions in 1913. And all of this but ¼ of a million tons she used on her own manufactures or on the transport of her goods, I need not perhaps say anything of the rapid rise of comparatively recent mining industries, such as manganese, mica, gold, petroleum, in some of which Indian capital and enterprise have no unimportant part: for after all, these are of little direct assistance at

present to manufacturing industries, though by familiarising Indian labour and capital with the conduct of organized industries, they exercise a certain educative effect. Nor need I add to these rather dull statistics by speaking of the rise of the tea industry.

"There are, however, other lines of industrial enterprise which have, till recently, been altogether neglected or pursued half-heartedly. To exploit to the full such industries as the manufacture of oil and oil products, of paper, of glass, dyes and paints (and be it remembered, we have in India ample supplies of the raw material in all these cases) India needs a 'heavy chemical' industry; she can hardly obtain this, nor can she hope to manufacture her own machinery, without an iron and steel industry. Fortunately, however, here a most promising beginning has been made. Messrs. Tata and Sons, whose name will ever stand high in the roll of Indian industrial fame, have started and successfully organized a modern steel making plant, which has now passed the stage at which the infantile diseases that attack youthful industries are a source of danger, and is mainly concerned with what shall be the next direction in which it shall expand. Messrs. Tata and others have now installed a number of modern by-product coke ovens, which will render available many products, valuable alike for agricultural and industrial purposes, which have hitherto been wasted. With achievements such as these to point to, what room is there for despair of India's industrial future? Is it necessary for so many of her existing industries to lie at the mercy of foreign—possibly hostile—sources for indispensable materials? It may be a long day before we see dye-works like those of Germany established in India, but there is no reason why at no very distant date we should not make our own ferro-manganese (I believe Messrs. Tata have already begun to do so), our own ferro-tungsten, our own bleaching powder and alkalis for paper and soap making; and in due course, a good deal of the less elaborate machinery that we now import from abroad.

"But it may be asked what share have the Indian Government taken in Indian industrial progress apart from the gift of internal peace and order which the Hon'ble Mover of the Resolution acknowledged, and the creation of cheap and easy means of communications, both indispensable to industry and trade, but not specially brought into being for that end? The great organized industries of jute and cotton, tea and coal were called into being by existing opportunities; they received the sympathy and countenance of Government in their first inception, and it has been the task of Government since to smooth difficulties from their way, where possible; but it has not been necessary for Government to give any more direct assistance, although something has been done by means of Government institutes like Sibpur College in Calcutta and the Government-aided Victoria Jubilee Technical Institute, Bombay, to supply trained staff for organized industries that were in a position to offer them employment.

"We may now examine the nature and effects of the various efforts which Government have recently made, and I think I shall be able to show that, in spite of certain difficulties, these efforts were not inconsiderable, that their results were beneficial, and will yield useful data for a more extended future policy.

"They began with the development of aluminium hollow-ware manufactured by the Madras School of Arts, an undertaking which was carried on between the years 1898 and 1903 and, after successfully proving that aluminium hollow-ware could be manufactured in this country at a profit, was sold to the Indian Aluminium Company for over two lakhs of rupees. The result of this experiment has been to introduce an important industry to multiply the imports of unmanufactured aluminium by more than 25 times in eight years, and to provide for the Indian public a most convenient article of daily use. A similar attempt in Madras at introducing chrome tanning, though it was not so completely successful as the aluminium factory, was at any rate of great assistance in starting the new and promising industry of chrome tanning in this country, at the net cost to Government of upwards of

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half a lakh of rupees. In the United Provinces, a sugar engineer was appointed in the year 1912, who re-modelled a sugar factory under Indian ownership, and enabled it to work at a profit. Loans amounting to over seven lakhs of rupees were given for the establishment or improvement of cane factories and a small experimental factory was also started by Government. A cotton seed oil factory was established in Cawnpore and managed for some time on behalf of Government, although at a loss. It was closed in the year 1911 in consequence of certain orders of the Secretary of State, but it had at any rate successfully proved the possibility of manufacturing cotton seed oil in India as a commercial proposition, and cotton seed oil mills are now working under private management in several centres. We all know about these orders of 1910 and what was their result on our efforts, but it is only right to say here, that they were due very largely to the difficulties presented by existing industries, with which it was thought that they might unduly interfere. In the case of the sugar industry, the problem is mainly agricultural. It is necessary for the cultivator to be shown how to increase his yield per acre sufficiently to enable him to supply cane to factories at a price and of a quality which will enable India to compete successfully with sugar makers in other countries. Much of the intricate and detailed work of investigation necessary to this end has been accomplished, though much still remains to be done. Prolonged investigations, involving a good deal of expense, have been undertaken by the Forest Department into the possibilities of manufacturing paper pulp from bamboos, and from certain species of grasses which have not hitherto been used for that purpose. The results are most promising; but no Indian capitalist has so far come forward to make use of the results obtained by Government research; and to encourage such attempts the United Provinces Government are, it is understood, considering the idea of starting an experimental factory for the manufacture of pulp from *ulla* grass.

" It is perhaps hardly necessary to detail the various steps which Government has taken to help industries during the last year and a half. These were described by the Hon'ble Sir William Clark and the Hon'ble Mr. Carr in their speeches of last year in reply to Hon'ble Raja Khushalpal Singh's Resolution. Since then, we have had the very successful Madras Exhibition, while the peripatetic exhibition of Indian industries and of competing foreign industries has been permanently established on a wider basis, and has now been given a local abode in Calcutta. In the United Provinces, a Government loan of Rs. 85,000 has recently been given to help an oil mill in Cawnpore to lay down improved plant; a small loan has been provided for the Naini glass works, and another for glass bangle works; efforts have been made to recruit glass workers from the United Kingdom and Belgium which have, we have just heard, been successful: an expert has been sent out to assist lamp makers in the United Provinces and in Delhi; the manufacture of bichromate of potash from Indian chrome iron ore has been started with the aid of a Government subsidy. The manufacture of thymol from *ajwain* seeds has been investigated, and a company, which is proposing to start work in Dehra Dun, has applied for a grant of land on favourable terms, which is under consideration. A bureau for the sale of cottage manufactures has been established, and assistance and advice have been given in numerous other directions, for which I may refer Hon'ble Members to the proceedings of the United Provinces Board of Industries, as published from time to time in the press. In Bombay, an Indigenous Industries Committee has been instituted, on which Indian capitalists figure very largely. The possibility of the extraction of magnesium chloride and glauber salts, chemicals of much importance to the cotton trade, from the Karaghoda bitters, has been investigated with promising results, and a concession has been given to an Indian contractor for its removal and manufacture. The difficulties of the present time in respect of finance and in the obtaining of plant and chemicals and of experts for the conduct of experimental industries are very great. In spite of these, Government has done its best to bring to the notice of the public promising openings for industries and, so far as present circumstances admit, to help initial attempts. I hope I

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have now made good the position which I set out to prove. I have tried to show that no mean degree of success has attended the efforts of Indian industrialists in exploiting such industries as can be carried on with imported machinery and a comparatively small amount of imported material : and that the efforts of Government, so far as circumstances permitted, have not been so unimportant as is often somewhat unfairly alleged. If you will admit these two points as proved, I think that, with a continuance of mutual good-will and co-operation on the part of Government and people, there is no reason to despair of India's industrial future; but both alike must now make up their minds to a special effort."

The Council here adjourned for lunch, and after adjournment, the **Hon'ble Sir Reginald Craddock** took the chair.

The Hon'ble Mr. Surendra Nath Banerjee :—" Sir, I beg to support this Resolution. Sir, there is abundant evidence that since the outbreak of the war and partly due to the war, there has been an awakened interest created in the educated mind of India regarding the development of our industries. The discussions which have taken place in this Council and the other Legislative Councils, and the utterances of our newspapers and of our public men, unmistakably point to the conclusion that there is an industrial ferment amongst us. The dominant note of this sentiment is that the Government should actively participate in the encouragement of our industries, and should no longer retain a position of isolation which it occupied in relation to the great problem of industrial development. Sir, along with this feeling, there is a sense of disappointment to which I feel it my duty, from my place in this Council, to give expression. And that feeling is, that the Government has not done what it might have done, and that, when the Government begins to move, the machinery moves slowly indeed. My Hon'ble friend, Mr. Low, referred to the activities of the various Local Governments in regard to our industrial development. I desire to remind the Council of a very important pronouncement that was made by the Hon'ble Sir William Clark in February 1915, when this question was under discussion. I will not quote the words of my Hon'ble friend, though I have got them here, but I will reproduce the substance of what he said. He deprecated the starting of new industries, but he said that in regard to certain existing industries, the moment was suitable for encouraging and developing them, and he mentioned some of those industries. They were the manufacture of various types of glassware, earthenware, the manufacture of celluloids, pencils, matches, etc. I fail to find in the speech of my Hon'ble friend, Mr. Low, any reference to those industries, and I should like to know what has been done in that connection. The Hon'ble Mr. Low referred to the activities of the various Provincial Governments in this connection. Sir, I do not for a moment dispute the fact that Provincial Governments, at least some of them, are very earnest about the matter. The Bengal Government is very earnest; the Madras Government and the Government of the United Provinces pre-eminently so; but there seems to be an absence of co-ordination in the efforts of the various Provincial Governments. Some of them are very active; others move with a slower pace. I hope and trust that the Government of India will see to this and, being the Central Government, bring about a co-ordination in the activities of these various Governments. Sir, I hope and trust that the labours of the Committee which is to be appointed will be fruitful of good in that direction.

" Sir, I do not know whether my Hon'ble friend, the Commerce Member in the speech that he will deliver in this connection, will refer to any of the instructions that may be given to the Committee. My friend has moved for the appointment of a Committee to report upon industries; but the Committee must have instructions as to the lines upon which they are to proceed. Those instructions must be formulated by the Government; they cannot evolve them out of the depths of their inner consciousness. There must be a regular mandate—if I may use that word, though, perhaps it is too strong a word to use—coming from the Government of India. I hope the Hon'ble Member in charge

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will be able to tell us the nature of the instructions he proposes to issue to this committee. In the absence of any light or guidance upon the subject, my friend, the Mover, undertook to formulate some of them. I think he gives the place of honour to fiscal autonomy. I am in entire agreement with him, and I hope and trust this Council will be in entire agreement with him in this matter. We have been too long in the leading strings, I hope I am not using disrespectful language, of the India Office and of the Cabinet. Our interests are subordinated to the interests of the British Government. I think, Sir, it was time that we were permitted to stand upon our own legs and to decide the great problem of industrial development according to our needs and according to our consciences, with due deference undoubtedly to Imperial interests. England is the mother of her Colonies and Dependencies. It is not for one moment to be supposed that, in any scheme of industrial development that we may formulate, we should cut ourselves adrift from the mother country, or adopt any programme that may be detrimental to her commercial interests. That is unthinkable. Canada, Australia and other parts of the Empire have all got fiscal autonomy, and why should we not? I regard that, Sir, as the fundamental condition of our industrial progress, and I do hope and trust that you, Sir, will be able to tell us from your place in this Council that that is one of the points in regard to which the committee will be asked to report.

