

Tuesday, August 31, 1920

THE INDIAN LEGISLATIVE COUNCIL

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PL

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Laws and Regulations

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GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Viceregal Lodge, Simla, on
Tuesday, the 31st August, 1920.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., C.M.S.I., G.M.I.E., G.O.M.G., G.C.B.E.,
Viceroy and Governor General, *presiding*, and 51 Members, of whom
43 were Additional Members.

AFFIRMATION OF OFFICE.

The following Additional Member made the prescribed affirmation of
allegiance to the Crown:—

The Hon'ble Mr. P. Rama Rayaningar.

His Excellency the President :—“I feel sure that the Council will wish me to express on their behalf our horror and detestation of the dastardly murder of Mr. Willoughby and to convey to his relatives our sympathy with them in their great loss.”

(95)

[His Excellency the President; Mr. S. N. Banerjea; Sir William Vincent; Mir Asad Ali.]

[31st August, 1920.]

"Mr. Willoughby was an Officer who had won the affections of all those who had come in contact with him, whether British or Indians, and it is sad to think that his valuable life has been cut off in so deplorable a manner."

The Hon'ble Mr. Surendra Nath Banerjea:—"Your Excellency, may I be permitted on behalf of this Council as well as on my own behalf to associate ourselves with the observations which have just fallen from Your Excellency and to express our sense of horror and detestation at the dastardly outrage which has cut off a highly promising public servant in the prime of his life and in the midst of a career of great usefulness. I am sure, my Lord, this feeling will be echoed and re-echoed throughout the length and breadth of this country and among all sections of our vast community. No matter what may be our differences, no matter what political convention may distract our minds, they will be all mute in the presence of this awful crime which all India deplors and there will go forth from the hearts of our people a universal cry of sorrow for the dead, of indignation at the crime, of sympathy for the family of the dead officer. But is that enough? Is it enough for us on this occasion to indulge in unavailing regrets? Should we not go a step further and seek to co-operate with the Government in order to restrain those forces which unhappily have been let loose and which constitute a menace to law and order—the basis of all stable progress? My Lord, great may be the resources of Your Excellency's Government, they need to be supplemented by the public sentiments of our community, actively existing itself for the maintenance of public tranquility. I desire to say that Government may rely with absolute confidence upon our moral support for the preservation of law and order. It has a right to do so and it will be ungrudgingly given. But, my Lord, these are considerations which perhaps lie beyond our immediate scope. For the present we pray that Your Excellency will be graciously pleased to convey to the family of Mr. Willoughby the expression of our deep sorrow and sympathy in the terrible bereavement which they have sustained."

STATEMENT LAID ON THE TABLE.

11-6 A.M.

The Hon'ble Sir William Vincent:—"My Lord, I beg to lay on the table a statement* showing the expenditure due to the Simla exodus and sessions of Legislative and Executive Councils, which was promised in reply to a question asked by the Hon'ble Mir Asad Ali Khan Bahadur on the 6th March, 1920."

QUESTIONS AND ANSWERS.

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

India and the League of Nations.

1. "(a) Did Government make any representation to the Council of the League of Nations on the subject of India's representation on the governing bodies of the International Labour Office?

(b) If so, what is the result of their representation?"

[31st August, 1920.]

[*Sir Thomas Holland ; Sir Umar Hayat Khan ; Sir William Vincent ; Mr. Srinivasa Sastri ; His Excellency the Commander-in-Chief ; Mr. Kamini Kumar Chanda.*]

The Hon'ble Sir Thomas Holland replied :—

“(a) As mentioned by His Excellency in his opening address, the Government of India have claimed that India should be included among the eight States of chief industrial importance and, as such, should be entitled to a separate seat on the Governing Body of the International Labour Office.

(b) We have been informed that the claim will be brought before the Council of the League of Nations at the earliest possible date.”

The Hon'ble Major Malik Sir Umar Hayat Khan asked :—

2. “(a) Is the Government of India aware that an organization possessing a press of its own, is trying to misrepresent to the public in England the state of affairs in India by the publication of misleading statements ?”

Publication of misleading statements in England.

(b) Do Government propose to take any legal steps against the persons concerned or start a counter propaganda to contradict or correct such statements ?”

The Hon'ble Sir William Vincent replied :—

“(a) The Government of India are aware that there are certain newspapers and journals in England which publish inaccurate and misleading statements regarding events in India, but they do not know to what extent, if any, there is any organization behind them.

(b) The Government of India cannot take any steps against the publications in question except to counteract their influence by the supply of accurate information to the British public and when necessary by preventing their entry into India.”

The Hon'ble Mr. Srinivasa Sastri asked :—

3. “Do Government intend to arrange, in consultation with the Secretary of State, for the publication in India of the report of the Army in India Committee presided over by Lord Esher before final orders are issued ?”

Publication of the report of the Army in India Committee.

His Excellency the Commander-in-Chief replied :—

“The Government of India are in communication with the Secretary of State in regard to the publication of the Esher Committee Report and they hope to be in a position to make a statement on the subject shortly.”

The Hon'ble Mr. Kamini Kumar Chanda asked :—

4. “(a) Has the attention of Government been drawn to the following case wired from Hathras on April 21st and published in the Indian papers :—
Rai Bahadur Seth Chiranjil Lal Bagla's family consisting of 5 ladies and a baby were travelling in a second class ladies' compartment in the Bombay-Dehra-Dun Express, he himself being in another second class compartment. A Military Officer, believed to belong to the Jat Regiment at Dehra-Dun, entered the ladies' compartment during the night, aroused the ladies and told them to leave the compartment and kicked out their fruit basket and threatened to turn them out. The Sethji coming to the compartment

Case of Rai Bahadur Seth Chiranjil Lal Bagla of Hathras.

[*Mr. Kamini Kumar Chanda ; His Excellency the Commander-in-Chief ; Sir William Vincent ; Mr. Sachchidananda Sinha.*] [31st August, 1920.]

hearing the noise was roughly handled. The Guard and the Station Master interfered but to no purpose and the ladies had to be shifted to another compartment with the sleeping baby ?

(b) Have Government made or do they intend to make any inquiry into the case ? If any inquiry has been made what is the result of such inquiry ?

His Excellency the Commander-in-Chief replied :—

“(a) Yes.

(b) The case is under enquiry. The Officer who is alleged to have committed this assault was only in India for a few days and is now in Northern Persia with his regiment. His explanation is awaited.”

The Hon'ble Mr. Kamini Kumar Chanda asked :—

Resignation of Officers due to persecution by the extremist party.

5. “(a) Has the attention of Government been drawn to a statement which Sir Michael O'Dwyer is alleged to have made in the columns of the *Morning Post* to the effect that numerous officials in India, both British and Indian, are preparing to resign from the public services as they are inadequately protected against persecution by the extremist party ?

(b) So far as Government is aware, is there any truth in the above statement ? If so, is Government aware of any case where Government has not afforded protection to any officer from what is termed as persecution by the extremist party ?

(c) Will Government be pleased to name the officer or officers who have expressed any desire or have applied or are preparing to resign the service as alleged to have been stated by Sir Michael O'Dwyer ?

(d) If there are any such officers, British or Indian, will Government be pleased to say who amongst them have not fully or nearly fully served out their full term, or earned full pension ?

(e) Have any applications been received during the last twelve months for extension of service from British or Indian officers ?”

The Hon'ble Sir William Vincent replied :—

“(a) Government have only seen a summary of Sir Michael O'Dwyer's letter in the “*Pioneer*” of the 31st July 1920.

(b) The statement represents the opinion of Sir Michael O'Dwyer for which Government are not responsible and of which they cannot discuss the accuracy. So far as Government are aware, no officer has up to the present applied for leave to resign the service on the professed ground of inadequate protection from persecution initiated by the extremist party.

(c) and (d) The question does not arise.

(e) The Government of India have not received any such application.”

The Hon'ble Mr. Sachchidananda Sinha asked :—

Distribution of the portfolios amongst the members of the Governor General's Executive Council.

6. “(a) Will Government lay on the table a statement showing the distribution of portfolios amongst the members of the Governor General's Executive Council as at present constituted ?

(b) Have Government in contemplation a redistribution of the portfolios in the near future consequent on the provincialisation of some of the Departments at present under their direct administration and complete control ? If not, why not ?

[31st AUGUST, 1920.]

[*Mr. Sacchidananda Sinha; Sir William Vincent; His Excellency the Commander-in-Chief.*]

(c) What will be or is likely to be the total strength of the members the Governor General's Council—exclusive of the Viceroy—after the promulgation of the Reforms ?

(d) What will be or is likely to be the additional expenditure to be incurred over the reconstituted and reformed Executive Council, as compared with the expenditure on the Council before the application to it of the provisions of the Government of India Act of 1919 ?

The Hon'ble Sir William Vincent replied:—

"(a) A statement* is laid on the table showing the present distribution of portfolios among members of the Governor General's Executive Council.

(b), (c), and (d) The Government of India are considering the future distribution of portfolios in connection with the introduction of Reforms and the recommendations of the Government of India Secretariat Procedure Committee, but it is unlikely that any decision will be arrived at in the immediate future, and accordingly no information can yet be given under the heads (c) and (d) of the question."

The Hon'ble Mr. Sachchidananda Sinha asked:—

7. "(a) With reference to the Government's statement, regarding the use of aeroplanes, in their despatch No. 2, dated the 3rd May last, to the Secretary of State for India that Government do not consider it would be right to censure the officers concerned as their acts, where condemned, are more to be ascribed to want of clearness in their instructions than to errors of judgment, will Government state the name or names of the person or persons who issued the said instructions ?

Issue of instructions about the use of Aeroplanes during the disturbances.

