

16th March, 1925

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

—
SECOND SESSION
OF THE
SECOND LEGISLATIVE ASSEMBLY, 1925



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LEGISLATIVE ASSEMBLY.

Monday, 16th March, 1925.

The Assembly met in the Assembly Chamber at Eleven of the Clock.
Mr. President in the Chair.

MEMBER SWORN :

Lieutenant-Colonel Stewart Blakely Agnew Patterson, C.I.E., M.L.A.
(Political Secretary).

QUESTIONS AND ANSWERS.

APPOINTMENT OF COLONEL NEEDHAM ON THE STAFF OF THE RAILWAY BOARD.

1198. ***Mr. N. M. Joshi:** (a) Will Government be pleased to state whether it is a fact that Colonel Needham has been appointed on the staff of the Railway Board?

(b) If so, when was he appointed, what are his designation and emoluments and what kind of work has he been entrusted with?

(c) If the answer to (a) above be in the affirmative:

(i) Will Government be pleased to state whether the post to which Colonel Needham has been appointed is an old one or a new one? If the former, who was his predecessor in office? If the latter, why has that post been created and is it a permanent one or a temporary one?

(ii) Will they be further pleased to state whether the question of his appointment was placed before the Railway Finance Committee for their opinion? If so, what is their decision? If not, why not?

The Honourable Sir Charles Innes: (a) to (c). Colonel Needham's services have been obtained temporarily, with effect from the 1st January 1925, by the Railway Department for the purposes and on the terms already explained in reply to question No. 1067 on the 3rd March. The Railway Finance Committee were not consulted, but if Colonel Needham's proposals involve additional expenditure they will be placed before the Railway Finance Committee.

Diwan Bahadur M. Ramachandra Rao: May I ask what necessity there was for this new appointment?

The Honourable Sir Charles Innes: I think it was made when the Railway Standing Finance Committee was not sitting. As there was only a small expenditure involved we did not place it before that Committee.

Diwan Bahadur M. Ramachandra Rao: For what period is this appointment?

The Honourable Sir Charles Innes: For one year.

CONTINUATION OF THE SERVICES OF COLONEL NEEDHAM IN HIS FORMER APPOINTMENT AS DEPUTY DIRECTOR GENERAL, INDIAN MEDICAL SERVICE.

1199. ***Mr. N. M. Joshi:** (a) Will Government be pleased to state whether Colonel Needham was serving the Government of India in any of their Departments? If so, where and how long was he serving there and what work had been entrusted to him in that Department?

(b) If the answer to (a) above be in the affirmative, will they be further pleased to state the reason why the same Department did not continue his services?

Mr. J. W. Bhore: (a) Yes. He was employed under the Director General, Indian Medical Service at Simla and Delhi as Assistant Director General, Indian Medical Service, and Deputy Director General, Indian Medical Service, for about 8½ years between 1914 and 1924.

(b) His services were placed temporarily at the disposal of the Railway Department for a period of one year, with effect from the 1st January 1925. on the expiry of the tenure of his appointment as Deputy Director General, Indian Medical Service.

EXEMPTION FROM TAXATION OF THE INHABITANTS OF BHAGUR VILLAGE INCLUDED WITHIN THE CANTONMENT AREA.

1200. ***Mr. N. M. Joshi:** (a) With reference to the reply given to my question No. 730, answered on the 3rd February 1925, will Government be pleased to state whether by their decision to keep some portion of the Bhagur village lying to the north of the railway line within the Cantonment area, the people living in that part are liable to pay any taxes under the Cantonment Act? If so, which are the taxes that will be levied upon them and what will be the approximate amount of taxation that each of the 82 inhabitants will have to pay?

(b) Will they be further pleased to state whether they have ascertained that the incomes of these 82 people are such that they can bear this new taxation? If so, what is the average income of each individual? If not, will they take immediate steps to inquire into the matter and lay the result of their inquiry on the table? If not, why not?

(c) If the answer to (a) above be in the affirmative, are they prepared to take immediate steps either to exclude the said portion from the Cantonment area or to impose no taxes upon the people living there? If not, why not?

EXEMPTION FROM TAXATION OF SHOPKEEPERS AND HAWKERS ATTENDING THE FAIR AT BHAGUR VILLAGE.

1201. ***Mr. N. M. Joshi:** (a) Will Government be pleased to state whether they are aware that a big fair is held twice a year in and around a Hindu temple in the portion of the Bhagur village lying north of the railway line?

† For answer to this question see below question No. 1201.