"The next point to which my Hon'ble friend, the Mover, referred is the question of protection. He said, and he did not in the slightest degree conceal the fact, that he was a protectionist. We are all protectionists in a more or less qualified form, and, Sir, we claim to be in very good company. I desire to call the attention of the Council to a preface written by the Secretary of State for India, Mr. Austen Chamberlain, to Sir Roper Lethbridge's book on Tariff Reform. I tried to get that book from the library, but I could not get it; I tried to get it in Calcutta, and I could not; I had a copy sent to me by the publishers, and in the preface to that book, Mr. Chamberlain declares himself out and out as a protectionist as regards India. Japan has risen to her present position of eminence in the industrial world by following a policy of protection suited and adapted to her interests. The Government of Japan placed itself at the head of the industrial movement and helped it by subsidies, by bounties, by grants, by reduction of railway freights, and by a hundred other means. Japan encouraged her infant industries, and to-day she has captured the markets of India, now that Germany and Austria have disappeared from them. Go to any market and try to purchase any toys or things of that kind, you will find that they are all Japanese. I am interested in a girls' school and wanted to give the girls some toys as prizes. I could not find any other toys; they were all Japanese. I think, Sir, instruction should be given to this committee to consider the circumstances and the conditions which have brought about the marvellous industrial development of Japan. Let them report upon the question as to whether protection is suitable to India or not, protection qualified or unqualified, let them report upon the conditions which have brought about the marvellous industrial development of Japan. I am sure that will throw a great deal of light upon the policy and the programme which the Government will have to follow in this connection.

"Sir, we know nothing at all about the personnel of the committee, but the 'Times' indulges in what may perhaps be called a bit of intelligent anticipation. I find in it the names of an Hon'ble Colleague; I find in it the name of Sir Dorab Tata, and, from Bengal, I find the name of Sir Rajendra Nath Mukerji. No better selection could have been made. Sir Rajendra Nath Mukerji is not only a captain of industry but, having risen from the ranks, he is familiar with all the phases of our industrial evolution and the conditions of life among our people which conduce to industrial development.

"I do not find the name of any leader of public opinion on that committee. Sir, I have a great regard for expert knowledge, but, I think, expert knowledge should be combined with knowledge of human affairs. The expert—I speak with the utmost respect of experts—is apt to be narrow in his views; the man

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of affairs is apt to be liberal and broadminded; and the association of men of affairs with experts will be helpful to the committee.

"There is only one other remark that I desire to make. I have come across a notable observation made by an English writer. He says 'Education and hungry stomachs are the raw materials of revolution.' The Hon'ble Mr. Low has brought this remark prominently to the notice of Government in connection with certain conditions that he thought were existing in East Bengal. Sir, education you cannot stop: the tide is flowing on with irresistible vigour and with growing intensity and volume; but the hungry stomachs you must fill, and you can only do so by the development of our industries.

"Sir, it is a delusion to imagine that India has always been an agricultural country. Why did the East India Company come out to this country to trade with us? Not for our rice, not for our dhal, not for our wheat, not for our jute—jute did not exist at that time; they came to this country to purchase our muslins, our calicoes, our cotton fabrics; and under proper guidance, under the fostering care of the Government, we may again develop ourselves into a manufacturing nation. Our agricultural capabilities will help our industrial resources, and our industrial resources will strengthen our agricultural capabilities: they will act and react upon each other and strengthen each other, and the poverty of India will be a thing of the past.

"I wish every success to this committee, but I hope and trust that definite instructions will be given to them. I hope and trust that they will be called upon to report upon: the question of protection and fiscal autonomy, upon the conditions which have enabled Japan to achieve her marvellous success in the industries. The committee's labours, thus guided and directed will, I am sure, mark the inauguration of a new era in the industrial development of this country."

The Hon'ble Mr. Rama Rayaninger :—"Sir, I support the Resolution. I am convinced of the great importance of the question of the industrial development in India. The economic condition of the people, though it is better now than it had been before, is far from being what it should be. The average income per head of the people is indeed very low; it is the lowest in the civilized world. The only way to effect an improvement in the condition of the people lies in the development of the manufacturing industries of the country. The need for the development of industries in India is always present, and the war has accentuated the need. Hitherto, we have been depending upon Germany and Austria and other foreign countries for the supply of manufactured goods required for our every day use, but the war has cut off the source and the people are put to great deal of inconvenience. We must take steps to avert a similar contingency in the future. Moreover, now there is an opportunity for us, the like of which we shall not have. If we miss this opportunity, there will be no chance for our industrial advancement. There is ample scope for industrial development in the country. We have materials for many manufactures, yet we continue to import from foreign countries articles of those manufactures. We must therefore try our best to take this opportunity and start manufacturing industries. There are, however, difficulties in the way: what these difficulties are and how to surmount them is the problem? It is to solve this problem that we want a committee of experts. I am glad the appointment of a commission has been announced. I have no doubt the commission will take the difficult problem into consideration and try to solve it.

"I wish to invite Government attention to one point in this connection, Sir, too much importance is attached to the establishment of big factories. Those who advocate the establishment of big factories do not seem to pay attention to the conditions of Indian life, as also the evil consequences of modern factory life. The villager is not drawn away from his home without being exposed to the risk of being deteriorated both morally and physically. It is therefore necessary to consider an alternative scheme of factory industry which will keep the villager employed in his home. There are authorities who

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hold that such a scheme is feasible. An industry can be started on co-operative principle, with different parts of the plant put up in different villages and worked with electric power. The produce of these small factories can be credited to some central organization. Big industries can be divided and successfully worked on co-operative principles. If such a scheme is possible, I should think the villager, having in his own place employment throughout the year, will not be driven to live the urban factory life. I hope the Committee will carefully consider this aspect of the question and formulate practical schemes for the establishment of such rural work, house industries.

"Sir, there are also other questions. I do not wish to detain the Council any longer. I only suggest that the commission should investigate what industries are possible. We in Madras were beginning to have oil industry, but unfortunately the war has put a stop to it. The possibility of this and other industries, such as the manufacture of soap, matches, chemicals, manures, etc., must be investigated. The commission must ascertain what minerals, what agricultural and forest produce could be economically obtained and utilised in these manufactures. Then there is the question of State pioneering and State subsidizing. We have made some experiments in the direction of State pioneering in Madras, and they were successful; but unfortunately, owing to the interference of the Secretary of State, the experiments were discontinued. Whatever reason there might have been for the interference then, there is no reason now why the experiments should not be renewed. State subsidy will greatly encourage indigenous enterprise."

The Hon'ble Rai Ghanasyam Barua Bahadur:—"Sir, I have no doubt that one of the foremost thoughts of the Indian to-day is the rapid advance of India on industrial and commercial lines. The figures given by the Hon'ble Mr. Low are encouraging indeed, and they prove that India is not only thinking but doing some work, and that the speed of progress has been greater of late years than before.

"I had the honour of making some remarks in the course of my Budget speech last year, which I take the liberty of repeating to-day. I said—

'Nothing short of a policy like the Railway policy will meet the demands of the country, and I feel convinced the country will be prepared to bear the burden. Bounties, subsidies, and even partnership by Government, as well as guidance and supervision are in the present stage of India necessary to induce private capital, which is so shy, to come out to the field of enterprise; when the people will under such guidance and support be widely and extensively trained in western methods of business and will begin to have confidence in their own undertakings, there will be no longer any need of such extra privileges; but till then the Government should, I think, be prepared to conceive and shape a comprehensive policy to help the people. It is not the time to-day to dilate on this vast subject. All I beg to submit is, that it will be no labour lost to Government to consider seriously the subject, and formulate a policy of its own to make possible the rapid development of this vast Empire into an industrially and commercially prosperous country.'

"And the Resolution now before us repeats my sentiments in a more comprehensive form. In spite of the progress made by India as shown by the Hon'ble Mr. Low, the size of the country and the largeness of her population apparently make the progress seem none the less very insignificant yet. India is conscious of her poverty and wants to shake it off as quickly as possible; she is anxious to grow more rapidly than a normal course would permit. It is often said that developments on such lines must be natural and spontaneous, and that India must patiently wait and work on. But, Sir, I beg to point out that the ideas of India are really in advance of their capacities in many things, just as the wants of the average Indian to-day are often above his income. The prolific source of English education and the imbibing through it of many advanced ideas not only of England but of other civilised countries, are developing a precocious mental growth which must be supplemented by means of suitable methods of material growth by the same benign Government who have made them taste of the tree of knowledge. India cannot, I submit, keep her proper balance unless upheld by Government in the matter of material development, of commercial and industrial advancement in keeping with her

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mental growth. The proposition has been broadly laid down by some civilised countries like Germany and Japan that the poverty and ignorance of a nation are only removable evils, and they have proved the truth of it almost to the hilt. Will not therefore India look to her Government with the same spirit of confidence that Government will make the same demonstration here? That is the real situation, and happily enough we are daily coming to more and more feeling relations as between the Government and the people; and I have no doubt that this national question will soon find easy solution in the hands of our rulers. Co-operation, as the Hon'ble Mr. Low said, between the Government and the people will make all we want possible, and that co-operation is becoming more patent, more real, and more substantial every day.

"It will perhaps be going out of the way to discuss about particular industries in to-day's debate, but I may mention that even remote Assam has also had her sentiments awakened in this respect, and last year an industrial conference was held under Government auspices, where a number of Resolutions about various local industries were passed which may not be unworthy of the consideration of the committee proposed by this Resolution.

"The Resolution aims at forming the basis of a well-considered policy to be pursued by the Government in this matter, and I strongly support it. I have no doubt that Government will see its way to accept it; and if the committee proposed is formed, I hope all the provinces will have facilities of representation."