(b) Have Government taken or do they propose to take any action against the said person or persons 'whose want of clearness' in issuing instructions about the use of aeroplanes led to the results mentioned in the reports of the Hunter Committee ? If not, why not ?

(c) What steps, if any, have Government taken in fulfilment of their promise in the said despatch that they 'propose to take steps to give effect to the recommendations of the majority that the instructions to be issued to Air Force officers on such occasions should be carefully prescribed' ?

(d) If such instructions have been already issued, will Government lay a copy of them on the table ?

His Excellency the Commander-in-Chief replied:—

"(a) The Hon'ble Member is referred to paragraph 14, Chapter V of the Disorders Enquiry Committee Report.

(b) The answer is in the negative. The officers concerned acted in a difficult emergency which was without precedent and as observed in paragraph 25 of the same chapter gave their best consideration in the circumstances to the question of the instructions with which aeroplanes should be sent out in case necessity arose. The question of the employment of aeroplanes in aid of the civil power had never been considered before the disturbances of 1919 and no general instructions had been issued by Government.

(c) Instructions for the use of aircraft in aid of the civil power have been drafted and are now under consideration by the Government of India.

(d) The question does not arise, but in any case it is not intended to publish the instructions by laying them on the table."

*Not included in these proceedings.

[Mr. Sachchidananda Sinha; Sir William Vincent; Rai Sahib Seth Nathmal] [31st August, 1920.]

The Hon'ble Mr. Sachchidananda Sinha asked :—

Retirement
of Sir
Michael
O'Dwyer.

8. "(a) Has the attention of Government been drawn to Sir Michael O'Dwyer's declaration, in his recent letter to the *Morning Post* of London, that he has applied for leave to resign from the service at an early date ?

(b) Is it a fact that Sir Michael O'Dwyer is still a member of the service and has neither resigned it, nor retired from it ?

(c) Has his resignation been received and has it been accepted ?

(d) Was Sir Michael O'Dwyer all the time since he vacated the office of Lieutenant-Governor of the Punjab on leave preparatory to retirement ? If so, when would this leave expire ?"

The Hon'ble Sir William Vincent replied :—

"(a) The answer is in the affirmative.

(b) and (c) The Government of India have no information beyond the statement in his letter. Any application for permission to retire would be dealt with by the Secretary of State.

(d) Sir Michael O'Dwyer was granted combined leave up to November 1920."

The Hon'ble Mr. Sachchidananda Sinha asked :—

Publication
of Govern-
ment
notifications
and adver-
tisements in
newspapers.

9. "(a) Are any rules in force in the various Departments of the Government of India, in regard to the publication of Government notifications and advertisements in the newspapers and periodicals ?

(b) If so, will Government be pleased to lay on the table a copy of the said rules ?

(c) Have the said rules been communicated by Government to the local Governments for their being followed by them, or do the latter follow their own rules, if any, on the subject ?

(d) Will Government be pleased to lay the local Government rules also on the table, if they have them in their possession ?"

The Hon'ble Sir William Vincent replied :—

"No such rules are in force in the Departments of the Government of India and Local Governments use their own discretion in the matter. The Government of India have in their possession no copy of any rules on the subject issued by any local Government."

The Hon'ble Rai Sahib Seth Nathmal asked :—

Exemption
of magis-
trates from
the opera-
tion of the
Arms Act.

10. "(a) Are magistrates required in cases of emergency to suppress riots ?

(b) If so, do Government propose to consider the question of exempting them from the operation of the Arms Act ?"

The Hon'ble Sir William Vincent replied :—

"(a) Yea.

(b) The Hon'ble Member's attention is drawn to the reply given to a question of his on the 1st March 1920. Government adhere to the view therein expressed."

[31st August, 1920.]

[Maharaja Sir Manindra Chandra Nandi;
Sir William Marris; Colonel W. D.
Waghorn; Khan Sahib Shah Nawaz
Bhutto; Sir William Vincent.]

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

11. (a) Has the question of the future of the Board of Revenue, Bengal, The Board of Revenue, Bengal. under the Reforms, come up for consideration ?

(b) If so, what are Government's intentions in regard thereto ?

The Hon'ble Sir William Marris replied :—

" (a) Yes.

(b) The matter is still under consideration and Government are not yet in a position to make any announcement."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

12. (a) How far has the supply of wagons in the different Railways improved since the statement made by Government regarding the question of increasing traffic facilities, in connection with the Financial Statement in Improvement of supply of wagons for the development of Industries, March last ?

(b) Is it a fact that in a letter addressed by the Indian Mining Federation of Calcutta to the Railway Board on the 29th April, 1920, an allegation has been made that the policy followed in the allotment of wagons tends to help the development of industries in foreign lands, while seriously affecting the cause of development of industries in India ?

(c) Are Government aware of a general impression that the said policy unduly favours the export trade, to the detriment of internal distribution of food grains and that it has partly contributed to the rise in the price of rice, particularly in Bengal and Bihar and Orissa ?

The Hon'ble Colonel W. D. Waghorn replied :—

" (a) Up-to-date figures are not yet available but it is believed that about 6,000 goods wagons have been received since March 1920 and about this number will, it is hoped, have been placed on the line by October. New wagons I may add are being placed on the line at a steadily increasing rate.

(b) The reply is in the affirmative.

(c) The reply is in the negative. I must remind the Hon'ble Member that the allegation made by the Indian Mining Federation referred to the allotment of wagons for the carriage of coal and not to that for the carriage of food grains or of any other commodity."

The Hon'ble Khan Sahib Shah Nawaz Bhutto asked :—

13. (a) Is it not a fact that the maximum pay of an Indian District Superintendent of Police is less than the maximum pay of an Extra Assistant Commissioner in the Punjab ? Pay of Indian District Superintendent of Police.

(b) Do Government propose to consider the question of raising the pay of these Police Officers ?

The Hon'ble Sir William Vincent replied :—

" (a) Yes.

(b) The question is under the consideration of Government."

[*Khan Sahib Shah Nawaz Bhutto; Mr. W. M. Hailey.*] [31st August, 1920.]

The Hon'ble Khan Sahib Shah Nawaz Bhutto asked :—

Annual expenditure on Pensions and gratuities for the Imperial Services.

14. (a) What has been the average annual expenditure, in respect of pensions and gratuities, on members and on families of members of each of the undermentioned Imperial Services :—

- Indian Civil Service.
- Imperial Forest Service.
- Imperial Police Service.
- Imperial Educational Service.
- Indian Medical Service.
- Public Works Department :

(b) Of such expenditure, how much was borne by the State and how much was contributed by the members of each service ?

(c) Assuming that the services concerned elect to come under the newly announced Pension Rules, will Government be pleased to estimate for each service separately the probable annual cost of the change (i) to the State, and (ii) where the State does not meet the whole charge from its own funds, otherwise ?

(d) Which of the services (if any) have expressed grave dissatisfaction with the new pension rules recently announced ; and what are the reasons given for such dissatisfaction ?”

The Hon'ble Mr. W. M. Hailey replied :—

“(a) The average annual expenditure during the last three years on pensions to members of the Indian Civil Service was Rs. 80,93,000, and on pensions to their families Rs. 43,54,000. As retiring gratuities and annuities generally and the pensions paid to members of the other services are not separately recorded in the accounts, the average annual expenditure on them cannot be stated. No pensions are paid to the families of members of any of the services mentioned except the Indian Civil Service and the Indian Medical Service. Members of the Indian Medical Service contribute to the Indian Military Widows' and Orphans' pensions and receive benefits thereunder. As no separate account of the pensions paid to the families of the members of the Indian Medical Service is maintained, the average annual expenditure on them cannot be given.

(b) It has been estimated that the proportion of the annuity of £1,000 admissible to an Indian Civil Servant on retirement contributed by himself is about a quarter of that sum. During the 5 years ending March 1919 the amount contributed by the members of the service to the pensions paid from the Indian Civil Service Family Pension Fund was about three-quarters. The remainder in each case is borne by the State, but Government's contribution to the Indian Civil Service Family Pensions Fund is limited to £35,000 a year. None of the other services subscribe towards their own ordinary pensions. Government make no contribution to the Indian Military Widows' and Orphans' Fund to which Indian Medical Service officers subscribe.

(c) An exact estimate of the extra cost of the new pension rules is not available, but it has been roughly estimated that the extra cost will be about three lakhs of rupees a year.

(d) The majority of the services named have expressed dissatisfaction with their new pension rules, principally on the ground that the new rates are inadequate in view of the large increase in the cost of living.”

THE IMPERIAL BANK OF INDIA BILL; THE INDIAN 103
ELECTIONS OFFENCES AND INQUIRIES BILL; THE
LEPERS (AMENDMENT) BILL.

[31ST AUGUST, 1920.]

[*Mr. W. M. Hailey; Sir William Vincent;
Rao Sahib Seth Nathmal.*]

THE IMPERIAL BANK OF INDIA BILL.

The Hon'ble Mr. W. M. Hailey:—"My Lord, I beg to ^{11-16 a.m.} present the Report of the Select Committee appointed to consider the proposed Bill to constitute an Imperial Bank of India and for other purposes."

THE INDIAN ELECTIONS OFFENCES AND
INQUIRIES BILL.

The Hon'ble Sir William Vincent:—"My Lord, I beg to present the Report of the Select Committee on the Bill to provide for the punishment of malpractices in connection with elections and to make further provision for the conduct of inquiries in regard to disputed elections to legislative bodies constituted under the Government of India Act."

THE LEPERS (AMENDMENT) BILL.

The Hon'ble Sir William Vincent:—"My Lord, I move that the Bill further to amend the Lepers Act, 1898, be taken into consideration.