(b) If the answer to (a) be in the affirmative, will they be pleased to state whether the shopkeepers and the hawkers going there in the days of the fair, are liable to pay any taxes on account of the said part being included in the Cantonment area? If so, what will be the approximate amount of taxation that each shopkeeper and hawker will have to pay?

(c) If the answer to (b) be in the affirmative, are they prepared to take immediate steps either to exclude the said portion from the Cantonment area or to impose no taxes upon the shopkeepers and hawkers? If not, why not?

(d) Will Government be pleased to state whether the shopkeepers and hawkers referred to in part (b) will require to take previous permission to go to the fair and open their shops? If so, are Government prepared to exempt them from taking this permission? If not, why not?

Mr. E. Burdon: With your permission, Sir, I propose to answer questions Nos. 1200 and 1201 together.

The Government of India are making inquiries. I will let the Honourable Member know the result as soon as possible.

REDUCTION OF THE WORKING HOURS OF GUARDS EMPLOYED ON GOODS TRAINS RUNNING BETWEEN GONDA AND CAWNPORE ON THE BENGAL AND NORTH-WESTERN RAILWAY.

1202. ***Mr. N. M. Joshi:** Will Government be pleased to give the following information:—

- (a) (i) Is it a fact that the guards working on the goods trains between Gonda and Cawnpore (Bengal and North-Western Railway) have to work nearly 24 hours continuously for the completion of their journey?
- (ii) If so, do Government propose to take immediate steps to reduce their working hours?
- (iii) If not, how many hours do these guards work every day?
- (b) Is it a fact that these guards are held responsible and made to pay for the thefts that take place when the trains are in motion? If so, how many guards were made to pay last year for such thefts or what other kind of punishment was meted out to them?

The Honourable Sir Charles Innes: Government have no information. They will, however, send the Honourable Member's question to the Agent, Bengal and North-Western Railway, for consideration.

MAXIMUM SALARIES OF EUROPEAN AND INDIAN GUARDS ON THE BENGAL AND NORTH-WESTERN RAILWAY.

†1208. ***Mr. N. M. Joshi:** (a) Will Government be pleased to state the highest salary that an Indian guard gets on the Bengal and North-Western Railway and the highest salary that a European guard gets on the same Railway?

(b) Will they be further pleased to state the year when the guards in class C on the same railway were given an increment in their salaries?

† For answer to this question see below question No. 1204.

PROVISION OF QUARTERS FOR THE RUNNING STAFF ON THE BENGAL
AND NORTH-WESTERN RAILWAY.

1204. *Mr. N. M. Joshi: (a) Will Government be pleased to state whether it is a fact that all the running staff on the Bengal and North-Western Railway are not provided with quarters? If so, why? And how many of the total number of the whole staff not provided with quarters are Indians, and how many are Anglo-Indians and Europeans?

(b) Will they be further pleased to state whether it is a fact that those of the staff on the same railway who are provided with quarters, are required to pay rent? If so, why? And how many of them are Indians and how many Anglo-Indians and Europeans?

The Honourable Sir Charles Innes: With your permission, Sir, I propose to answer questions Nos. 1203 and 1204 together.

Government have no information on the subject. They feel that they must leave matters of this kind to the Company, which not only manages the Railway in question but also owns the greater part of it.

THE INDIAN FINANCE BILL.

The Honourable Sir Basil Blackett (Finance Member): I beg to move:

"That the Bill to fix the duty on salt manufactured in or imported by land into, certain parts of British India, to remit or vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to reduce the import and excise duties on motor spirit, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration."

I do not think it is necessary, Sir, at this stage that I should make any further speech on this subject. I will therefore confine what I have to say now to moving the motion.

Mr. V. J. Patel (Bombay City: Non-Muhammadian Urban): Sir, I rise to oppose the consideration of this Bill. The Assembly will remember that last year this time they rejected the Finance Bill introduced by my Honourable friend Sir Basil Blackett for reasons with which the House is familiar. The condition of things has not materially changed for the better since then, and, indeed, nothing has happened since then which should justify this Assembly in changing the policy which they had adopted on the occasion of the last Finance Bill. On the contrary, if anything, things have gone worse. Government have not only made no response to the demand for a round table conference, the refusal of which was regarded as a ground for the rejection of the Bill last year, but have since deliberately ignored several Resolutions passed by this House. It is, therefore, the paramount duty of this House once again to rise to the occasion and throw out the Finance Bill. Sir, so long as the people of this country have not got a voice in the raising and expenditure of taxation, this Assembly, consisting of the representatives of the people, are not justified in giving their moral or legal support to any measure of this kind.