The Hon'ble Mr. Madhu Sudan Das:—"Sir, this Resolution has, I believe, been moved at what I consider a psychological moment. The war has opened the eyes both of England and of India, to the fact (more so perhaps the eyes of the Indian Government than of the Indians generally) that foreign goods find their way in immense quantities to India. By foreign goods I mean especially German and Austrian goods. Only yesterday, a sympathetic Viceroy removed the fetters of indentured labour so that our hands might be free; and I have no doubt that in this very Council where the shackles of indentured labour were struck, after a short time on the same anvil the *Manu* mission will be forged. I believe in my heart of hearts that the two countries, England and India, have been brought together by a benevolent dispensation of Providence. The two countries have not been brought together so that one of the countries only should be benefited by the contact to the prejudice of the interests of the other country. At a psychological moment like this, if we realise the importance, the far-reaching significance, of this Resolution and imagine to ourselves that outside this Chamber there are millions and millions of people, of whom it has been said, and sympathetically said, and very often said, that they do not get a full meal twice a day, that their hands are paralysed and fettered, that they are the children and grand-children of those very men who were the architects of all the beautiful edifices that we see in India, when we realise these facts and also that in this Council Chamber we have non-official members of India representing the interests of millions, and also official members most of whom are Englishmen representing the traditions, the history, and the glorious past of England, then I feel, Sir, that this is a meeting the real significance and far-reaching consequences of which are very great. It is a pity that we do not like to see one another's weaknesses. I suppose, Sir, before the invention of mirrors, before mirrors were introduced into the world, every woman thought she was the prettiest woman in the world, and every man thought that he was the most handsome man in the world. Mirrors soon showed them their real features. Consequently, on occasions like these, psychological mirrors are very much needed. Crimination and recrimination will not bring about that co-operation between Government and the people to which Mr. Low has referred in his speech. Here is a fact that we have discovered, that there is a common enemy; we are all determined to crush him; both countries are shedding their life-blood through thousands of their sons. The question is, cannot anything be

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done by Government, with the people to co-operate with Government, to shut out goods that India had got from Germany before these days? I think I understood this Resolution to mean that questions of this nature should be referred to a committee, but I suppose we are drifting into matters which may perhaps embarrass Government and perhaps embarrass the committee, should the committee be empowered to deal with such questions. The power of the non-official member is confined to this, that he can recommend certain Resolutions to the Governor General in Council.

"Sir, is it practicable by a Resolution in a Council like this to recommend to the Governor General that India should have autonomy in its fiscal policy? Can a reference like this be made at the instance of India alone? Reference to a question like this might disprove that there was a point of contact where, in an emergency like this, there might be co-operation between the people and the Government which would bring about beneficial results. The remarks of the Hon'ble Rai Sita Nath Bahadur show that the Government had an exhibition in Calcutta to show the industrial products of Germany and Austria which found their way to India. Austria and Germany have been sucking the blood of India, like the American bat which, while it sucks human blood, actually fans its victim with its wings. It has been discovered that they are blood suckers. The question is can Government, in the interests both of India and England, do something to supply these things—I say England, because as a matter of fact some of the things which Germany and Austria sent to India were not manufactured in England, and England had in many cases to depend on the manufactured products of Germany. Consequently, we have common interest and a common enemy to kill. So let there be no indulgence in crimination and recrimination with reference to the past; let us not go back to the past, and inquire whether anything has been done by Government in the past or not, whether the people have done their quota or not; that is not the question, but here is the situation and the question really before the Council is, what can be done to get the greatest benefit out of the present situation. As regards the suggestion as to what should be done by this Committee (my friend Mr. Banerjee knows even the names of the Committee, I am not such a prophet)"

The Hon'ble Mr. Surendra Nath Banerjee:—"I quoted from the 'Times.' There was no prophecy at all."

The Hon'ble Mr. Madhu Sudan Das:—"Of course, Sir, we submit our raw materials to other countries and let us hope that our raw material, that is the crude ideas that we put before the Council like raw materials, will be received by the committee and something good turned out by the machinery of their intellect which will be acceptable to the Government and the people."

The Hon'ble Raja Syed Abu Jafar of Pirpur:—"Sir, in support of the Resolution of the Hon'ble Mover, I would crave your permission to make a few observations. The question of improving the condition of the industries and manufactures of this country is a supremely important and vital problem for the advancement and welfare of its people. So far agricultural occupations have been the main source of living of the bulk of the population. But the ever-growing increase in the population of the country and the enormous rise in prices of the necessities of life have rendered it impossible for the people to be contented with that pursuit only. Large numbers of the unemployed have proved alike injurious to the country and to the administration. From time immemorial this country was one of the most important manufacturing centres, but the modern methods of manufacture and the improved conditions of industry in other parts of the world have affected our industries immensely. India by no means lacks natural advantages for its industrial and commercial advancement. It is one of the greatest productive countries for raw materials. But partly because it does not possess

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sufficient means for the manufacture of raw materials into finished products, and partly through want of enterprise in the people, we have lost ground and have become mere suppliers of raw products and dependents on foreign goods for our daily requirements as well as for luxuries. It is beyond all doubt that the real prosperity of our people depends on the revival and improvement of our industries and our industries alone. The Government has not been able to help and encourage our industrial enterprises as much as we are indebted to it in other matters of our well-being, and not even as much as some other Governments are doing in like respect, and it is not possible to compete with them unless we adopt similar lines of working, and unless the Government lends its helping hand and extends its fostering care to the advancement and development of our industries. For regulating our commercial and industrial problems, it is most essential that the Government of India should have a free hand in all matters concerning fiscal questions, and as long as it is handicapped by the control of the Home Government, it will not be able to handle the problem in a more useful and effective manner. I think the Resolution is a most reasonable and modest one, and it only asks for the formation of a committee to consider the best way of taking proper steps in this respect. I trust it will not fail to commend itself to the acceptance of the Government."

The Hon'ble Mr. Birkett :—" Sir, I rise to say a few words to support the Resolution that has been proposed by the Hon'ble Sir Ibrahim Rahimtoola.

"I understand however from the papers that Government have anticipated the proposals, and a strong commission is now being formed with Sir Thomas Holland as Chairman.

"I congratulate Government on having taken the initiative, and it must be very gratifying to the Hon'ble Sir Ibrahim Rahimtoola to have his wish anticipated. Already in the Presidency I come from (and I have no doubt the same has been done in other Presidencies), a local committee has been sitting for some time inquiring into the question of how new industries may be started, and how existing industries may best be developed, and I believe a good deal of spadework in these directions has already been accomplished. No doubt the commission will have the benefit of the preliminary inquiries made and will take evidence from the members of these Provincial Committees.

"I have the greatest sympathy with the objects of the commission, and it is perhaps only natural that I should, seeing that throughout my residence in India I have been concerned with local industries and railways promoted and developed by means of capital wholly obtained in this country.

"I have great hopes that under the auspices of a strong commission such as has been foreshadowed, backed up by Government as far as research and experimental work is concerned, old industries will be revived and new industries sprung into life.

"But, Sir, I feel that this commission or any commission supported in their work and their recommendations to the utmost degree by Government, can go very little further than indicate and perhaps start in an experimental way these new industries.

"It must be left to the people to find not only the capital to promote them but the enterprise to carry them on.

"With the example of the Tatas before us, I have very little doubt that both will be forthcoming, and I hope room on the commission will be found for a member of this enterprising family.

"I do not wish to follow the Hon'ble Sir Ibrahim Rahimtoola into the question of fiscal reform. No doubt the commission will make recommendations in all cases where they think that protection by duties is necessary. It will be for Government then to see, in consultation with the Home Government, and, if necessary, with our Colonies, and possibly even with our Allies, how far protection can be given without interfering with the wider interests of this Empire.

"With these few remarks, I beg to support the Resolution."

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The Hon'ble Mr. Stewart:—"Sir, I also desire to say a very few words with reference to the Resolution now under discussion. It was—I speak of it in the past tense—an important Resolution and well timed; so timely, indeed, that, as the Hon'ble Mr. Birkett has just pointed out, it has scored an anticipatory success, for we have all read in the papers that the commission asked for is to be appointed. That being so, I take it that the Resolution, strictly speaking, is dead; it vanishes in victory; and if it is dead, why not say so? Instead of this, we have got it embalmed so liberally by the Hon'ble Mover and other speakers in extraneous matter, that it is altered almost past recognition, or would be if others followed his example, and might last for ever. I do not wish in any way to belittle the most interesting and valuable discussion which has taken place, particularly the brilliant speech of the Hon'ble Mover and the illuminating contribution of the Hon'ble Mr. Low. But I wish, in my few remarks, to confine myself strictly to the terms of the late Resolution. What I want to say is, that this great war has given India an opportunity for which she would otherwise almost certainly have had years to wait, and if advantage is taken of this opportunity to develop the enormous latent natural resources and industrial possibilities of India as they should be developed, the result is bound to be enormously valuable, not only to India herself which is much, but to the whole Empire, which we all agree is much more: and I do agree—though we business-men are not particularly enamoured of commissions, which are somewhat apt to be amorphous in their constitution and rather indeterminate in their results—I do think that a small body of practical business-men and experts should succeed in focussing and in facilitating the solution of the very many difficulties which are inseparable from this important question. There is indeed need and scope for all of us, officials and non-officials, Europeans and Indians, in this work, and I congratulate Government heartily on having obtained so able and so practical a man as Sir Thomas Holland to be President of the suggested Commission."

The Hon'ble Sir William Clark:—"Sir, I think the moment has come when I ought to intervene in this debate and say without further delay, although it is something of an anti-climax, that Government propose to accept this Resolution. There is no subject to which we have given closer attention recently than to the problem of industrial development in India. We have not suffered that attention to be distracted even by the special and pressing demands of the war, but have endeavoured to look beyond the turmoil to the victorious peace which will ensue and endure, and so to shape our policy that India's industrial interests may not be prejudiced by delay. As a result, we have anticipated the recommendation of the Resolution. We have already taken steps to constitute not a committee but a more important body, a commission, whose duty it will be to consider and report upon the possibility of further industrial development in this country. This debate comes, therefore, at a singularly apt moment. It shows that our ideas and those of Non-official Members coincide on the main issue, though, for reasons which I will shortly put before Council, the scope of the inquiries entrusted to the commission which we are appointing will not be quite so wide as some Hon'ble Members would have wished.

"Manifestly it is impossible in the short time allowed to me under our rules, to attempt anything in the nature of an exhaustive survey of Indian industrialism. I can only hope to deal with certain salient features, and especially, if only in broad outline, with the question of the legitimate scope of the State in the promotion of industries and the practical steps which in our judgment can now be taken. But I must first touch on two topics of great intrinsic importance which have formed a not inconsiderable part of to-day's speeches, one what I may call the constitutional issue, and the other the question of fiscal protection.