"I explained the objects of this Bill at some length when I introduced it, and it was received then with approval by all Hon'ble Members. Since then, the Bill has been published and widely circulated for opinion, and I am glad to say that there is a very general consensus of opinion in favour of it. There are no opinions indeed opposed to it, but there are certain persons who think that we have not gone far enough in the Bill. All that we propose at present is to provide for the compulsory segregation of pauper lepers, and, in my judgment, this is all that we can do at present. There are a very large number of lepers in the country, probably considerably over 200,000, and the cost of maintaining each one, irrespective of the initial cost of building asylums, is Rs. 100 per man. There is a limited amount of accommodation for these lepers at present, which is fully utilised, and until Local Governments are prepared to spend very much more money than they are spending at present, and until further accommodation is available, all our resources and indeed the resources of many charitable people who assist in this work will be fully occupied in housing the pauper lepers.

"I have also a number of specific suggestions for further amendment of the Bill which really do not come within its scope at all. Some of these, I think, are based on misapprehensions regarding the character and scope of the present Act. Others contain proposals which, I think, might operate with undue severity towards these very unfortunate sufferers.

"My Lord, in the circumstances, I do not wish to detain the Council at any length, as I have every reason to hope that the Bill in respect of which I now move will receive the hearty approval of this Council."

The Hon'ble Rai Sahib Seth Nathmal:—"My Lord, this ^{11-19 a.m.} is a distinct improvement on the existing Act in as much as leprosy is contagious not only in the ulcerous stage but also in all its forms. The provision for the combination of isolation with medical treatment and for facilitating the administration of the Act by authorising any person empowered by the Local Government to exercise the powers now vested only in Police officers is highly commendable. The pauper nuisance that is noticed in big cities like Calcutta needs looking into and the present legislation is sure to mitigate the evil at least to some extent, need for which has long been felt. I therefore support the motion."

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—"My Lord, I move that the Bill be passed."

The motion was put and agreed to.

104 THE INDIAN RIFLES BILL; THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL; THE NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL; THE DEVOLUTION BILL.

[*Sir William Vincent; Sir George Barnes; Sir William Marris.*]

[31ST AUGUST, 1920.]

THE INDIAN RIFLES BILL.

The Hon'ble Sir William Vincent:—"My Lord, I move that the Bill to provide for the better discipline of Police-officers enrolled in Military Police or Rifle Battalions be taken into consideration."

"I explained the objects of this Bill a few days ago. Since then I have received no suggestions of amendment from any one."

"I can only conclude that the reasonable character of this Bill is recognised by this Council."

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—"My Lord, I move that the Bill be passed."

The motion was put and agreed to.

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

11-20 A.M.

The Hon'ble Sir William Vincent:—"My Lord, I move that the Bill further to amend the Code of Civil Procedure 1908 be taken into consideration. When I introduced this Bill a few days ago I explained the objects and reasons and I have received no suggestion of amendment from any quarter."

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—"My Lord, I move that the Bill be passed."

The motion was put and agreed to.

THE NEGOTIABLE INSTRUMENTS (A MENDMENT) BILL.

11-21 A.M.

The Hon'ble Sir George Barnes:—"My Lord, I beg to move that the Bill further to amend the Negotiable Instruments Act, 1881, be taken into consideration."

"The object of this Bill, my Lord, is clearly stated in the Statement of Objects and Reasons, and I endeavoured to explain it further when I introduced the Bill. As I then said, the Bill has the unanimous support of all the Chambers of Commerce and I have received no criticism whatever of it."

The motion was put and agreed to.

The Hon'ble Sir George Barnes:—"My Lord, I beg to move that the Bill be passed."

The motion was put and agreed to.

THE DEVOLUTION BILL.

11-22 A.M.

The Hon'ble Sir William Marris:—"My Lord, I move for leave to introduce a Bill to relax the control in certain respects of the Governor General in Council over Local Governments and to transfer to such Governments certain powers now exercisable by the Governor General in Council."

THE DEVOLUTION BILL ; THE BASEL MISSION TRADING COMPANY BILL. 105

[31st August, 1920.]

[*Sir William Marris ; Sir William Vincent.*]

“ My Lord, I venture to congratulate myself that the solitary piece of legislation with which I am likely to be concerned in this Council is, in spite of its somewhat repellent exterior, really of an amiable and even of an attractive character. The Bill, my Lord, is a sort of bye-product of the Reforms Scheme. There is no need for me to remind Hon'ble Members of the leading features of the scheme with which they are so familiar ; but one prominent feature of it is that Local Governments are, so far as is consistent with the due exercise by the Government of India of the powers necessary for the maintenance and discharge of their own responsibilities, to be set free from the supervision and control of the Government of India. Provisions directed to that end have already been inserted in the Statute passed by Parliament, and further provisions are embodied in the rules, administrative and financial, which we are making under the Statute. This Bill is simply their corollary in the sphere of domestic legislation. It seeks at removing from the Indian Statute-book as many as possible of the prescriptions requiring the sanction of the Governor General in Council or maintaining the control of the Governor General in Council.

“ There is no need, my Lord, I think, to ask the Council to consider the reasons which in the past were held to justify the centralisation which we are now getting rid of. It is sufficient to say that with enlarged and more responsible local Governments and Legislatures and independent sources of provincial revenue, the whole position is changed. The reasons for the concentration maintained in the past no longer exist, and this Bill is the natural result. The measure is welcome to Local Governments, and welcome, I think I may say, equally to the Departments of the Government of India ; and I shall be surprised if in principle it attracts criticism in this Council. The Bill is no more than a machinery Bill—no more than a collection of unassociated details ; and there is really no work, my Lord, for a Select Committee to do upon it. I propose therefore, after a sufficiently long interval to enable Hon'ble Members to give it their consideration, to move at a future date that the Bill be taken into consideration and passed.”

The motion was put and agreed to.

The Hon'ble Sir William Marris :—“ My Lord, I introduce the Bill and beg to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English.”

The motion was put and agreed to.

THE BASEL MISSION TRADING COMPANY BILL.

The Hon'ble Sir William Vincent :—“ My Lord, I move for leave to introduce a Bill to validate certain indentures relating to property formerly held by the Basel Mission Trading Company, and to provide for the incorporation of Trustees and for other purposes. 11-16

“ The Bill in regard to which I make this motion is a very technical Bill and its provisions are fully explained in the Statement of Objects and Reasons, to which I invite the attention of Hon'ble Members. I do not think that I shall therefore serve any useful purpose by detaining the Council over these provisions at any length at present. The position is this shortly.

“ The Basel Mission Trading Company, trading in Madras and on the Gold Coast, the profits of which were divided, up to a limited percentage, among the share-holders in that Company, though nominally Swiss, was in fact largely tainted with German influence. During the war action was taken under the Enemy Trading Act, 1916, and the property of this Company or Association in India was vested in the Custodian of Enemy Property in Madras and Coorg. It was subsequently arranged with His Majesty's Government that the property should be transferred to a Trust known as the Commonwealth Trust upon terms similar largely to those upon which it was held by the original Company, and that the original Company should be paid the amount of money which they had subscribed when they took over this business. Accordingly the Custodian of Enemy Property executed an indenture in favour of certain Trustees, who have since executed another indenture in favour of the Common-

106 THE BASEL MISSION TRADING COMPANY BILL; THE
INDIAN COINAGE (AMENDMENT) BILL.

[*Sir William Vincent; Mr. W. M. Hailey.*]

[31st August, 1920.]

wealth Trust. Under this indenture the Commonwealth Trust can only receive interest up to 5 per cent out of the profits of this concern, and the balance of the money will be employed for religious and charitable purposes in Southern India, and the main object of the Bill is to validate these indentures.

"The clauses, to anyone reading them, may appear somewhat complicated and some of them perhaps unnecessary. They have been carefully scrutinised by the Legislative Department, and we have taken the best legal advice we can on them. If any Hon'ble Member wishes to pursue what is to my mind a somewhat difficult and uninteresting subject, I shall be glad to show him the indentures, and ask an officer in the Home Department, who simply revels in this case, and who will be able to do so more efficiently than I can, to explain the details to him."

The motion was put and agreed to.

The Hon'ble Sir William Vincent: - "My Lord, I now introduce the Bill and move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English."

The motion was put and agreed to.

THE INDIAN COINAGE (AMENDMENT) BILL.

B-50 AM.

The Hon'ble Mr. W. M. Hailey: - "My Lord, I beg to move for leave to introduce a Bill further to amend the Indian Coinage Act, 1906. When Your Excellency addressed this Council at the beginning of the present session, you referred at some length to the recent financial history of this country; you narrated the steps which we, and we perhaps alone and all belligerent countries, had been able to take not only to reduce our outstanding note issue, but still more important to remove all restrictions on the movement of precious metals. You announced further that it was the intention of Government to introduce legislation for the alteration of the sovereign ratio of the rupee from Rs. 15 to Rs. 10. The legislation, my Lord, which we now propose to undertake marks our final acceptance of and determination to carry out one of the principal recommendations of the recent Committee on Indian Currency. We had accepted the general policy of the Committee in February last and this particular measure was announced as ready for legislation on the 20th of June last: lastly as I have stated. Your Lordship again announced our intention to legislate on the matter at the beginning of this session. The matter, therefore, is no novel one, and the discussions which took place in March last in this Council will have familiarised all Hon'ble Members both with the main lines of the problems which the Currency Committee had to face and with the principles on which they attempted to solve them. The matter, however, is one of primary importance to this country, and I shall make no apology for referring again at some length to those problems, explaining again the principles adopted by the Committee, and I shall take the opportunity in doing so to remark on several events which have occurred since the Report was issued and the light which in our opinion those events bear on the recommendations of the Committee. Now, my Lord, what were first of all the problems before the Committee? Let me take the most important. The rise in the price of silver had made it necessary for us to take effective steps to protect our own rupee coinage. With a price of 43d to the ounce of silver our rupee at the Rs. 15 parity has an exchange value which is identical with its bullion value. Therefore, when silver rose above that price, the rupee was liable to go into the melting pot. Now, this was a position which could not be viewed with equanimity by any government. It was not merely a question of finding fresh silver for mintage; but in order to protect the great mass of currency in the hands of the people of this country, it would have been necessary to maintain a lengthy embargo on the export of silver. The United States had a similar problem in 1903 with regard to the Philippine peso; and they deliberately adopted the method of protecting their coin by reducing its fineness; it is noteworthy that in doing so they adopted a standard which would give it the