I will place shortly before the House the reasons why I say that the condition of things has not changed for the better, but, if anything, has gone worse since we rejected the Finance Bill last year. Let me take the recent events first. We had during the last few days a discussion on the

Demands for Grants in respect of the Railway Department. We passed several votes of censure on the Railway Administration, notably among them being the policy of the Railway Administration in not appointing an Indian on the Railway Board. We carried that motion by an overwhelming majority. The Government had with them the Resolution, which goes by the name of the Convention Resolution an integral part of which was that an Indian should be appointed on the Railway Board as early as possible. No effect had been given to that Resolution by my Honourable friend, Sir Charles Innes, who represents the Railway Board here, and the Assembly had consequently at the time of discussing the Railway Budget to pass this vote of censure on the Railway Administration. (Mr. K. Ahmed: "But Government gave a promise that they were going to consider it.") We know what value to attach to the promises of Government. You know as well. What did they do about your Resolution regarding questions and Resolutions? You remember it very well. Then, Sir, we were told by Sir Charles Innes that a person to be appointed on the Railway Board must either be a Chief Engineer or an Agent of any of the Railways. He must have experience. That means under the present conditions under which we live no Indian could be appointed as an Agent or as Chief Engineer. The appointments are made by the Secretary of State and no Indian has ever been appointed to any such post. So an Indian shall have to be born of English parents both father and mother, before we can hope to have an Indian on the Railway Board. Unless all racial distinctions all over the world are done away with by means of communications, there is absolutely no chance for an Indian to find a place on the Railway Board. Then, Sir, the second vote of censure that we passed on Railway Administration was with regard to the question of the reduction of third class fares. This has been a crying need and we have been protesting for years past against the raising of third class passenger fares and no effect has been given to our repeated demands in this behalf. The Assembly therefore had to take the opportunity of pressing its view once again and passed a vote of censure on that account against the Railway Administration. Then with regard to the Indianisation of railway services. On that question also I may invite the attention of the Assembly to what is known as the Convention Resolution. As an integral part of that Resolution we pressed on the attention of Government that the railway services should be Indianised as fast as possible, and the Assembly found that no serious attempt was made by Government in that behalf, and therefore took the earliest opportunity of once again pressing on the attention of the Railway Administration this question and passed a vote of censure on the Railway Administration.

Then we had the General Budget discussed and the Demands for Grants in connection with that Budget. There we condemned unequivocally the opium and salt policy of the Government of India and passed votes of censure. We condemned the whole Executive Council as at present constituted, irresponsible as it is, and refused to vote supplies to them.

Then, Sir, if we go back to the year 1924, you will find that a number of Resolutions passed from the time we, the Swarajists, entered this Assembly have been ignored by the Government. Take for instance the Resolution regarding the removal of the ban on Mr. Horniman. The circumstances under which he was deported to England are too well known to this Assembly to need any mention at this stage. The man is there for the last 5 or 6 years. The Assembly passed a Resolution in January 1924 and no

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effect has been given to that Resolution by this Government. We are driven from post to pillar, from the Secretary of State to the Bombay Government and from the Bombay Government to the Secretary of State, and no response whatsoever has been made in this behalf, and the poor man is still rotting in England and cannot come out here.

Then, Sir, we come to the Resolution of my friend Mr. Raju regarding the appointment of a Committee in regard to the Territorial and Auxiliary forces. On the recommendation made in that Resolution a Committee was appointed by Government. One might think that some response was made by Government, but now that the report of that Committee is published we find that the recommendations made by that Committee are hopelessly disappointing. You have only to read the interview given by my friend Mr. Raju the author of that Resolution published in the *Hindustan Times* immediately after the publication of that report and you will be convinced that that report is absolutely useless.

Then, Sir, we had a Resolution adopted by this Assembly for the appointment of a Committee to look into the grievances of the great Sikh community, and that Resolution has not only not been given effect to but the policy pursued in regard to the Sikh community by the Government of the Punjab is becoming notorious. The treatment meted out to the Sikh prisoners in Nabha jail was brought to the notice of this House by Pandit Madan Mohan Malaviya only the other day, and Government have made no attempt whatsoever to look into the grievances of the Sikh community and bring about good relations between the Government and that community.