"I have not infrequently observed that, when a Resolution comes to be discussed in this Council, it is found to wear a different complexion to that with which it was endowed when it first appeared, a mere innocent bantering,

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on the Order paper. The present motion is certainly a case in point. Ostensibly it recommends that a committee should be appointed to consider and report what measures should be adopted for the growth and development of industries in India, and, I think, any one who had merely read the terms of the motion would have assumed that the chief functions of the committee would be to inquire into the immediate causes which have been obstacles in the path of industrial development in India—the shyness of capital, the difficulty of securing efficient labour, the lack of experts in the more scientific branches of industry, and so on. The speech of the Hon'ble Mover shows, however, that he has also very different matters in mind. He wishes his committee to be entrusted with no less a matter than an inquiry into the constitutional relations between the Secretary of State and the Government of India, in so far as they impinge on commercial and financial interests. He wishes the committee to consider whether the Government of India should not be given complete freedom in such matters, and especially in the control of import and export duties. He is himself a strong advocate of such a course. He holds—and herein lies the immediate connection with the subject-matter of this Resolution—that a Government of India, uncontrolled by the Secretary of State, untrammelled by the conceptions of fiscal policy which may be held by the British Government of the day, would be a far more potent instrument for the development of industries in India than the administration of this country under its present constitution. I am very far from complaining in any way of the introduction of this topic into the debate. It has led to a very interesting and valuable exposition of the views of the Hon'ble Mover and of other Members who have followed him, and has shown, as indeed we have already reason to know, the same point was urged, for instance, by Sir Fazulbhoj Currimbhoy at the first meeting of the new Indian Commercial Congress—that there is a weighty body of opinion tending in this direction. The Government of India certainly do not underrate the importance of the question, nor do they fail to appreciate the confidence which the Hon'ble Mover and other Hon'ble Members have been good enough to show in them by their advocacy of this constitutional change. At the same time, I think, Council will recognize that I cannot follow them into a discussion of it, and will acquit me of any suspicion of discourtesy if I abstain from doing so. I think they will readily realize that this is a topic outside of our purview, and one on which we are not entitled to express an opinion. But the fact that the Government of India cannot take part in a discussion of this topic will not impair the value of what has gone before in this debate. Hon'ble Members have had an opportunity of expressing their views. Those views will be duly recorded in the Proceedings of our Council, and will doubtless receive from the British Government, when the time comes, the consideration which is due to them. But, when the Hon'ble Sir Ibrahim Rahimtoola presses for the immediate consideration of this question by a committee, I must remind Hon'ble Members of the announcement made by my Hon'ble Colleague the Finance Member, when the Financial Statement was laid before Council. His Majesty's Government, he told us, feel that the fiscal relationships of all parts of the Empire as between one another and the rest of the world must be reconsidered after the war, and they wish to avoid the raising of all such questions until that fortunate time shall have arrived. That being so, to press for an examination of this constitutional issue as an essential part of the consideration of the many other questions involved in the problem of industrial development in India, could only spell delay, and delay is of all things that which we should now most sedulously endeavour to avoid. What we are considering in Council to-day is a business question, and I would put it to Council that the most businesslike course is to grapple with it in the way which is most practical at the moment. I shall hope to show that there are steps which can be taken without raising this constitutional issue now, and equally without prejudicing its future discussion; and I would earnestly press on Council that, in pursuit of the larger aim, they should not in the meantime place unnecessary obstacles in the way of immediate practical advance. Of one thing I am quite certain. I am certain they may rest assured that, in that re-examination of Imperial fiscal

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relations which His Majesty's Government have foreshadowed, the economic claims and interests of India will be fully considered.

"The Hon'ble Sir Ibrahim Rahimtoola, though he spoke with studied moderation, does not seem entirely to share that conviction. But I do not know that his chief example was very well chosen. The Hewins Resolution in the House of Commons urged a closer economic co-operation among the different parts of the Empire, not after the war, but during the war and, though I entirely agree with the Hon'ble Member that the part which India has played during the war might have received a fuller recognition in the debate, the debate does not in any sense imply that she will be neglected in the future settlement. As to the Resolution not having been sent to us, as it was sent to the Dominions, I do not know myself that I should have regarded it in the light of a compliment to India if we had been invited to offer a closer economic co-operation in the conduct of the war. We have throughout the war, as Hon'ble Members well know, placed all our resources at the disposal of His Majesty's Government, often to the detriment of the ordinary course of trade, and His Majesty's Government, I fancy, know very well that if there was any other matter on which we can give them help, they have only to ask us. I think the Hon'ble Member must have overlooked the very important answer which was given this morning to a question by the Hon'ble Mr. Achariar about the Allied Trade Conference in Paris. The Prime Minister has categorically stated in the House of Commons that, if any action affecting economic relations after the war is contemplated as a result of that Conference, the Government of India and the Governments of the Dominions would all be consulted before definite action is taken. That does not look as if it was proposed to neglect India after the war.

"It is clear that the same pronouncement must affect the question of protection, which has also formed a large part of the speeches to which we have listened to-day, since the question of any important modification in our fiscal system is manifestly inseparable from the question of the fiscal relationships of the parts of the Empire and of the rest of the world. We can all, I think, appreciate the objections to raising in war time a question which affects India's relations not only with the United Kingdom, but also with foreign countries. In a sense, protection is a very live issue in India, since it is an issue in which all classes take a vigorous interest, and on which most educated Indians hold strong opinions, but, in view of this pronouncement by the British Government, it is not an issue which can be taken up at the moment. Nor, as Sir Guy Fleetwood Wilson said when we discussed the same subject three years ago, is it a question on which the Government of India are in a position to declare a policy of their own. Their policy is, and must be, the policy of His Majesty's Government. It is not therefore necessary for me—indeed it would be practically impossible in the time at my disposal and with the other questions to discuss which cannot be ignored—to endeavour to examine in detail the question in its application to India. All I would urge on Council is a warning—a warning against regarding protection, or indeed any other measure, as in itself a panacea for all industrial ills. Can we be sure that if protection were established in India, it would in effect secure the object which we have in mind to-day, namely, the building up of industries where the capital, control and management should be in the hands of Indians? That, of course, is the special object which we all have in view. It is of immense importance alike to India herself and to the Empire as a whole, that Indians should take a larger share in the industrial development of their country. Such progress means a higher standard of living, greater prosperity, and, not least, greater scope for political development. But can we be sure that protection would in itself necessarily bring about this end? Might it not merely mean that the manufacturer who now competes with you from a distance, would transfer his activities to India and compete with you within your own boundaries? That has been the case not infrequently in other countries. Nor does the example of the past indicate with any certainty that Indians would be the quickest to seize the opportunities which might be afforded to them by high tariffs,

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if such tariffs were instituted in India. The fact is that the competition of foreign imported goods is not by any means the only obstacle to industrial development in this country. It is curious to note, if we take the three most prominent and flourishing industries in India, jute, tea and cotton, that the industry in which Indians have taken the most important and most successful share, is the manufacture of cotton, where they have had to meet foreign competition both from the west and from the east, not only in overseas markets, but in India itself. It would be very unsafe therefore, whatever may be the subsidiary causes of this phenomenon, to assume that protection, apart from any other question of its merits or demerits, would afford a complete solution of the problem, still less that it affords the only solution. Japan has been quoted from time to time in this debate as a country with a high protective system, but Japan made a very large part of her industrial progress under a tariff system of low duties, and only adopted a definite protective policy five years ago, by which time, of course, she was already a prominent manufacturing country. I wish to avoid entering into any controversy on this fiscal aspect of the case, but I would ask Hon'ble Members to bear these considerations in mind, when they hear protection urged as a remedy for all industrial shortcomings. That attitude can only mean neglect of other important aspects of the problem, which, whether you have a high or a low tariff, equally demand most careful consideration. Let me remind Council of the words recently used in this connection by Sir Dorab Tata, the son of one of the most famous pioneers of industry whom India has yet known, and himself the head of one of the greatest of Indian industrial firms, speaking as President of the Indian Industrial Conference last year. He was prepared, he said, to accept such advantages as might accrue from a moderate protective tariff, but he added—I will quote his words :—

'I would point out that a protective duty by itself can be of little use in stimulating the growth of home industries.....A manipulation of the tariff alone cannot create industries.....There are numerous ways, other than the introduction of a protective tariff, in which the State can, in my opinion, materially help the growth of industries, and I for one would, immediately at any rate, concentrate on them.'

"The sketch of industrial development in India which the Hon'ble Mr. Low has just put before Council, from the institution of the earliest cotton mills to the great enterprises undertaken by Messrs. Tata in recent years, shows that successful industries can be started and developed in this country by Indians. Why is it then, that in spite of these successful enterprises in the past, in spite of the fact that capital is forthcoming and in the industrially more progressive parts of India, such as Bombay, is freely forthcoming, for schemes backed by names which have earned the confidence of the public, the general tendency of the people is still to stand aloof from commercial enterprises and that confidence has not yet been established? Both the history of the past, and the facts, as we know them of the present, are against finding the sole reason for this in causes such as the climate, the inferior quality of labour or foreign competition, though these of course all bear their part. I think we must face the fact that there are also other causes which are in part the fault of the people themselves. Sufficient knowledge, sufficient business experience, sufficient energy has not always been brought to bear on the launching of Indian enterprises. The vital necessity of sound business organization has not always been recognized, nor the almost equal importance of thorough technical and expert examination of an industrial project before it is put before the public. I am afraid it must also be acknowledged that Indian commercial enterprise has not always shown the energy and the determination to persevere in the face of set-backs, which is essential to eventual success. Much naturally is said in India to-day of what has been done by the Japanese Government to promote the development of industries in Japan, but perhaps hardly sufficient stress has been laid upon the qualities which the people of Japan themselves have shown, and the way in which they have imported into their commercial enterprises the same hardihood of body and spirit which have made them conspicuous among

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the fighting nations of the world. Not only have they displayed great pertinacity and perseverance, but they have also, I believe, proved themselves to possess an unusual genius for combination and co-operation. Their largest industries are organized as guilds, and different branches of trade co-operate closely in the common aim of pushing Japanese goods against those of the rest of the world. It is vitally important that Indians should acquire the same qualities. Let me make my meaning perfectly clear. Many of those who have been concerned in India's commercial development have exhibited these qualities in a degree which proves that they need fear no comparison with other nations, either in the west or in the east. It is only necessary to cite the names of the Tatas, the Sassoons, of the concerns with which our Hon'ble Colleague here Sir Fazulbhoy Currimbhoy is associated, of Sir Rajendralath Mukerji and others. But what I have just said is, I am afraid, true of much Indian enterprise which has endeavoured to follow in their steps without having appreciated the methods by which they have achieved their success. Where there is lack of thoroughness; lack of vigour and perseverance; where there is also lack of technical or business knowledge, and an absence of the instinct for combination, there is almost bound to be failure, and failure reacts on the public and means that capital is not forthcoming. What we want to see established is confidence in the first place that success will be attained; and the justification of that confidence by results. There has been too often in India a tendency towards two extremes both equally fatal—to an excessive timidity on the one hand, and on the other to a disastrous recklessness. The only real remedy for either is experience—experience which will warn promoters that success is not to be easily achieved, and that only thoroughness in all stages of an enterprise can achieve it, but which will then prove to investors that on these terms it can be won, and that industrial ventures can be a legitimate and sound outlet for their money.