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protection both of the Indian rupee and of the Japanese silver coin. But I do not propose to look for historical parallels. I proceed at once to give the Council the strongest proof that I possess of the reality of the danger which then stood before us. Mr. Dalal, the one dissentient member of the Committee, saw that danger clearly when he proposed as a solution the issue of a coin—a two-rupee coin—of reduced fineness. Now, that step would, following an economic law which is perhaps the one economic law of which the certainty has never been gained, have undoubtedly had the result of driving underground or into the melting pot every rupee in the country. It has been condemned universally and without qualification by every economic thinker who has since approached the subject. I claim that the strange nature of the remedy suggested by Mr. Dalal himself proved that the danger was a real one. Now, what has been the cost of silver since the report of the Committee was issued? When the Committee wrote their report silver stood at 78 pence. We have been told by certain thinkers in this country that it was an abnormal price, that we need have been under no apprehension that the high price of silver would be a permanent menace to us, and that we were therefore taking unreasonable alarm at the danger before us. It stood then, as I said, at 78 pence. It subsequently flattered the hopes of those who have advanced this argument by coming down to about 44 pence. It now stands again at 61 pence. I would again remind the Council that at the Rs. 15 parity the melting point of silver is 43 pence. But this statement of figures does not complete the case. Since the report of the Committee issued we have lost the protection which was formerly afforded us by the French Frank and the German Mark. They have either disappeared or their fineness has been reduced, and the consequence is that they are no longer available for an increase to the supply of the world's silver when the price of silver goes above their normal parity. The conclusion to me seems obvious. If you return to-day to the old Rs. 15 parity, you must either debase your coin or you must maintain the embargo on the export of silver, or you must resort to some such destructive remedy as has been suggested by Mr. Dalal. I of course rule out at once any possibility of maintaining an inconvertible paper currency; in fact I feel that I owe an apology to the Council for even suggesting such a nightmare. That, then, was one problem. Another problem is what I may describe as economic. Now this was not a problem which the Committee took up on its own initiative. It was brought before them by the Government of India, and it was brought before them with great emphasis. I think that those who remember the course of the arguments used in the meeting of this Council last September, which discussed the question of high prices, will feel that the Government of India was justified in the emphasis which they laid on that side of the question. Let me state the facts very shortly. Money had depreciated in Europe; prices had been greatly enhanced. Suppose that by any device we could have maintained the old Rs. 15 parity, then it would have followed as a natural sequence that when India came to be paid for its exports in the depreciated currency of Europe, the increase of European prices would have been reflected in a concomitant issue of currency in this country, with the result, the inevitable result, that we should have had to face a rise in Indian prices to the same level as that which obtained in Europe. Scientifically, my Lord, there can be only two possible alternatives. If exchange remains constant, then a great disparity between internal and external price levels can only be adjusted by a great increase of the internal currency, which in itself will result in bringing up internal prices to the level of external prices. The only alternative to that is a complete breakaway in exchange with the result that the same volume of internal currency would do as much work as it did before when external prices were at a lower level. We had represented to the Committee that the course of prices in India had reached a stage which was injurious to the whole country. Have matters altered since then? If we had been making that recommendation to the Committee to-day, we should, I think, have repeated it with even greater emphasis. We have had all the later experience of what high prices mean in an undeveloped country, of the social mischief they can cause, of the misery they bring in their train to an industrial and urban population.

“ I claim therefore that the problem was rightly presented to the Committee. It was one which they had to meet if they were to do their duty and protect the interests of India. I would claim that if we were again in the position to represent the case we should do it with the greater force because we should realize that the increase in prices in India would not be a normal increase; it would be an artificial increase due entirely to the fact that we were linked up with the

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depreciated currency of Europe. I again emphasise this point by a reference to the minority report. Mr. Dalal recognized that danger, and proposed to meet it by imposing a series of duties on exports from India. Now the Council will observe that this would be a general process of banking down Indian exports in order to provide against the rise of prices in India. The banking down would have to apply to all exports, not only to those for which India had its own internal use but to those for which it had a restricted use for home consumption. It would, if it were to be efficacious, extend to such articles as manufactured jute or shellac or tea or manganese or hides. I have the greatest confidence in the skill and experience of the Hon'ble Member for Commerce, but I should have no trust in his capacity to frame these export duties with such meticulous accuracy, and to apply them with such delicacy month by month, that he could retain here in regard to goods consumed in India, just that quantity, neither more nor less, which we require ourselves, and would allow to go out, of goods which we do not require, that quantity, neither less nor more which India would wish to put into competition with the world's goods. Even assuming he had such skill, we are still faced with the strong and I think myself very potent arguments which the economist feels against widely extended export duties. I think that no one can quarrel with the Committee in their determination to effect their objective through the means of exchange; or can blame them because they rejected the alternative of allowing prices to increase in India, or refused to recommend that the problem should be met by such dubious expedients as that of Mr. Dalal. I go further, because I do not wish to base the strength of their case on the weakness of the alternatives presented to them. Money is only a medium of exchange; the value we give to it in the international sense is that at which we can exchange goods. It is a legitimate function of exchange to correct the divergence of internal and external prices.

“ These then were the problems before the Committee, and the Council knows how they met them. They linked the rupee to gold at a rate at which they believed we should have absolute security for our rupee currency, and at a rate moreover which would prevent that catastrophic increase of prices in India to which I have alluded. I may be told that theoretically this is correct, but that I have still to justify the adoption of a Rs. 10 rate rather than a Rs. 15 ratio. If what I have said has carried any conviction to the Council, then it is quite impossible to maintain the Rs. 15 ratio. As to the Rs. 10 ratio, it will give you that protection to your currency which comes from a wider range of purchasing power for silver. As to the future price of silver, the matter is one which lies on the knees of the Gods. But there are some factors which must remain in the minds of Government. The United States Government is under an obligation to purchase silver whenever its price falls below a dollar per fine ounce, equivalent to an exchange value of 18 pence. To replace the Pitman silver would require more than the whole world's yearly production of silver at the present rate of output. The price of silver depends on the price of other commodities: it depends among other factors upon the price of other metals, and it is very problematical that the price of these metals will go down. We are told by some of our friends, particularly in Bombay, that there will be a permanent fall in the price of silver. I would remind them in the words of the poet that though fears may sometimes be liars, hopes may not less likely be dupes. We ourselves cannot certainly gamble on the expectation of such a fall. I maintain that the Committee were wise to take a level of not less than 63 pence, and that the Government have correctly followed their advice in the best interests of the country. Again, we may be told that though this level of 63 pence is correct, we have to need further objections; firstly, that we cannot make this rate effective because we cannot issue sovereigns at the rate of Rs. 10; and, secondly, if we could make that rate effective, it would involve so high a rate of exchange that it would injure the export trade of the country. Let me take these points in order. I will admit the first point, but only as a present fact not as an argument. Gold in India stands at a premium just as it stands at a premium with the rest of the world, and we shall not be able to issue sovereigns till that premium disappears. There is nothing anomalous in this position. The world is not short of gold, but gold is locked up in the reserves of the Governments and the banks. But this cannot be a permanent lock up. Sooner or later, the banks will have to open their safes and make available for commerce the gold it requires as currency. When the

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world has used up its credits, it will absorb its note issues; when it has absorbed its notes, it will release its gold. India will then get all the gold she requires in payment for her exports. She will probably ask for more if we reduce the ratio to Rs. 10, but that is not a result, I fancy, to which this Council will object. Meanwhile our position will not be any more anomalous than that of any other country which has a gold standard, but which for similar reasons is unable to issue gold. You cannot in London to-day buy large quantities of gold; you cannot obtain it for currency or export; you can only get a share of the limited supply from South Africa. What is there anomalous in the fact that when the supply of gold for general uses is restricted, the Indian price of gold should be above the Rs. 10 rate? This is another argument connected with the same subject which I should like to meet here. We are sometimes told that if we change the ratio to Rs. 10 it will set up such a demand for gold that India will import gold to the exclusion of other commodities. Well, India will have to pay for it with exports. If she chooses to import gold, rather than any other commodity, that will hardly be to her benefit; but it is not an operation that we could quarrel with. If she imports gold in excess of her exports, she will have to increase her exports, but there is a limit to that process. It cannot be a permanent process, and meanwhile it cannot be a serious danger unless the purchasing power of India is far greater than we suspect it to be.

“Now, I turn to the second point—that a high rate of exchange will injure Indian export trade. I maintain that this objection shows a confusion which is very often made between the effect of a rising exchange and a fixed high exchange. The difference has been very clearly enunciated in a memorandum by Mr. Howard which, with your permission I will read to the Council.

‘Other things being equal, and neglecting monopoly, or quasi monopoly trade, a rising exchange admittedly tends temporarily to stimulate imports and check exports and a falling exchange to stimulate exports and check imports. These processes might be expected to continue for some time until equilibrium in the exchange rate had been established and until the various adjustments in internal prices and wages had been effected. It does not however by any means follow that under a fixed high exchange, exports would necessarily be prejudicially affected or that with a fixed low exchange the converse would be the case. It would seem to be a legitimate assumption that, other things being equal, with a high exchange internal prices will be lower and consequently as a result the cost of living and cost of production will also be lower than with a lower exchange rate. For example, take one of India's exports in respect of which the prejudicial effects of a high exchange have been advanced in the past. The cotton mills will, with a higher rate of exchange, obtain less for their yarn and piece goods; they will, on the other hand, pay less for their imported machinery, less for their cotton and less for their labour than if exchange were lower.’