Then we had the Resolution regarding the Indian Sandhurst. My friend Mr. Raju was responsible for that Resolution. He moved for the establishment of an Indian Sandhurst in this country so that India might be prepared as early as possible for the defence of her borders. But what was the reply of His Excellency the Commander-in-Chief? He opposed that Resolution very strenuously and this Assembly ultimately adopted an amendment suggested by my friend Pandit Madan Mohan Malaviya. Again at the time of the general discussion of the Budget, the matter was again referred to by His Excellency the Commander-in-Chief, and he pointedly told us that India was not a nation and that for a long time to come India should not expect a national army. These are his very words. We are here to protest against that remark of His Excellency the Commander-in-Chief. We are told times without number that India cannot have Swaraj unless India is ready to defend herself. When India wants to be ready to defend herself we are told that we cannot have a national army unless we are a nation. This is all a vicious circle. You cannot have Swaraj unless your people are literate and you deny to them the advantages of compulsory education. This is the process in which things are made to move deliberately with a view to prevent the people of this country from being ready to take the management of their affairs in their own hands. Whilst I am on this subject I may mention that we have pressed times without number on the attention of Government the need for the Indianisation of the Army and for the establishment of military colleges to train and prepare officers, and for the reduction of military expenditure. To all these demands of ours a deaf ear has been turned by the Government and no attempt has been made to give effect to the repeated requests by this Assembly in that behalf, so much so that my friend Mr. Jinnah the other day was obliged to speak

out in this Assembly and to tell the Government to their face that he himself doubted the *bona fides* of Government in this matter. I propose to read to you a few lines from his speech.

Mr. K. Ahmed: But he is not voting with you with regard to this.

Mr. V. J. Patel: Please induce him. This is what Mr. Jinnah said:

"Do you honestly, I put this question in all seriousness and in all earnestness, do you honestly wish India to take up the defence of her country within a reasonable time. The answer is 'Yes'. Mr. Burdon said 'We are not inconsistent, we are not negligent'. Sir, let me tell you frankly you are something worse than that. If it was merely negligence, I could forgive you. If it was merely inconsistency I could overlook and forgive you. But let me tell you, and I tell you quite frankly and fearlessly, that the charge against you is that you are not honestly convinced that you should help India to take up the defence of her country. I tell you that it is not merely I who say so, but even sober men who have grown grey, men who have been loyal to the Government of India, men like Sir Krishna Gupta, who have served you, say so too. I would ask the Commander-in-Chief to read his statement in the *Indian Review* of January 1925. What does he say? He doubts your *bona fides*, India doubts your *bona fides*."

His Excellency the Commander-in-Chief: They are wrong.

Mr. M. A. Jinnah: I say they have every justification. You have delayed beyond every reasonable time limit.

His Excellency the Commander-in-Chief: No.

Mr. M. A. Jinnah: Yes, you have. I may tell you you have. You have not made a real, earnest, honest endeavour to enable the people of India to have a proper training in military matters.

His Excellency the Commander-in-Chief: I think we have.

Mr. M. A. Jinnah: You come here with one excuse or another, and you tell us that there is this difficulty and that, that there is this to be done and that to be done."

So even Mr. Jinnah, I say, even Mr. Jinnah, had to tell this Government to their very face that they were not serious, that they did not mean business, that they did not want to prepare the people of this country for its defence. It was because, as Mr. Jinnah put it, that they did not want the people of this country to be ready for defence that they took the attitude which I have just described in regard to my friend Mr. Raju's Resolution.

Then, Sir, there is my friend Mr. Neogy. He is not here I see. He had a Resolution to impose a countervailing duty on South African coal. I should like to know what effect Government have given to that Resolution. None whatever. It has been thrown into the waste paper basket. They do not mean business; they do not want to do anything of that kind.

Then there was the Resolution of my friend Mr. Jinnah for rupee tenders in regard to the purchase of stores. The policy in regard to the purchase of stores has been so often brought to the attention of this House and the Government that I need not dwell on it at all at this late hour of the day. It is too well known to the Members of this Assembly. Government have always refused to do anything in the matter. No substantial advance has been made as suggested in the Resolution of my friend Mr. Jinnah, namely, that tenders should be invited in India and in rupees. There it is. The Resolution remains a dead letter.

Then there was a Resolution by my friend Diwan Bahadur Ramachandra Rao, that certain railway contracts should be placed before this Assembly. and unless they are approved by this House they should not be finally entered into. That Resolution also remains a dead letter, so far as I am aware, unless my friend Sir Charles Innes gets up and tells me that it is

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not so. But as a matter of fact I know that not a single railway contract has been placed before this Assembly, and therefore I am quite justified in saying that that Resolution has not been given effect to by the Government.

Then there is the Resolution regarding the release of Kharak Singh, a saintly public man, a man whom not only the Sikh community but the whole of India reveres. That man is in jail. The Resolution was adopted last year by this Assembly that Mr. Kharak Singh should be immediately released, but no effect has been given by Government to that.