“Much, then, must rest with the people themselves, and there is plenty of evidence to show that a keener spirit is being developed, and that the essentials to success are being more generally appreciated. But can the State also take a share, and, if so, in what manner? I think it is very clear that it can. By the general spread of education it can help to improve the efficiency of the labour force. It can unquestionably help in providing information as to markets, and can set up the necessary machinery for the collection and dissemination of commercial intelligence which it has sometimes opportunities of securing, not available to private persons. It can facilitate that most important pre-condition to the establishment of new industries to which I have just referred, the thorough technical and scientific examination of a project before it is launched. It is clearly within the province of the State, especially in countries, such as India, to assist in technical education and scientific research, and it may properly be asked to provide experts to advise on promising lines of commercial enterprise. Sir Dorab Tata, in the speech from which I have already quoted, spoke with legitimate pride of the immense care taken to investigate the scientific aspects of the schemes undertaken by his firm. This indeed is essential, but unless scientific institutions are provided either by the State or by such princely private munificence as led to the foundation of the Tata Institute, it will often be very difficult for private persons to conduct the necessary researches in countries such as India where the necessary laboratories and equipment are not forthcoming on other terms. But even when this is provided for, I myself believe that there is yet more which the State may not improperly undertake. It must be remembered that there may still be a hiatus, the existence of which it is not fair to attribute altogether to lack of enterprise on the part of the commercial community. The path of the pioneer in the west, as in the east, has been always a thorny one. There have been many failures before success has been achieved. Any one who cares to read the history of the gradual development, for instance, of the iron and steel trade in England will see how true that is. It is the case, of course, that in starting new industries in India the promoters will not be taking the same degree of risk as is involved in the launching of

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a new invention in which unforeseen imperfections may be found when working begins. But they are faced with conditions not altogether dissimilar owing to the especial difficulties which often arise in the transplantation of industries from one hemisphere to another. There are differences in climate, differences of labour and so on which may well affect seriously the cost of manufacture. Whatever care may have been taken in the preparation of a project, there may still be unexpected obstacles. It may, I think, fairly be asked whether this is not the point at which the State should step forward and assist in what are in effect industrial experiments. This may be achieved in more ways than one. The State may provide, or at any rate facilitate the provision of finance for such industrial experiments or, alternatively, it may conduct the experiments itself; or it may take steps to provide especially cheap transport for manufactures made under certain conditions, either for internal consumption or for export. There are obvious difficulties. There is the difficulty in all such schemes of how far the State is to go in spending the taxpayers' money on one particular branch of national development. What the Hon'ble Sir Ibrahim Rahimtoola told us this morning about certain activities of the Japanese Government throw a considerable light on that. He mentioned one industry, I think, which is capitalised at 6 million yen, which is something like a crore of rupees, on which Government are guaranteeing interest at 8 per cent. When one hears figures like that, one understands why a recent report calls attention to the vast increase in Japan's national expenditure. In 1895, the Japanese national expenditure was 85,000,000 yen; in 1914-15, it was 559,000,000 yen. The taxation per head in 1900-01 was 2.75 yen; in 1914-15, it was 6.50 yen. And the writer adds—'Japan still has 60 per cent. of her people engaged in agriculture, and it is largely on the agricultural classes that this extra taxation falls.' That might possibly be not inapplicable to India. I do not mean to say that that is an objection that ought to stand in the way of all advance, but it is one which people might perhaps consider a little more when they attack the Government somewhat fiercely, as the Hon'ble Mr. Banerjee did just now, for not having achieved more in the past. There is the difficulty of avoiding any appearance of favouritism in the selection of concerns or industries to be assisted by the provision of funds; or, in the case of the State itself, pioneering industries, the difficulty of avoiding interference with private enterprise. But the end to be achieved is of immense importance to the country, and it may well be argued that such risks are risks which Government may properly undertake, and the difficulties, difficulties which Government ought to face.

"The Government of India and Local Governments can fairly claim that they have already done a good deal on the lines I have just indicated. On the instructional side, large sums, especially of recent years, have been spent on technical education, and there has been a very considerable advance both in the direction of technical institutes and schools, and in the quality of instruction given therein. Experts in particular industries have been appointed in certain Provinces, and steps have been taken to add to their numbers. The Hon'ble Mr. Banerjee asked what we have done about glass. We have an expert on glass now on his way out to India. The delay has not been our fault, because it is extremely difficult at this time, owing to the war, to obtain the services of experts. An especially significant advance has been made in the creation of the Sydenham College of Commerce at Bombay which, it may well be hoped, will result in raising the standard of business aptitude and knowledge among Indians. Apart from directly educative work, the Government of India have taken up the question of improving their system of commercial intelligence, and after a thorough examination of the subject, have placed proposals before the Secretary of State, which, if accepted, will, we hope, enable the Director-General of Commercial Intelligence to deal far more comprehensively with the huge subject entrusted to him, and will make his office of more practical utility to men of business. We have also within the last few weeks instituted the first Commercial Museum in India, and we intend to make this a permanent exhibition,

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where samples of Indian made goods will be shown to wholesale buyers. The great advantage of these Museums, I may remark in passing, has long been recognised in other commercial countries, such as Japan and Germany, and similar exhibitions have recently been organized with remarkable success in the United Kingdom. As to the more direct forms of assistance to industry, the Hon'ble Mr. Low has given Council a brief account of what has been done in rendering financial assistance to certain selected enterprises and in the direct pioneering of industries by Local Governments. We all know that this pioneering of industries met with some measure of success in Madras, but that Lord Morley desired its discontinuance, on the ground that one of the enterprises concerned had resulted in interference with private enterprise. It is certainly unfortunate that the experiment could not have been more fully tested, though every one will admit that the closest attention should be paid to the necessity of avoiding action which might operate in any way to discourage private endeavour, which is, above all things, what we wish to stimulate. Since that time experiments have been permitted for the demonstration of the commercial possibilities of industries on a small scale, but it is doubtful whether, under such conditions, the results can be sufficiently conclusive. The Railway Board also have impressed upon the different Railway Administrations the desirability of watching carefully for opportunities for fostering local industries by the quotation of favourable rates for the carriage of raw material required in manufacture and of the finished product. They circularised all the Administrations on this subject early last year. The interests of railways and of the industries in this matter are identical, since the new industry brings more traffic to the railway, and there is no reason to suppose that the matter has been generally neglected by railways in the past, but it seemed desirable to impress it upon them once more. At the same time, the Railway Board addressed a *Communiqué* to the commercial public calling attention to their letter to the Railway Administrations and impressing on the public the importance of giving the fullest particulars when asking for a concession. I have recently asked for a return of the results of this circular, and they are decidedly satisfactory. It is true that not very many applications have been made, but practically all those which have been made have been granted. The Government of India, therefore, can certainly claim that the question of the promotion of industries has not been neglected, but for reasons partly beyond our own control, the action which has been taken hitherto has not been sufficiently continuous and co-ordinated to furnish conclusive guidance for the shaping of our policy in the future, especially as we wish that policy to be more definite and more comprehensive. The more Government considered the question, the more they have felt that there are many points which require further investigation, both as to the industries which afford the best opening for further development in India and as to the way in which Government can best help, and they are convinced that for that investigation they ought to have the assistance of unofficial, and especially of commercial, experience. In other words, we had already come to the same conclusion as is set forth in the terms of the Resolution. I may remind Council that, in a speech at the close of the last session, His Excellency the Viceroy, welcoming the prominent place which this problem had taken in the debates of Council, said that it was receiving the most careful consideration of himself and of the Government of India, and that he hoped to see it taken up vigorously and effectively as soon as normal conditions supervened. In pursuance of the policy foreshadowed in these words, the Government of India addressed the Secretary of State in the autumn of last year, pointing out their difficulties in the matter and asking his approval to the appointment of a commission composed of a suitable number of business-men, experts and officials, some of whom should be acquainted with Indian conditions, some with industrial progress in other countries where similar objects have been pursued, and others with industrial problems, generally, on their business side. We proposed that the whole question should be examined of whether new openings can be found for the profitable employment of Indian capital and whether, and if so in what manner Government can usefully give direct encouragement to industrial development; and we proposed that, in examining this latter question, the

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Commission should be free to consider the question of pioneer industries *de novo* as well as such other methods of stimulating industries as the supply of technical and expert advice, the provision, directly or indirectly, of financial assistance, or other means which might seem good to the commission. I am glad to say that the Secretary of State has sanctioned this proposal, and has enabled us to make what I trust will be the beginning of a new and important departure in the history of Indian industrial development. His consent—and I need not say that this is a source of special satisfaction to Government—enables me, as I have already said, also to accept this Resolution, which has been supported to-day by all Hon'ble Members who have spoken in this debate. We have secured for Chairman of the Commission Sir Thomas Holland, who will be well-known to many Members here as the late Director of the Geological Survey, who did so much to bring that Department into close touch with the commercial life of India. In addition to the Chairman, there will be seven or eight members, of whom three will be Indians. I am sorry that I am not yet in a position to give Council the names of all the members of the Commission, but two of the Indian members have already accepted, our Hon'ble Colleague Sir Fazulbhoj Currimbhoy and Sir Rajendranath Mookerji. I am sure that both these names will commend themselves to Council. We hope also to secure the services of a representative of the Parsi community in Bombay, a community which has always been associated with industrial progress in India. From official circles we have appointed Mr. Low, now Secretary in the Department of Commerce and Industry, who, as Council all know, has taken throughout his career in India a special interest in this question of promotion of industries. It is necessary that my successor should have the benefit of Mr. Low's experience for his first few months of office, so that probably Mr. Low will not join the commission until the early autumn; but in view of his previous knowledge and experience of the subject, I do not think that this will in any way militate against his usefulness on the commission. There will also be a representative of European commerce in India, and probably two members who will bring an outside experience from the United Kingdom. No time will be lost before commencement of work. Sir Thomas Holland himself leaves England in the middle of April, and will begin preliminary work at Simla, but I cannot say for certain yet when the commission, as a whole, will assemble. In framing the terms of reference we have excluded from the commission's inquiries, for the reasons I have already mentioned, any consideration of the present fiscal policy of the Government of India. Nor do we propose that they should re-examine those aspects of technical and industrial education which have recently been dealt with by committees working in England and India, whose reports are at present under the consideration of the Government of India. The terms of reference to the Commission will be as follows:—

"They will be instructed to examine and report upon the possibilities of further industrial development in India, and to submit their recommendations with special reference to the following questions:—

- (a) whether new openings for the profitable employment of Indian capital in commerce and industry can be indicated;
- (b) whether, and if so, in what manner, Government can usefully give direct encouragement to industrial development—
 - (i) by rendering technical advice more freely available;
 - (ii) by the demonstration of the practical possibility on a commercial scale of particular industries;
 - (iii) by affording, directly or indirectly, financial assistance to industrial enterprises; or
 - (iv) by any other means which are not incompatible with the existing fiscal policy of the Government of India.