“That is the economic law as stated by Mr. Howard, and I believe it to be eminently correct. I hope that nobody in this Council will urge that because for the last two months the value of imports has exceeded exports, that is due to the recent high rate of exchange, or will proceed to deduce from this false premiss, the conclusion that a high fixed exchange will be a permanent injury to the export trade. There is no commercial man, I think, that will support this suggestion as a statement of fact. Imports have for reasons peculiar to themselves been exceptionally high in value. They reflect the orders issued a considerable time ago in India for material such as machinery for which the world is demanding an exceedingly high price and which India has been obliged to obtain at any cost. Exports, on the other hand, have been restricted by the embargo on the export of food grains. They have been restricted by the inability of Japan to take the full quantity of cotton which she was expected to buy; they have been restricted by the inability of the continent to set up those credits which are necessary to establish export relations with this country; and they have been restricted further by the glut in the European markets of certain articles such as hides and skins. Lastly, they have been restricted by transport difficulties in India itself. These are abnormal causes, and I doubt if any man of business will here care to say,—and I certainly have never heard any man of business maintain so far,—that exchange has been a predominating cause in restricting exports from India during recent months.

“Now, my Lord, I have given in some detail,—I hope not in too great detail,—our reasons for proceeding with this legislation; I have tried to give the Council the reasons for the faith that is in us in respect of the proposals

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of the Committee. I only wish to make one remark in conclusion. I have seen it said in the press, and I think I have heard it said in this Council that the recommendations of the Committee are to be viewed with suspicion because the Indian element was too little represented on it and because it was influenced by the interests of London and not of India. I admit that I have heard less of this statement in the press lately; but if the feeling still exists, if that baseless and unjustifiable feeling still exists anywhere, I should like to give the Council one argument which will, I think, dissipate it. The cardinal feature of this report is that India should enjoy a free import and free export of gold, with a further assumption that India will, when the former gold parity returns, be able to utilise gold for currency.

"Now we have been told not once, but a thousand times, that London grudges India its gold. Could any London merchant, could anybody interested in the London money market, have signed this report if he was actuated by that feeling? Could he have signed a report which not only admitted of the free and unrestricted movement of gold to India, but actually wrote down gold to such an extent, that it was bound to create a demand for it far exceeding any that London had so far experienced? I maintain that he could not have signed the report unless he were persuaded, on the one hand, that India had that right to that free and unrestricted movement of gold which her public men have always claimed as her due and unless on the other hand, he believed, as I believe myself, that the general recommendations of the report were generally in the interests of India."

His Excellency the President:—"I should like to point out to the Hon'ble gentleman before he moves his amendment that all legislation which is not carried through during this session lapses and therefore his amendment is in effect the direct negative to the motion of the Hon'ble the Finance Member. I do not object to his moving the amendment as it is, but when I come to put it to the vote I shall put it with the substantive motion and those who wish to support Mr. Tata in his contention will vote in the direct negative to Mr. Hailey's motion. It is purely a point of order, but it is just as well that Mr. Tata should know the position."

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The Hon'ble Mr. R. D. Tata:—"My Lord, I should like to speak on this subject, all the same."

His Excellency the President:—"Oh, yes, certainly."

The Hon'ble Mr. R. D. Tata:—"I did not know when I came here that this Bill would lapse if it were postponed. I did not know that, but still as I am prepared to say something....."

His Excellency the President:—"Please let not the Hon'ble Member think that I wish to curtail his speech in any direction. I only want to point out to the Hon'ble Member that the effect of his amendment is the direct negative to Mr. Hailey's motion."

The Hon'ble Mr. R. D. Tata:—"My Lord, I rise with your permission to move an amendment for the postponement of this Bill."

"The draft Bill was made public on Saturday and we are asked to pass it in three days. It is a Bill, my Lord, fraught with very great financial danger to India, in fact it touches its very financial life. To rush a Bill of such importance, in spite of Indian protests and without giving time to commercial and other public bodies to express their opinion on the same is very impolitic."

"I beg to draw attention to the telegram from the Indian Merchants' Chamber and Bureau, a most representative body of Indian Commercial opinion on the Western side of India. They say:—

"The Committee of the Indian Merchants' Chamber strongly protest against continuance of sale of Reverse Bills as the net amount of about fifty-five million sterling sold to date has failed to achieve the objects desired by Government of stabilising exchange at two shillings gold and any addition to the immense loss already caused to the country would be unthinkable. My Committee strongly urge Government to publish the Indian Coinage Act Amendment Bill and the Paper Currency Amendment Bill for consideration and opinion of the Commercial Community and pray Government not to proceed with the measures until the whole Country has had an opportunity of expressing its views."

"They are further of opinion that all Currency legislation should be deferred for at least one year as conditions are still too abnormal and unsettled to justify any definite action. Any such Bills carried by Official majority will cause the greatest discontent in the country."

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"What do they want? They do not ask for a withdrawal of the Bill, but only for postponement until the whole country has had an opportunity of expressing its views. Surely, this request is reasonable in a matter so vitally affecting the commercial and economic future of India. It is what the Chairman of the Bank of Bombay has also been asking in the matter of the Paper Currency Amendment Bill, which Bill will also have to deal with the new ratio of the rupee and the other recommendations of the Currency Committee.

"I therefore propose that the draft Bill be circulated to all the important bodies, and their opinion and criticism invited before proceeding with it further. Many prominent Indian members are absent from this Chamber, and will not be able to place their views before Government.

"In the Statement of Objects and Reasons it is said that it is proposed, as recommended by the Currency Committee, to make the sovereign legal tender at the rate of Rs. 10 to the sovereign instead of Rs. 15.

"I do not wish at this stage to go deep into the merits of the question and the arguments on this measure but I would be failing in my duty to this country if I let this simple and innocent-looking measure pass without warning the Government that what they are now doing may cause a very grave financial crisis, and bring the masses of this country to the verge of starvation.

"The Government is doing this at the recommendation of the Currency Committee. No other reason for this hurried and precipitate measure is advanced. What was this Committee's composition? Although the question of exchange and currency mainly affected India, the Government ignored India altogether, and appointed a Committee 5,000 miles away, composed of only one Indian the rest being Englishmen mostly connected with London financial interests which are more often than not at variance with ours. The Committee throughout appeared to be obsessed with the idea that the price of silver and the prices of commodities were going to stay for many years to come as high as they were when it drafted its report. Silver had then been fast rising and had gone as high as 89 pence sterling, but only a couple of months ago it was down to 44 pence and even to-day is about 61 pence. This price is expressed in sterling. If we correct it to gold on the basis of the latest New York-London cross rate, it works out to less than 45 pence gold even to-day.

"Now I would like to ask the Finance Member a question. Would the Currency Committee have fixed the 2 sh. gold rate for the rupee, if silver had gone down to 44 pence sterling (say 36 pence gold at the cross rate of the time) during their deliberations, as it did only a few months after? Surely not, however much they might have wished to recommend a very high rate.

"We now find that the only Indian on the Committee—Mr. Dadiba Dalal—was the only member who was right, and the only member who had been able to correctly foresee the trend of silver prices. Now that experience has proved that his conclusions and the remedies he proposed were far sounder than those of the majority report, I cannot help wondering why the Government should so completely ignore them, and should decide—and compel the whole of India to follow—the majority report's conclusions and recommendations that have already been so thoroughly discredited by events. If the Government really wanted to solve the Indian currency and coinage difficulties, they ought to have appointed a Commission in India, of whom at least one half should have been Indians, and not this hole-and-corner Committee which has already been discredited by Indian opinion.

"The Times of India in a leading article in its issue of the 23rd instant referring to the present deadlock in the export trade, says—

- "Is there not another side to the question? Is there not a corresponding obligation on the part of Government to see that their currency policy is one which does not obstruct the recovery of the export trade, nor artificially inflate imports? Since February the policy of Government has not satisfied this desiderata. There cannot be the slightest doubt that the misguided attempt to raise exchange at a bound to two shillings gold, with the tremendous fluctuations which it induced, struck a deadly blow at the export trade at a moment when it was feeling the effect of the European malaise. There cannot be the slightest doubt that the succeeding eccentricities have severely handicapped every branch of the export trade. The only remedy for these ills is to stop jerryandering with exchange by the sale of Reverse Councils, which merely place profits in the pockets of speculators, and tinkering with the established monetary standard and leave exchange to find its natural level. The Viceroy intimated the intention of introducing legislation to alter the ratio at which the sovereign is legal tender from 15 rupees to 10 rupees although the market price of sovereigns is now between 14 and 15 rupees. We shall await the official justification for this policy, for the authority of the Currency Committee is not worth the paper it is written on."

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" My Lord, I cannot put the case more strongly than that.

" Even the gentlemen who drafted the majority report obviously felt doubtful of their grounds, because in one of their conclusions they say—

" If contrary to expectation, a great and rapid fall in world prices were to take place, and if the costs of production in India fail to adjust themselves with equal rapidity to the lower level of price, then it might be necessary to consider the problem afresh."

" My Lord, world prices are already falling. What concerns us most in this country is the price we can obtain for our own income crops which have now fallen to very low if not unremunerative levels for cotton, jute, tea, hides, etc. and we cannot say that we have yet touched the lowest level. If this fall continues, serious distress may be anticipated when the ryot finds he cannot obtain a price to cover the cost of production. When such is the state of things, is it not clear that it is time to consider the problem afresh ?

" You propose to make the sovereign legal tender at 10 rupees. How do you propose to make it effective ? Will you give a sovereign in exchange for rupees 10 ? I suppose not. Gold is to-day at 23½ rupees to the tola, while if the sovereign is to be equal to 10 rupees, gold should sell at Rs. 15-14-10 per tola. How are you going to bridge over the difference of Rs. 7½ or 33 per cent. ? In the announcement of the Secretary of State on the report of the Currency Committee he says—

" The lower ratio cannot be effectively introduced while a great disparity continues to exist between the commercial price of gold in India and the intended Mint par of one sovereign for Rs. 10."

" This disparity exists even to-day. Then, where is the justification or the necessity for passing this Bill now ? Does Government intend to take any steps to reduce the price of gold by Rs. 7½ a tola other than selling gold in the open market ? All their sales of many millions of tolas have failed to have any effect. I see only one way in which they can lower the price of gold, and that is by bringing on such a serious monetary stringency that a terrible financial and economic crisis would develop all over India, and the people be compelled, instead of buying more gold, to sell their most valued possessions in the shape of ornaments.

" If that is the idea of Government, does Government calculate the results ? Does it appreciate the ruin it will entail on the commerce and industry of India ?

" I would next ask—how about the masses ? Has Government reflected on the effects of the change of ratio on the income of the vast mass of the agricultural population of India, a population extremely poor and deeply submerged in debt ? Every ten sovereign's worth of produce exported would, under the old ratio, have produced 150 rupees, and will, if the new ratio is made effective, only produce 100 rupees. His dues to the Government and to the *soncar* will remain the same in rupees. The surplus left to him after meeting these liabilities was meagre enough even in the old days. Under the new ratio it is likely to go to a vanishing point. I know the Committee argued that world prices would remain so high that even at the new ratio the producer will not suffer. Their complacency in this respect has been entirely falsified by events within a few months of the publication of their report. Is it right to force the new ratio through in spite of these facts ?

" We are told that what the cultivator loses as producer he will gain as consumer by the cheaper cost of imported goods. I have been at some pains to look into and analyse the trade figures for the past year and I find that while the exports totalled 309 crores, the imports totalled only 206 crores, of which only some 12 crores can at most be considered to be goods more or less consumed by producing classes so that while loss on 309 crores of exports, they benefit only on some 12 crores of imports. I am firmly convinced that the result will be to rapidly further impoverish our already poor producing classes.

" Part and parcel of the unfortunate policy now being pursued is the sales of Reverse Bills. Currency is being rapidly contracted, and the defence of deflation is set up. Even to-day our metallic backing is 58 per cent. of the note issue. If you want to make the position stronger, the right way is to use the proceeds of our sterling assets in London to procure gold, and to put this gold into our paper currency reserve to stiffen the backing still further. Why do we

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give it away to speculators and then claim that the note-issue is over-expanded and that deflation is necessary? Here we have contracted circulation by 25 crores in the short space of 8 months, while England that has made use of the printing press, and where the remedy of deflation is really called for, is walking much more warily. The following weighty words of Mr. Goodenough, Chairman of Barclay's Bank, while a warning to financiers in his own country, might with great profit be pondered over by our Finance Department here. He says—

'There is a stringency in the money market greater than usual at this time of year. There is a scarcity of credit which begins to threaten our manufactures and trade, and that being so, the attempt to carry the process of deflation further, and to proceed with great rapidity, would be dangerous to the money market, and prejudicial to our output.'

"Now, my Lord, I make a personal and friendly appeal to the Hon'ble the Finance Minister not to persist in rushing the Bill through the Council in defiance of the opinion of the Indian Commercial Community, against the well-considered opinion and advice of the only Indian member of the Currency Committee whose opinion and conclusions have been so fully justified by events, and in spite of the fact that gold still stands in the open market to-day at over Rs. 23 to the tola.

"What we want is not a withdrawal of the Bill, but only a postponement to the next session, so that it may be then more suitably dealt with in the light of better knowledge of the economic factors that bear on the question, and in the light of the opinion of public bodies that may then be available to the Council.

"I submit, my Lord, that in the present state of the country, and considering the fact that when this Council reopens after the present session, India will have made the first real advance towards self-government, it is neither politic nor statesmanlike to force through legislation which is contentious and opposed to the wishes of large and important classes of the people.

"I therefore beg to move that the consideration of the motion for leave to introduce a Bill further to amend the Indian Coinage Act, 1906, be deferred till the first session of the Reformed Councils."

The Hon'ble Mr. Haroon Jaffer:—"My Lord, I rise to 12-15 P.M. offer my cordial support to the amendment which has just been placed before the Council by my Hon'ble friend Mr. Tata.

"I think there is some reasonable ground for the amendment moved by my friend. It might seem not altogether inappropriate that, in dealing with a measure of this kind, the Government should ascertain the views of experts, I mean the different Chambers of Commerce, Indian Merchants' Bureaus and other public bodies. My Lord, there is already discontent in the country over the sale of the Reverse Bills, due to its failure in stabilising exchange, and, in my opinion, the conditions are still too abnormal and unsettled to justify the introduction of any sort of currency legislation. The currency and exchange questions have of late been playing havoc in these abnormal times, and it is therefore inexpedient to proceed with such measures. The motion before the Council does not ask for postponement of the measure for any indefinite period; it only wants that the Bill be deferred till January next, and I hope the Government will have no objection to accepting the proposed amendment moved by my Hon'ble friend."

The Hon'ble Mr. A. R. Murray:—"My Lord, I am sorry 12-17 P.M. that my first remarks in this Council should be against a motion tabled by my Hon'ble friend from Bombay. We agree, however on so many matters of common interests that I am sure he will excuse me for differing from him on this occasion.

"His chief reason for asking that the Coinage Bill should be postponed appears to be that sufficient time has not been given for the consideration thereof by Chambers of Commerce and other public bodies. The Hon'ble Member has evidently overlooked the fact that in a press communiqué issued on 21st June—over two months ago—it was stated that—

'At the forthcoming session of the Legislative Council the Government of India propose to submit a bill prescribing a new ratio of one sovereign equal to Rs. 10, at which the sovereign will again be legal tender.'

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" Ever since the report of the Babington Smith Committee was published at the beginning of this year, we have known that it was the intention of the Government of India to give the rupee a fixed exchange value and to make the sovereign legal tender in India at the revised ratio of Rs. 10 to one sovereign. This was expressly stated in the note issued by the Secretary of State in Council when the report was published on 2nd February 1920. That being so, I am sure Hon'ble Members will agree with me that the Hon'ble Member from Bombay is not justified in asking that the Bill be deferred solely on the ground that sufficient notice of Government's intentions has not been given to the public.

" From other points of view, however, I admit, my Lord, there is room for honest difference of opinion regarding this Bill. In the first place, in the note to which I have just referred, the Secretary of State in Council expressed the opinion that the new ratio could not be effectively introduced so long as a great disparity continued to exist between the commercial price of gold in India and the intended Indian Mint par of one sovereign for Rs. 10. As we are all aware, the Government of India have done a good deal to reduce this disparity. After giving holders of sovereigns nearly six months in which to exchange their coins on the old basis of Rs. 15 to the sovereign, they have removed all restrictions on the import of gold and have given the public every opportunity of satisfying their lust for the yellow metal by periodical sales of bullion. Even yet, however, the commercial price of gold is considerably higher than the proposed Indian Mint par of one sovereign for Rs. 10, and so it is almost everywhere in Europe. The price of gold there is much higher than the legal tender value of the standard gold coin of the country.

" Opinions differ concerning the advantages or disadvantages to India of a high rate of exchange. I take little notice of the suggestion that one of the main reasons for fixing on a ratio of Rs. 10 to the sovereign is because now-a-days we deal in big figures, and it becomes an easy calculation to convert 1,00,00,000 of rupees into 1,000,000 pounds sterling by merely dropping a cypher. I even do not lay much stress on the fact that the higher the rate of exchange the greater will be the saving under the head of ' Home charges ' in Indian Budgets. But we cannot ignore the fact that from 30 to 40 per cent of the merchandise imported into India consists of textiles, chiefly cotton goods, the great bulk of which have to be paid for in sterling money, and it will be an enormous advantage to the people of India (including the starving masses to whom my Hon'ble friend has so feelingly referred) if when sterling returns to a par with gold they have to pay only Rs. 10 instead of Rs. 15 for every pound's worth of goods imported into India.

" It is true that the school to which the Hon'ble Member from Bombay belongs considers that the gain to India from cheaper imports does not make up for the loss to Indian producers that will result from their receiving fewer rupees for their exports of Indian merchandise. Personally I am not satisfied that exporters of Indian produce must receive less rupees. Many of the principal items of export are necessary commodities in the world's trade, and buyers on the other side must lay down in India our price in rupees before we part with the goods.

" I know that there are many who will not agree with this statement of the case, and that it is open to such unbelievers to point to the Indian Trade Returns for July in support of their argument that the high rate of exchange is injuring India's Export Trade. Unfortunately the usual detailed accounts of Indian Trade for June and July have not yet been printed so far as I am aware, and I am not, therefore, in a position to analyse them. But from the figures available in the accounts of preceding months it is quite evident that India's present adverse balance of Trade is due more to an increase in imports than to any material decrease in exports. And that is only what was to be expected. For India during the war made enormous profits from its exports, and it is only now that the people of India are able to secure the imports necessary to replenish their wardrobes and their stocks of iron and steel and other goods. For instance, I see that during the two months, April and May of this year, India imported Rs. 18½ crores textile goods chiefly cotton as against Rs. 8 crores only for the corresponding two months of 1919. The imports of machinery, iron and steel and other metals, too, are nearly double the value they were last year.