"It will be clear, therefore, to Hon'ble Members that the commission will not be authorized to examine either the constitutional issue raised by the

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Hon'ble Sir Ibrahim Rahimtoola, or the existing fiscal policy of the Government of India. I hope Council will appreciate, even if they would have preferred an inquiry which would have embraced these topics, that there are good and sufficient reasons for the limitation imposed on the Commission's labours, a limitation which will in no way prejudice the examination of either of these two questions hereafter. I hope also that I have been able to show that there is a very large field of important and valuable matter to be investigated by a commission limited, as is proposed, to the more purely industrial aspect of this problem.

"One other proposal of ours I may also mention to Council. Japan is the most interesting example of a nation which has developed a structure of modern industrial and commercial enterprise from a past which knew nothing of Western economic conditions. It is therefore of great interest and value to know exactly what her Government has done to aid her people in this notable advance which they have made. The Government of India have already received some information on the subject, though there has not been time for me to deal with it this afternoon, but we felt that it was very desirable to obtain more detailed particulars for the use of the Industrial Commission, and we have therefore arranged that Professor C. J. Hamilton, the Minto Professor of Economics in Calcutta, should visit Japan—he has in fact already started—and should prepare a report which will be available in the early autumn.

"In conclusion, Sir, let me repeat that it is a source of great satisfaction to the Government of India that they have been able to accept this Resolution. May I add that I am especially glad that we should have been able to take this definite step in advance before the close of my own time in India? I make no apology, so far as my own responsibility is concerned, for this step not having been taken earlier. India is an immense country where the economic conditions are unusually complex, and sometimes, almost paradoxical; and for a newcomer there is much to learn and something also perhaps to unlearn. But I am glad to think that, before the end of my period of office as Commerce Member, we have been able to see our way more clearly towards an industrial policy. I am a firm believer in India's industrial future, and though I shall have left India before the commission has even commenced its sittings, no one will look forward with greater interest to the outcome of its labours."

The Hon'ble Mr. C. Vijiiraghavachariar :—"Sir, I wish to make two observations on the motion before us

"I am unwilling to treat the Resolution as a dead one, and I am not going to join in its funeral. On the other hand, I think I have to render my thanks to the Hon'ble Sir Ibrahim Rahimtoola for his very important motion and the excellent statement he made in support of it. I would also thank the Hon'ble Sir William Clark for the able and sympathetic statement he has made. Reading between the lines of his speech—if one can read a speech when it is being made—it seems clear that the Government has abandoned the policy outlined some years ago by Lord Morley, then Secretary of State for India. On that account and on that account alone, I render my most hearty thanks on behalf of the country to the Government, both here and at Home. And yet I have some considerable doubts whether the commission at this time is most opportune. The Resolution asks for a very comprehensive scope of this inquiry in view to advance this country to be on a par with the great nations of the world. I am not sure whether the Hon'ble Sir Ibrahim Rahimtoola has not raised and challenged a premature issue, considering the circumstances in which the Empire is just now involved; and I am not sure whether this premature challenge of this great issue is not responsible for a hasty,—I beg pardon—I mean a rapid decision on the part of Government, both here and in England.

"In England itself most of the doctrines, economic and political and international, are on their diet and trial. They will all be revised for the

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benefit of England, for the benefit of the Empire and for the benefit of humanity. We know that we are to take part in the reconstruction of the whole Empire, and Sir William Clark also has told us so just now. May I know therefore what is the object of this commission in the meanwhile? How many years more will the war last? Assume that the war will be over in a year, and that peace will be reached in about 18 months or a maximum of 2 years. We have lost over a century and a half under the British Government since the Indian industries have been killed. What is the value of these two years then that we cannot postpone this inquiry and wait till the peace is reached? Sir William Clark, while saying that certain vital questions are beyond the purview of this commission, yet traverses them somewhat. I think it is wholly unnecessary for me during the limited time at my disposal to traverse them too. He talked of two important matters, protection and climatic conditions, which will make it difficult for India to manufacture certain things. It is not the ambition of India to manufacture things which cannot be manufactured at a profit. It is often stated, for instance, that certain finer cotton counts cannot be manufactured in India with profit in order that we may compete with the rest of the world. It is not our ambition to attempt to manufacture such if impracticable, or only practicable at a loss. But at the same time, our feeling is that the best experiments have not been made in India in this direction. India contains all sorts of climates. It may be possible to make these counts in some hill stations with profit; or it may not be profitable at all; that is outside the question now. As regards protection, the Hon'ble Member for Commerce and Industry simply asked a question and did not give the answer, and very properly too. 'Would it be good?' he asks us 'to have protection for India?' He has not told us whether it would be good or bad. I am very glad he has left it at that point. My answer is that it would be very good. In this matter we must go by the examples of other countries. The Colonies, the United States of America, and all the countries in the west have adopted protection. Whatever may be the *a priori* views of writers on the subject, the fact remains that these countries have grown immensely wealthy. It might be that in the beginning, when they first introduced protection, such countries may have to pay a little more for what they want than they would otherwise have to, if foreign exports were freely allowed; but soon this settled itself; the increase in wealth in those countries—the enormous wealth—is the best answer to the question put by the Hon'ble Sir William Clark. At any rate, the Government here and the Government in England do not choose to make these experiments in the direction of protection for India. I do not see any reason why it has not been done and why it cannot be done, and all that I say is the fact that the question remains an open one. This country is in a very different position from several other countries. Other countries which adopted protection did so with a clean slate and without history to guide them. We were able to clothe India and clothe the whole world once upon a time as is well known. Our industries were killed by the East India Company and by those who succeeded it in its sovereign functions, by the adoption of narrow and in the end suicidal policies. That being so, it is not fair to say that protection would not be good for India. Then, I respectfully protest against the exceedingly narrow scope of the reference to the coming commission. Now, either protection will be allowed us or it will not be allowed us after the war. I cannot understand why the Right Hon'ble the Secretary of State should not arm himself with a report, with a judgment, and with the evidence of prominent Indians for use later on in either case. The reference prohibits any question, any investigation as to this policy. I even believe that the commissioners will have an exceedingly difficult task to perform in these circumstances. They are told that they could not put a single question as to the existing policy; but I can easily imagine a position wherein the questions will be so dove-tailed that it would be impossible for the commission satisfactorily to execute the command given to them by Government. That being so, I ask the question in my ignorance and doubt—I do not oppose the motion—whether it is useful. Why should we not wait a little longer? What is the object of this commission.

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to inquire and report under conditions so very unnatural I should say, and against the aspirations of the Indians? In short what is the object of this commission?

"There is another point which Sir William Clark has not touched upon. In these matters it is not enough that Government judges for us always. It must always try to meet us half-way and to let agitation compose itself. In this matter it is not likely that the Indian agitation will compose itself. It did not ask any of us; it did not take the views of us, the quasi-representatives in this Council, even informally in the matter of the reference. It did not ask us to assist them even in the matter of the names of the personnel. In one point of view, however, I am glad of that and I congratulate Government in their choice so far as the names announced to us are concerned; and I am more glad still that the other names are not announced, because it leaves me free to say exactly what I wish to say. Even if there be one member on this commission, whose views against us in connection with national industries were ill-disguised and hostile, then this fact will make the report of the commission to be received with suspicion if it be against the cherished views, by us all. That is to say, the commission is appointed without any reference to the wishes of the people of India and without any reference to public opinion in India. Apart from all these, taking the fact as it is, the scope of the proposed inquiry is, in my humble opinion, so narrow that its usefulness is highly problematical. I am one of those who believe that this commission should stand over for two years."

The Hon'ble Mr. Setalvad:—"Sir, while welcoming the announcement made by the Hon'ble Member for Commerce and Industry about the appointment of this commission, I join with my friend, the Hon'ble Mr. Achariar, in regretting the restriction of the scope of reference. The Hon'ble Sir William Clark said that the question of fiscal autonomy, being a constitutional question as well as the question of protection, would be excluded from the purview of this commission. As I said, I deprecate the restriction put upon the scope of this inquiry. It may be that on inquiry it will be found that protection is not good for India, but why not allow the commission to inquire into it and come to the conclusion that it is not needed. Then the hands of the Government will be strengthened by that conclusion. If, on the contrary, the commission is of opinion on inquiry, that it is needed, why should that expedient be thrown away? Speaking of protection further, the Hon'ble Sir William Clark said that that was not the only solution of the problem. He said that a good deal depended upon the people themselves, and he said that the success of Japan was greatly owing to the enterprise and self-reliance shown by the people of that country. That is perfectly true. But may I ask my Hon'ble friend to remember how far that self-reliance and enterprise must have been engendered and stimulated by the consciousness that behind them was their own Government, quite prepared to do anything for the purpose of fostering their industries and manufactures. Can that be said in any measure of the people of this country? Can it be said that the Government of India, even if they wished to do so, are free to take any measures necessary to accomplish such an object? Why have we not a standing example in this country of the excise duties to demonstrate that the Government of India is not free? The Government of India have acknowledged time after time that it is a tax that ought to be abolished. Still they are unable to do it, because they are helpless before the Home Government, unable to carry out a reform which they themselves feel to be absolutely necessary for the purpose of fostering the cotton industry in this country. That is where the difference comes in between Japan and India. There, as I pointed out, the people have the consciousness of having the Government fully behind them, not only willing, but having the power, to accomplish what they think is necessary for the purposes of fostering their industries. That unfortunately cannot be said of the Government of India; and that is why my friend, Sir Ibrahim Rahimtoola, has raised the question about the fiscal autonomy of the Indian Government.

[*Mr. Setalvad* ; *Khan Bahadur Mian Muhammad Shafi*] [21ST MARCH, 1916.]