[31st August, 1926.]

[Mr. A. R. Murray; Mr. (H. A.) From.]

"It is not often that it is in the power of any Government to alter the balance of Trade of a country by a mere stroke of the pen. But in India's case, at the present time, Government have only to cancel the prohibition against exports of food stuffs, and I am pretty certain that within a month or two India's balance of Trade will swing round substantially in her favour. Take wheat alone. The exports of wheat from India in the financial year 1917-18 amounted to almost 1½ million tons. In 1918-19 there were barely half a million tons exported and last year only 8,000 tons. From an export value of Rs. 19 crores in 1917-18, the Export Trade in wheat last year dropped to only Rs. 20 lacs. Including rice and other foodstuffs the exports fell from about 4½ million tons to less than 900,000 tons, and the money value from Rs. 53½ crores to Rs. 15 crores only.

"India's present Trade Returns cannot, therefore, be taken as an index of the vitality of India's Trade on basis of a high rate of exchange. And there is nothing in the figures to suggest that in fixing on a ratio of Rs. 10 to the sovereign, Government will be giving the rupee an exchange value that will be too high, and prove a disadvantage to India. I therefore approve of the terms of the Bill and give its introduction my cordial support."

The Hon'ble Mr. (H. A.) From:— "My Lord, similar to the manner in which the Hon'ble Mr. Murray opened his speech, I have feelings of regret that I cannot support the first amendment made by the Hon'ble Mr. Tata from Bombay in this Council. My regret is further accentuated because we both come from Bombay and I may lay claim to a friendship extending over a considerable number of years. 18-26 p.c.

"I do not propose to dwell at any length on exchange. Exchange is a problem that I do not pretend to be an expert on. I do not think many people are. But in moving this amendment I do not think that the Hon'ble Mr. Tata can lay claim to any want of consideration on the part of Government in the matter of time. As the Hon'ble Mr. Murray has pointed out, we first of all heard of this Coinage Act away back in June, and it was again referred to in the first announcement of the Agenda of this Council session, which I think was in July. Also the Hon'ble Member in charge of the Finance Department has visited Bombay at least on two occasions since my return from England in February last, and that I think in itself suffices to show that Government have no wish to push this Bill through without giving the commercial community every opportunity of discussing it with the Finance Department. In the Bombay Chamber of Commerce we had many discussions. The conclusions we arrived at I do not pretend to say were altogether final, but we had an opportunity of hearing the Hon'ble Member's views, and I understand that when he visited Bombay and did the Bombay Chamber of Commerce the honour of calling upon them, at the same time he visited the Indian Chamber of Commerce; I believe I am correct in this, my Lord. Therefore it cannot be said, so far as Bombay is concerned—and I take it the same remark applies to other parts of the country,—that everybody has not had an opportunity of studying this Bill. Perhaps I am wrong in saying 'studying this Bill.' I should be wrong in saying so were the Bill of enormous length; but the Bill before us is a very short, simple one, and it only contains what we all knew was coming. If it had been a long and abstruse Bill there might be more to say for an amendment for postponing it; but it is one of the shortest Bills I have ever seen.

"The Hon'ble Mr. Murray, in his very interesting speech, has touched on the question of exports and imports, and I do not therefore propose to deal with it at any length now. As regards imports, of course, a two-shilling exchange is greatly in favour of this country, and the masses get their piece-goods and cloth which they may purchase from England, at a very much cheaper rate than if the rupee were at 1s.4d. In referring to piece-goods, the Hon'ble Mr. Murray pointed out that this article forms a large proportion of the imports into India, and I think the fact that the mass of the people of this country are able to benefit by a two-shilling rupee in buying cloth from England must have a competitive effect on the price of cloth manufactured in this country. This I suppose might therefore be regarded as a benefit.

"As regards exports, I do not think that the higher rate of the rupee, as compared with what it was for many years, will have any deteriorating effect.

[*Mr. H. A. Froom*; *Mr. W. M. Hailey*.]

[31st August, 1920.]

“When I was at home last year I found that in buying things I had to pay three or four times as much as formerly. From an exchange point of view the advance in the price of Indian products amounts to only 50 per cent. In other words for Rs. 15 worth of products for which at home they had to pay a pound formerly, the people in England will now have to pay 30 shillings. I do not think it follows that the cultivator in India will have to take less than Rs. 15. The other point as regards the profit made by the middleman is one I do not propose to discuss here.

“I do not think I have anything further to say in regard to this Bill. The only point that has not been touched on apparently is that at the present time, I believe I am correct in saying, the sovereign is not legal tender in this country. I take it that the Government's point of view is that this should be remedied at as early a date as possible, and I think too that this is desirable. If this amendment were carried we should go on, perhaps till next February or March, with the sovereign not legal tender. If the sovereign is fixed at Rs. 10 a pound, I cannot see that any exception can be taken, having regard to the present price of silver at 61 pence. I believe I am correct in saying that with silver at 61 pence the value of the rupee is in the neighbourhood of 1s. 10d. With these remarks, my Lord, I cannot support the amendment.”

12-33 P.M.

The Hon'ble Mr. W. M. Hailey :—“My Lord, I think that the Council will not desire that I should deal at any great length with the charge, if it is a charge—though I am not quite sure that the Hon'ble Mr. Tata meant to make it distinctly as a charge against us—that we have not given the country sufficient notice of the legislation we propose. That point has been met amply by the Hon'ble Mr. Murray and the Hon'ble Mr. Froom; and on that point, therefore, I beg that Mr. Tata and Mr. Jaffer will take their answer as mine. Here you have a Bill foreshadowed on the various occasions to which those gentlemen referred; and the Bill when it is brought forward contains practically only two words. It is not a Bill which it was necessary to circulate to commercial bodies for their consideration, because their opinion would not be expressed on the details of the Bill but on the merits of the question, and we have given the country ample time to consider the merits of the question. Now, I should have been content to sit down at this point had Mr. Tata not at the same time made some criticisms on the question of policy. I do not desire to go through the whole matter again, partly because I think I met some of his criticisms by anticipation in my opening speech. But I would refer to at least one point, because I think that if I left it untouched it might convey a somewhat unfortunate impression to those who read his speech outside this Council. He suggested that if we pursued the policy indicated in this Bill we might precipitate a financial crisis, that we might bring large numbers of people in this country who are now on the verge of starvation into absolute destitution. Now, my Lord, I do not think if Mr. Tata had analysed his statement more fully he could have suggested that the mere change of ratio which we are now suggesting could by itself precipitate any financial crisis by itself. When all is said and done, we have had no financial crises for the last six or eight months, and yet we have had an exchange as high, or approximately as high as it will be under the ratio we now propose to introduce. I know there is a feeling in Bombay that money may become tight at no distant future. I have heard, I think on every occasion on which I have visited Bombay, of this expected stringency; I heard it even more strongly expressed, I think, in April, than at my last visit there. And yet, what is the Bank rate? If that is any indication at all of the money market, there is at present no stringency. I maintain further that if the crisis that he anticipates were to ensue it would not be as the result of any statutory change of the legal ratio; it would be because of steps undertaken subsequently by Government, not necessarily as part of this legislation, but steps in connection with deflation, or steps in connection with the maintenance of a particular ratio of exchange. It would be in connection with those steps and not with the change of ratio itself that a stringency might supervene. It would require, therefore, some subsequent act of commission or omission on our part to produce that stringency; and my claim to the Council is this, that it would not in any way be a necessary incident of the legislation which I have now placed before Council.

[3. ST AUGUST, 1920]

[Mr. W. J. Hailey.]

"Then he told us, repeating I think here criticisms fully expressed by the *Times of India*, that the Report of the Currency Committee had been discredited throughout India and was not worth the paper it was written on. He called upon us to support the minority report as against the majority report. Well, I tried to convey to the Council what our opinion was of the expedients that were put forward in the minority report. That report favours the famous, I may almost say the infamous expedient of a debased coin of Rs. 2 for one thing; and for another thing favours the proposal for a series of export duties arranged almost in such a manner that the Hon'ble the Commerce Member would have to deal with them like a skilled organist, pulling a stop out here, pushing it in there, at times fingering the tenor, at times the bass. I can only refer to what the *Times of India* itself, the authority of which Mr. Tata has quoted to us, has said of these particular expedients. It has unhesitatingly condemned them. What alternative have we left? Are we to maintain a fifteen rupee ratio and maintain it by the devices which I have described? It is no question at all, as the Hon'ble Mr. Froom has pointed out, of merely delaying this legislation. We have not got a legal ratio at present. If you delay this legislation or some legislation of this nature, you have no legal ratio at all as regards gold. We are at present on a silver basis. It may be that this situation is pleasing to some of my Hon'ble friends from Bombay who have always had a great hankering after a pure silver basis; it cannot be one which commends itself to Government; I cannot myself think that it is one which would commend itself to any Government which has upon it an obligation to maintain stability of exchange in the face of the world. As I say, if you defer passing this legislation, you are without any ratio at all in respect of gold, that is in respect of international exchange. Then again the Hon'ble Mr. Tata suggested to us that the Report of the Committee neglected the interests of the agricultural producer; he suggested that it was framed entirely in the interests of the consumer. If he did not actually use those words, I am sure that those views were in his mind. They have been frequently represented to us by the *Indian Merchants' Bureau* at Bombay, whose views on this occasion I think he represents. Well, my Lord, it is one of our misfortunes that the Hon'ble Mr. Tata has been such a short time in this Council; I regret it myself for I think the Council would have gained from the presence of a practical man of business of Mr. Tata's standing. But it is also in this respect his misfortune, because if he had been here last September he would have heard one Hon'ble Member after another demanding that food grain exports should be stopped, not only controlled but entirely stopped, and that somewhat violent steps should be taken in order to force manufacturers to reduce the prices of clothing and the like. If he had been here he would have realised that he would not have many sympathisers in Council; at all events if those sympathisers were now to join him in his anxiety for the producer as against the consumer they would be strikingly inconsistent. May I, my Lord, read a passage from a speech that was delivered last September on this particular point—

'When people talk of the balance of trade they ought to remember that the balance of trade would be larger if those who want to purchase grain from outside India would be able to pay higher prices and thus draw away the grain, the life-sustaining food crop from India; the balance of trade would be larger in our favour and bring in many more millions; but those millions will represent the loss of so much life, the loss of so much blood from the people of India.'

"I do not think that when views like that were expressed in this Council, the Hon'ble Mr. Tata arguing on behalf of the producer, as against the consumer would find many supporters here. I maintain indeed that in the face of all that has happened, it was essential to adopt some device even though it might be through the medium of exchange for preventing a further increase of price in this country. I have nowhere seen an exact calculation made of the proportion of producers pure and simple to consumers pure and simple. I have seen it stated that those interested in production are 56 per cent and the remainder 44 per cent; perhaps the proportion may be taken at half and half. It is clear that any increase in price affects the consumer far more injuriously than a slight fall in prices would affect the producer who has for the most part the means of subsistence in his hands. Finally, my Lord, for I do not wish to detain the Council further on this matter, I recollect that Mr. Tata warned us against undue deflation. I am sorry he did so. Your Excellency the other day congratulated the country on the effect

[*Mr. W. M. Hailey ; The President ; His Excellency The Commander-in-Chief ; Mr. S. N. Banerjee.*]

[31st AUGUST, 1920.]

of the measures taken to deflate its paper currency ; we have indeed taken some innocent pride on the fact that we alone of the belligerent nations have made some progress in this matter. I realize that there is some feeling on the subject in Bombay, which thinks that Japan has suffered from too rapid deflation. If our deflation had been too rapid, I think we should have seen something of this in the prevailing price of money ; we should have seen if an enhanced bank rate ; we certainly should not have seen a bank rate such as that which has been maintained in the late months. If there is any value whatever in the quantitative theory of money, we most certainly are justified in believing in the necessity of the deflation of our paper currency. I think that even in the minority report on which Mr. Tala himself laid stress there was a suggestion that it was essential we should do so. I myself have had no scruple in supporting measures for a reasonable deflation of our note issue ; and I believe that in that respect the great majority of the people in this country are on our side.

"My Lord, I am not sure whether the Council would like me to deal further with the merits of the case. The actual point before me is the proposal for delay. That case has been very fully dealt with by my two Hon'ble friends opposite. I maintain that there can be no case for a further delay in this matter and I think that I have given the Council very cogent reasons why it would be impossible to entertain any such suggestion."

13-47 P.M.

His Excellency the President :—"I warned the Hon'ble Member who put down an amendment that I am going to treat his amendment as a direct negative. I shall not put his amendment. Those who wish to support the Hon'ble Member will vote against the substantive motion for leave to introduce."

The motion was put and agreed to.

The Hon'ble Mr. W. M. Hailey :—"I introduce the Bill and move that the Bill together with the Statement of Objects and Reasons relating thereto be published in the Gazette of India in English."

The motion was put and agreed to.

THE INDIAN TERRITORIAL FORCE BILL.

13-46 P.M.

His Excellency the Commander-in-Chief :—"At the meeting of the Legislative Council on Friday last it appeared to be the general wish of Members that progress should be made with the Bill to constitute a Territorial Force. That being so, I beg to move that the Bill to constitute an Indian Territorial Force, and to provide for the enrolment therein of persons other than European British subjects be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Major-General Sir Alfred Bingley, the Hon'ble Mr. Sastri, the Hon'ble Mr. Banerjee, and the Hon'ble Mr. Nathmal, the Hon'ble Mr. Marjoribanks, the Hon'ble Mr. Sinha, the Hon'ble Mr. Kincaid, the Hon'ble Mr. Casson, the Hon'ble Sir D. P. Sarbadhikari and the Hon'ble Mr. Hopkins, with instructions to report on or before the 9th September, 1920."

13-46 P.M.

The Hon'ble Mr. Surendra Nath Banerjee :—"I congratulate His Excellency the Commander-in-Chief on having accepted the views that we pressed with emphasis from this side of the House, namely, that the Bill should be passed this session. The Select Committee is now about to be appointed and it has to submit its report within a specified date which means that the Bill will be passed this session. As a representative of the Indian Community I desire to thank His Excellency the Commander-in-Chief for it. May I be permitted to suggest the addition of one name to that of the Select Committee, that of the Hon'ble Mir Asad Ali? I hope His Excellency the Commander-in-Chief will accept this suggestion. There is no Muhammadan gentleman on the Select Committee and I think it would be as well if the Hon'ble Mir Asad Ali were added to it."

[31st AUGUST, 1920.]

[*The Commander-in-Chief; Sir Umar Hayat Khan.*]

His Excellency the Commander-in-Chief:—"I accept the suggestion of the Hon'ble Mr. Banerjee to add the Hon'ble Mir Asad Ali to the Select Committee which will deal with the Territorial Force Bill. I would add also the Hon'ble Mr. Morshead."

The Hon'ble Sir Umar Hayat Khan:—"My Lord, I have been a very old advocate of the Territorial Force and wrote a pamphlet on it for Lord Nicholson's Committee about a decade ago. I wrote another one that is 'How India can be a Bulwark to the British Empire' when in Flanders and have since written other schemes for the benefit of the Army in India Committee. 12-50 P.M.

"At the same time I have been advocating that in exchange for the public money we should procure the best possible material. Our first thought should be diverted towards the welfare of the Regular Army recruited from the best and tried martial classes. If we have got money over and above its requirements, we should only then devote it for the purposes of a Territorial Army which should be recruited from such material which would do credit to itself, and will be of good value for the money spent. I think that the money of the general tax-payer who forms the bulk of the population should not be spent to please a few. I am not against the force but am against recruiting from non-martial races, as if the force so recruited is holding a portion of the line it could become so dangerous that an enemy breaking through it at that point may bring a great disaster on the whole Army. I had to make these remarks as I think them in the interest of the country and the Army. I will not be doing my duty if at the end I did not remark that in this as in many other things the attempt is being made to reconcile the irreconcilables by launching their pet schemes of secondary importance, doubtful value, and the success of which is yet bound in the mist, so soon, while the matters of vital importance and great urgency may perhaps be lying still in abeyance."

The following motion was then put and agreed to :-

"That the Bill to constitute an Indian Territorial Force, and to provide for the enrolment therein of persons other than European British subjects be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Major-General Sir Alfred Bingley, the Hon'ble Mr. Sastri, the Hon'ble Mr. Banerjee, the Hon'ble Mr. Nathmal, the Hon'ble Mr. Marjoribanks, the Hon'ble Mr. Sinha, the Hon'ble Mr. Kincaid, the Hon'ble Mr. Casson, the Hon'ble Sir D. P. Sarbadhikari, the Hon'ble Mr. Hopkins, the Hon'ble Mir Asad Ali Khan Bahadur and the Hon'ble Mr. Morshead, with instructions to report on or before the 9th September, 1920."

The Council then adjourned till Thursday, the 2nd September, 1920, at 11 A.M.

A. P. MUDDIMAN,

Secretary to the Government of India,

SIMLA;

Legislative Department.

The 15th September 1920.

Appendix.

Expenditure due to Simla Exodus and Sessions of Legislative and Executive Council
from 1909-10 to 1918-19.

HILL JOURNEY ALLOWANCES.

[Sub-heads (a) and (b) of question.]

Majors and Minor Heads.	1909-10.	1910-11.	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.	Total.
19.—General Administration.											
Staff and Household of Governor-General.	14,325	14,540	9,983	17,025	12,875	13,771	10,998	15,138	16,536	11,480	1,33,871
Civil Secretariat.	5,00,613	3,10,273	3,13,157	1,40,884	1,80,332	2,06,956	2,06,717	2,19,296	2,40,758	2,44,897	23,64,703
Military Secretariat.	81,393	49,439	30,438	25,564	29,666	31,819	33,190	38,416	41,626	38,288	3,88,003
Public Works Secretariat.	53,446	46,995	19,768	18,863	19,831	21,708	21,708	21,874	32,100	14,957	2,60,947
Total.	6,49,692	4,12,547	3,73,334	2,00,626	2,42,614	2,74,351	2,72,613	2,95,024	3,22,920	3,09,602	32,53,288

HILL JOURNEY CHARGES.

[Sub-heads (c) and (e) of question.]

Staff and Household of Governor-General.	51,623	65,974							664	—1,179	1,20,887
Civil Secretariat.	43,179	47,006	45,247	20,382	20,630	26,022	24,496	20,225	26,000	37,576	3,26,363
Military Secretariat.	7,665	3,579	4,468	3,191	3,276	4,786	5,579	9,379	6,491	5,480	64,994
Public Works Secretariat.	2,952	2,249	4,020	166	530	798	838	1,398	886	1,400	15,311
Total.	1,05,424	1,22,106	53,735	29,739	24,531	31,606	20,913	41,002	33,859	43,367	5,16,084

Note.—As the items of expenditure mentioned in the Hon'ble Member's question do not agree with account heads and as the vouchers and registers for certain periods have been destroyed under rules, it has not been possible to collect accurate figures. The statement above gives approximately the information required under sub-heads (a), (b), (c) and (e) of the question. As regards (d) no information is available, but it may be assumed that the cost of the Legislative Session at Simla does not greatly exceed the cost which would be incurred if the session were held at Delhi instead.