" Sir, if the people of India had behind them the Government of India with full power to do what they feel is necessary for the trades, industries and manufactures of this country, enterprise and reliance would be stimulated and engendered as it has been in a country like Japan; that is where I say the question of fiscal autonomy comes in, and still that matter is not allowed to be considered by this commission. I followed the Hon'ble Mr. Low's speech with great interest, and I confess I admired the current of self-satisfaction running through his remarks. He strove by a mass of facts to establish the point that a great deal had been accomplished in this country not only by the people but also by the Government. I wish I could be as optimistic as Mr. Low. But do the facts justify any such optimism at all? Why, only the other day we had a very striking illustration of the fact that the commerce, trade and industries of this country are far behind what they ought to be. During the discussion on the Income-tax Amendment Act and the Financial Statement it came out, Sir, that in the whole of this country there were only 13,000 people who pay income-tax on Rs. 24,000 a year.

The Hon'ble Khan Bahadur Mian Mohammad Shafi :—
" 3,500."

The Hon'ble Mr. Setalvad :—" It is still worse if it is only 3,500. But I understood 13,000 was the figure mentioned by the Finance Member and I will take that figure. Among these 13,000, are included officials with salaries of more than Rs. 2,000 a month; there are also included non-officials employed in private firms drawing such salaries, there are also included professional men, lawyers and medical gentlemen. If we exclude roughly 3,000 on all these heads we have a residue of only 10,000 persons, including Joint Stock Companies, who pay income-tax on more than Rs. 24,000, i.e., only £1,600 a year. If that is the fact with regard to incomes of Rs. 24,000 a year, can you say that trades and industries, and especially manufacturing industries, are so far advanced that we can say that the progress has been what it ought to be? I feel, Sir, that the progress made both in manufacturing industries and in trade and commerce is really infinitesimal when we look at the large population and the vast expanse of this country. I think immediate efforts should be made to put things right. In that point of view I welcome the appointment of this commission which will tell the Government what is really to be done in this direction. There is another point that should be borne in mind; industrial development will also largely relieve the horrors of famine that periodically devastate this country. If you divert the population, the extra population, from agricultural to industrial pursuits, you will thereby lessen the calamities of famine; that was clearly exemplified during the last famine in 1910-11 in Bombay. In Guzerat, Deccan and Konkan there was a very severe famine in 1899-1900; then they had the next famine in 1910-11 and this is what the Bombay Government said—

"The increase in industrial activity and the number of large works in progress which created a demand for labour in excess of the supply has rendered the labouring classes largely independent of agricultural employment. Thus, when the strain came the people displayed an unexpected power of resistance, and though the failure of the harvest was nearly as complete and the prices of food grains rose nearly to the same level as in 1899-1900, the assistance the people required from Government was infinitely less."

That shows that industrial development in this country will also mitigate very much in future years the horrors of famine. Therefore, as I said, I welcome the appointment of this commission, but I deprecate the restriction of its reference. Then, the Hon'ble Sir William Clark said that after the war the larger constitutional questions and the position occupied by India with regard to commerce and industry in the Empire, and other large questions will be undertaken. I do hope that when this is undertaken, that India will have economic and political justice done to her, and that industries and commerce will be stimulated and encouraged in the manner they deserve to be."

[21ST MARCH, 1916.] [Pandit Madan Mohan Malaviya]

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, I offer my hearty thanks to the Hon'ble Sir Ibrahim Rahimtoola for the Resolution which he has placed in such an admirable speech before the Council, and I offer my deep thanks to the Government of India and the Secretary of State for having accepted the Resolution. The anticipatory announcement by the 'Times' of the appointment of a commission to carry out the recommendation contained in the Resolution has caused not a little surprise, because it is against the practice usually followed on such occasions that an announcement should be made in respect of a Resolution before it has been moved. It has also caused surprise because the personnel of the commission has been announced in London, while it seems proper that it should have been announced in Delhi. However, that should not take away the satisfaction that we feel at the appointment of the commission, and the selection of the members of the commission whose names have been made public. I particularly wish to express the satisfaction that we non-official members, no less than, I believe, the official members, feel at the fact that Sir Thomas Holland is to be President of this commission. We know his broad sympathies, and his keen interest in the development of India; we know he will bring a broad outlook to bear on questions affecting us, and we have every confidence that under his presidentship every question referred to the commission will be considered with great thoroughness and freedom from bias. I hope, Sir, that in deciding the names of other members which, I understand, have not yet been settled, the Government will be pleased to consider the view that has been expressed as to the composition of the Commission. Government no doubt are the best judges with regard to that matter. We cannot claim that we should be consulted formally about it; but we expect that non-official sentiment both here and outside, will receive a little more consideration in the selection of the remaining members. It is not only experts who have got special knowledge of industrial matters, but also representatives of the educated public, who are keenly interested in the industrial development of the country and in the well-being of the community, who can bring a great deal of useful knowledge to bear on the discussion of the questions which will come before the commission. It is therefore desirable, and I hope the Government will view the matter in this light, that there should be some more responsible non-official representatives of public opinion on the commission. Sir, one Hon'ble Member has said that the Resolution having been accepted it is dead. I say the Resolution is not dead. It lives, and will bear fruit. Further discussion on it is needed, because the discussion which has preceded, makes it necessary to draw attention to certain points.

"The appointment of the commission is a great event in the industrial history of India. For a long time past Indians have been incessantly praying that more should be done to promote indigenous industries than has been done and was being done. My friend, Sir Ibrahim Rahimtoola, expressed his intention—I do not betray a secret—to bring forward a Resolution like this more than a year ago, and the subject has been alluded to by many speakers in this Council on various occasions. Therefore, the appointment of the commission is a matter of great national importance to us, and it is necessary that we should freely express our opinions as to the matters which we think ought to be taken up by it. From that point of view and because the matter has been referred to by the Hon'ble Sir William Clark also in his speech, I would request the Government to reconsider the question of the scope of the reference. It is no doubt true that during the time of the war, action cannot be taken in regard to the recommendations of the commission on certain questions. A decision on matters of constitutional issue may be delayed, because a decision on such matters can only be arrived at after consulting the Government in England; but it seems to me that that offers no bar, but on the contrary furnishes a very strong reason why the commission should be asked to submit definite opinions on those issues, formed after cool consideration and formulated with care, in order that the Government of India should examine them betimes, and be prepared to put them forward, before the

[*Pandit Madan Mohan Malaviya.*] [21st MARCH, 1916.]

Government in England when the time comes, as it must soon come, for arriving at a decision on those questions.

"I am certain, Sir, nobody will dispute, the Hon'ble Sir William Clark's remarks made it clear that he certainly does not dispute, the necessity and importance of a consideration of those issues. He did not find fault with the discussion raised here anent those issues. But if those issues are material to a proper consideration of the question of the development of India's indigenous industries, it is certainly necessary that they should be considered calmly by the Commission, and that their report should be considered by the Government of India, and be ready to be laid before the Government in England when the time comes for it.

"So also in regard to protection. Those are matters, Sir, which affect the question of the growth of Indian industries in a very large way. It is no good fighting shy of them; they must be faced and solved. There is almost a settled conviction in the minds of a great body of Indians, if not of all Indians, who give any thought to these matters, that the interests of India are not always considered, and that the Government of India are compelled by their very situation, by the very circumstance of being subordinate to the Government in England, which undoubtedly is a fact which nobody can ignore, they are compelled at times to arrive at decisions, if I may say so without meaning the smallest disrespect, both in the way of commission and omission, which they do not in their heart of hearts approve and which they sometimes distinctly and decidedly oppose and consider to be harmful. That has often been the history of Indian finance in our relations with England in the past, and there is a strong feeling growing that that history should now end; that a new chapter should now open, and that the British Government should look at Indian questions primarily from the Indian point of view, and only secondarily from the English point of view. For all that, it is necessary that the Government should reconsider the question of the scope of the inquiry of the commission.

"There are some other points to which I would like briefly to invite attention. I wish we would draw the veil over all the past and not refer to it all; but when somewhat exaggerated claims are made on one side of progress achieved, and attention is drawn on the other side to opportunities neglected, it becomes necessary to refer to the subject, not in a spirit of controversy, not in a spirit of hurting susceptibilities, but to point out that in all conscience there is room, and very great room, for initiating a new and large departure. A memorandum was published in 1911 under the orders of Lord Morley, showing some of the results of Indian administration in the fifty years from the time that India passed under the Crown until 1911. An excellent summary was given in it of the progress which had been achieved in various departments of national activity, during that period. In dealing with the question of manufactures, it was stated there in paragraph 44—

'In old times India was a self-contained country, where every tract, more or less, made its own clothes from its own cotton, produced its own iron and made its own tools, grew and consumed its own food. Yarn was spun, cloth was woven, iron was smelted, and tools were made on a small scale by individual workmen after rude methods. Before 1858, the old order was changing, but the change has been very much more rapid since. Machine-made fabrics and tools have largely taken the place of the local manufactures; and no doubt many thousands of families have lost the trade and the custom their ancestors had enjoyed for generations.'

"The memorandum then went on to point out what could be put in the opposite scale and it said:—

'But this change has not been without compensating advantages. Some of the Indian art industries, such as embroidery, carpet-weaving, and work in silver and gold have experienced the beneficial demand of a growing foreign trade. Agriculture, which always was, and still is, the mainstay of the population, has expanded enormously. Other industries have arisen.'

[21st MARCH, 1916.] [Pandit Madan Mohan Malaviya.]

"It referred to the growth of cotton mills, jute mills, rice mills and other mills, like flour mills, oil mills, woollen mills, paper mills, pottery works, and the great workshops attached to railways and shipbuilding yards.

"It would be clear from that reference that the Government must recognize that they have never yet done much worth speaking of in the direction of encouraging manufactures. The fact is unfortunately indisputable. In one branch, the Irrigation branch, the achievements of Government stand out eloquent to show what a great and beneficial work has been done there. In the matter of railways also, great credit can rightly be claimed by Government for what has been done; but not so, I am sorry to think, in the field of manufactures. Education and industries go very much together. And as Sir John Hewett, speaking a few years ago, said there was no subject on which more had been written and less done than on the subject of technical education. I regret also to say that there is no subject on which less has been done by the Government than in the direction of promoting indigenous industries. It is a reproach to us, Sir, that while we have enormous natural resources, raw materials which we can and ought to turn into manufactures, we allow those materials to be exported out of the country, to be worked up and utilized by other countries, to their immense benefit and our immense loss. This state of things should soon come to an end.

"In that connection my friend the Hon'ble Sir William Clark has drawn attention to two facts. In the first instance, he has pointed out that there are some parts of India, like Bombay, where there are men of vigour, men of business capacity who have prospered: I wish them more prosperity. But he deplored that in other parts of India people showed a lack of these qualities, and he argued that if there was not an equal degree of industrial progress in other parts, the fault, partly at least, lay with the people. I do not dispute that proposition altogether; but I submit that the blame for this state of things lies largely also on the Government, because Sir, as the history of Japan, which has been referred to again and again, shows, it is technical education, and practical training in business which have to be imparted to the people in order that they should develop qualities of business men and become fit to promote indigenous industries. That has unfortunately not been done. Let us not quarrel with the fact, let us accept it as an unfortunate and sad fact; and let us try to make up for past deficiencies by an honest earnest endeavour to do all that ought to be done in this direction in the future. What is needed is that there should be a larger and more systematic policy of promoting industrial, technical and commercial education. There is very little of it yet to speak of. My friend the Hon'ble Member for Commerce and Industry had better not ask us to go closely into that aspect of the question. Secondly, even without touching the larger questions of fiscal autonomy and protection, there is a great deal which the Government can do in the way of pioneering industries and in other ways pointed out by the Hon'ble Sir Ibrahim Rahimtoola. Japan holds out an excellent example to us. Forty years ago, Japan was in a bad way—much worse, perhaps, than India. In the course of thirty years, by a system of industrial education and by affording every necessary help and encouragement to its nascent industries, in the course of thirty years, Japan has changed the face of its country. Its raw exports have been steadily diminishing; the exports of its manufactured articles have been steadily growing. That has been the history of other countries too. Less than 100 years ago Germany was in the most backward condition, so far as manufacturing industries were concerned. It has in the course of the last 75 years become a great manufacturing country. That has been the history of many other countries. Our first necessity therefore is a recognition by the Government of the need of the insistent need, of providing on a larger scale for a systematic training of our youths in industrial and technical matters, and for giving them that practical training without which business capacities cannot be developed. Our second need is—"

[*The Vice-President ; Pandit Madan Mohan Malaviya ; Sir Ibrahim Rahimtoola.*] [21ST MARCH, 1916.]

The Hon'ble the Vice-President :—"The Hon'ble Member's time is up now."

The Hon'ble Pandit Madan Mohan Malaviya :—"May I finish?"

The Hon'ble the Vice-President :—"I think you have already taken up your time. I must ask the Hon'ble Member to sit down."

The Hon'ble Pandit Madan Mohan Malaviya :—"I bow to your ruling, Sir, but with regret."

The Hon'ble Sir Ibrahim Rahimtoola :—"Sir, I wish to say a few words in reply. In the first place, I appreciate the courtesy of the Hon'ble Mr. Stewart in pointing out that the whole debate which has taken place has been a waste of time. Sir, the difference between the Hon'ble Member and myself is merely this. He implicitly believes that what a newspaper understands has the force of a Government Resolution published in the Government Gazette. I have not yet acquired that faith in what appears in newspapers in the form which has now become common, that it understands that a certain thing is going to happen. I may tell him, that it has been for the last two years that I have been sending Resolutions on this subject and that they have been disallowed; that last year a Resolution identically in the same words was sent in to Government and was also disallowed. I may, therefore, lay claim to the fact that my perseverance in giving notices of a Resolution on the subject has promoted the consideration of the question, and has very probably led to the formation of this commission. Sir, I have never said that India is not making industrial progress. What I have contended is, that our progress is not adequate; that if the Government of India had a free hand and made earnest efforts in the development of industries as other civilized countries have done, our progress would have been enviable. The very fact that we have made substantial industrial progress in certain provinces of India without any direct help from the Government is to my mind proof positive of the fact that our natural advantages are overwhelming, and that, in consequence of such advantages, we have been successful to a certain extent in spite of the serious drawbacks which we have had to work under. I therefore wish to point out that, if we had our Government at the back of the enterprising people in India to the same extent as other civilized countries, then our natural advantages would have led to an enormously greater industrial development than has actually taken place. In support of that view, may I, Sir, once again point out that out of our total imports of 122 millions, 96 millions or 80 per cent. is represented by manufactured goods. Out of our total exports of 162 millions, 81 millions are raw materials which work out to exactly 50 per cent., and that 43 millions are food-stuffs and tobacco, bringing the total of both to about 77 per cent. Now I should like to ask whether any country importing manufactured goods to the extent of 80 per cent. of its total imports and exporting 77 per cent. of raw materials and food-stuffs can by any stretch of imagination be said to be progressing satisfactorily in industrial development? Sir, it is in order to bring forward the industrial and economic backwardness of this country that I have brought forward the present Resolution at the only time when I am permitted to do so, though I have been making efforts in this direction for the last two years. Sir, I think even the Hon'ble Mr. Stewart will admit that, though a little time of the Council has been spent in the discussion of this question, the very illuminating reply which has been elicited from the Hon'ble Sir William Clark amply compensates for it. Though I do not agree with some of the points made by the Hon'ble Member and to which I intend to refer, I think the Council will agree that the subject was dealt with by him in a masterly manner.

[21st MARCH, 1916] [*Sir Ibrahim Rahimtoola*]

" Before I proceed to deal with some of the points made by the Hon'ble Member, I will make a brief reference to what he said in regard to my not following the reply which was given to-day to an interpellation of my Hon'ble friend Mr. Achariar. Sir, may I take this opportunity of pointing out that, under the present system, we find it extremely difficult to hear and to follow the answers read out to us in this hall. If the answer was given this morning, in the terms mentioned, no fault can be found with me in not noticing it because I could not hear it distinctly. In the Bombay Legislative Council we have a different system. The questions and answers are printed and put on the table in front of each member, who can therefore follow the replies when the Secretary calls attention to the number of the interpellation. If some such system was followed in this Council, we would not remain under the present disadvantage.

" Sir, my attention was drawn to the taxation per unit of population in Japan which is stated to have gone up by more than 125 per cent. I think that furnishes a very strong reason in favour of the view which I have placed before the Council. What India wants is, that her Government should help the people in their efforts towards her economic advancement in order that my Hon'ble friend the Finance Member may have plenty of money to spend. The country would be very willing to pay additional taxation and find means for extended provision for education, sanitation etc., if our economic condition was advanced. Our estimated national income is Rs. 30, as against a minimum estimate of Rs. 700 in England. Let the Government of India help us to raise our national income to even 100 rupees, which is only one-seventh of what it is in England, and let the Finance Member then come and say that he wants more money for the public good, and he will find the then Council ready and willing to give him all the money he wants. Japan has grown economically prosperous and she is willingly submitting to increased taxation. Help us in the same direction, advance our material prosperity, and we will do the same, if not better.

" Sir, I share the regret which has been expressed by my Hon'ble friends, Mr. Vijayaraghavachariar, Mr. Setalvad and Pandit Madan Mohan Malaviya as to the restricted references which have been decided upon for the consideration of the commission. I should like to point out that it is with the utmost difficulty and after a long time that we have succeeded in prevailing upon the Government of India to appoint a commission such as the present one. I do not think there is any possibility of another commission of a similar character being appointed for many years to come. That being so, it appears to me to be essentially necessary that the references to this commission should be of such a comprehensive nature as to deal fully with the question as a whole. Unless these references are enlarged and made comprehensive, the commission will be obliged to work in a manner which cannot lead to the solution of the problem. The reasons which have been advanced in favour of these restricted references are that at the end of the war the fiscal relations of the members of the British Empire as amongst themselves, and as with their Allies, will be determined. If that is so, it furnishes a very strong reason why this commission, which is appointed to report what measures should be adopted for the purpose of promoting industries in India, should be asked to consider whether fiscal autonomy should be conceded to the Government of India, and whether fiscal protection, as I have carefully put it, only in such cases and for such length of time as may be deemed necessary, is required or not. If these issues are not considered by the commission, the hands of the Government of India will be weakened when these deliberations are undertaken. If these references are made, and if the commission in the course of the inquiry which they will carry out, come to the conclusion that in certain directions fiscal protection is absolutely necessary, then it will strengthen the hands of the Government when this deliberative assembly meets, and will greatly help this country in pressing to obtain what the Dominions have already secured.

" Sir, I think that, taking it from every point of view, there are strong reasons why the references to this Commission should be of such a comprehensive

[*Sir Ibrahim Rahimtoola; Sir William Clark.*] [21st MARCH, 1916.]

nature that the whole question may receive solution, at all events for 10, 15 or 20 years. I should like to appeal to the Government of India once again carefully to consider the matter in view of the unanimous non-official opinion in this Council, and to widen the scope of the references by including fiscal autonomy and fiscal protection amongst them. Sir, I feel that, unless that is done, the result of this inquiry will not prove as satisfactory as we all desire that it should.

"I will only say one word in regard to what fell from my Hon'ble friend Mr. Vijayaraghavachariar, because I have only one minute more. He seems to think that a delay of two years would not have mattered. May I tell him with your permission, Mr. President, that the reason why I still renew my appeal to the Government of India to enlarge the scope of these references and allow the whole question to be investigated by a representative commission on the present occasion, is that when the time actually arrives for an Imperial Conference, at which I trust India will be represented on a footing of equality with the Dominions, that our representatives may be able to press, on the strength of the support of such a commission, for full freedom to the Government and complete liberty to apply fiscal protection in such cases and for such time as may be found necessary. Our great aim is that India with the help of her Government shall make a strenuous effort to advance industrially and economically, as rapidly as is reasonably possible without any impediments being placed in her way. With these words I commend my Resolution for acceptance to the Council."

The Hon'ble Sir William Clark :—"I Sir, think I ought to make one point clear in view of what has fallen from the Hon'ble Pandit Madan Mohan Malaviya and the Hon'ble Sir Ibrahim Rahimtoola as to the question of whether we can extend the reference to this commission. The Home Government have surely made their position perfectly clear. They say that they feel that the fiscal relations of the Empire within itself and with the outer world must be taken up after the war. They have also made it quite clear that they feel that such questions should not be raised during the war. It is quite impossible for a commission to consider that question without raising these points. It sounds almost an absurdity when it is stated like that. That is the crucial difficulty. I may also point out, although I did not lay stress on this factor before, that it would be extremely difficult to appoint a commission which would be suitable to deal with these purely industrial matters, such as our commission will have to deal with, and which would also be a suitable body to revise the constitutional relationship between the Secretary of State and the Government of India. Such a revision would have to be conducted to a very large extent in England. The Hon'ble Sir Ibrahim Rahimtoola says that we shall not get another Commission for 15 or 20 years, and therefore he wants the reference to this one to be as wide as possible. If a commission were really appointed to consider all the subjects which he wants it to consider, I think it might very easily be sitting 15 or 20 years hence, and what we want now is to see an immediate practical advance made with this important question."

The motion was put and agreed to.

The Council adjourned to Wednesday, the 22nd March, 1916.

A. P. MUDDIMAN,

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

DELHI :

The 30th March, 1916.