Then I come to the cotton excise duty. This Assembly passed a Resolution last year recommending to the Government that the excise duty should be abolished immediately. Government did not choose to take any action on that. They strenuously opposed that Resolution in spite of the repeated promises given by the Viceroy and other high officials in that behalf. The Assembly had therefore to resort to the policy of refusing supplies for carrying on the administration of that Department, that is to say, to reject the provision for the establishment for the collection of the cotton excise duty. The facts are within the knowledge of the Assembly. We have recently discussed the whole question and it is not necessary for me to go into it. But I will make one remark, that if my friend Sir Basil Blackett has the will, and if he will modify his Budget as we would like to do, he can find plenty of funds. But he refuses to do anything of the kind, and I wish to repeat the charge which some of us on this side of the House have so often made, that it is at the instance of Lancashire that the Government of India do not want to abolish this excise duty. My friend told us the other day that he had some communication with the Secretary of State after the adjournment of the motion of my friend Mr. Kasturbhai Lalbhai; and my friend Sir Basil Blackett further said that the Secretary of State had no objection to the Government of India taking steps to abolish that duty. If that is so, I ask Sir Basil Blackett publicly to produce that correspondence between the Secretary of State and the Government of India. It is all very well to say and evade this Assembly by saying, "Well, we have communicated with the Secretary of State and the Secretary of State says you can do what you like about the cotton excise duty."

The Honourable Sir Basil Blackett: Is it in order for me to be accused of being a liar?

Mr. V. J. Patel: We refuse to believe, Sir, that the Secretary of State has given you full authority to abolish this excise duty. Place the correspondence before this Assembly. Similarly, with regard to currency and exchange, you have been keeping back the correspondence. Since the report of the Babington-Smith Committee we have been repeatedly asking you to publish the correspondence. If your policy is correct, if it is not dictated by the Secretary of State and the big financiers in England, if that is so, then why not publish the correspondence. We have been inviting you so often and making requests for the publication of the correspondence. You have told us in your budget speech that you would like to remove all causes for suspicion from the minds of the public that the currency policy was dictated by Whitehall. If that is so, why not produce the correspondence? That is all we want. We shall be at once silenced if we find that the Secretary of State has got nothing to do with it and that

it is the Government of India which in the best interests of the country have taken up that policy of currency and exchange. But you do not want to produce it. The documents are in your possession and if you do not produce them when required the presumption in law is against you. That is absolutely clear. A request has been repeatedly made by several Members of this House that the correspondence in regard to the exchange policy between the Secretary of State and the Government of India should be placed on the Assembly table. But that request has never been granted, you have always kept it back from us. And if the people of India have a strong suspicion that the policy of the Government of India in regard to exchange is dictated from outside India, from Whitehall, from the big financial concerns in London, then who is to blame? You are to blame. You do not want to produce the evidence that you have got with you.

Then, Sir, I come to the Lee Commission. The recommendations of the Lee Commission were discussed in this Assembly last year. The Assembly rejected those recommendations and asked the Government to give this Assembly an opportunity to go through the evidence on which the Lee Commission came to those conclusions. Government refused to place all the materials before this Assembly, and the Assembly necessarily rejected the recommendations. My friend Mr. Jinnah on that occasion also, in reply to some of us who held the view that it was a waste of public time to discuss those recommendations, stated that he had some hope in the Secretary of State. Some statement was made by the Secretary of State at that time, and he based his hopes on that statement of the Secretary of State and told this Assembly that he would also regard the discussion as a waste of public time if the Secretary of State had not made that statement. But we now know what the Secretary of State did. The Secretary of State has accepted the recommendations of the Lee Commission, the Government of India supported the recommendations of the Lee Commission, and not only have the increments been given to the superior services, but the authorities have gone out of their way to make these increased emoluments non-votable and taken them out of the scrutiny of this Assembly. We have no right to vote on them. If we had the right of voting, we should simply have rejected these additional emoluments. But there it is; you have made them non-votable again. Under the strict interpretation of the Government of India Act only the salaries of officials appointed by the Secretary of State are non-votable, but, true to your traditions to include items which are strictly votable in the list of non-votable items the Secretary of State was moved to put these also in the non-votable list and enable you to take them out of the purview of this Assembly. The Assembly has to consider this, that it is an annual recurring burden of two crores of rupees placed on the tax-payer in India, and in spite of the deliberate opposition of this Assembly to the contrary, you have not only supported the recommendations but you have made those additional emoluments non-votable. That is our complaint.

I come now to the Taxation Inquiry Committee. You appointed a Taxation Inquiry Committee. We wanted an economic inquiry to precede the Taxation Inquiry Committee. We have all along been telling the Government that the economic condition of this country, of the people of this country, is simply deplorable and that it is impossible for the people of this country to bear the taxation on the scale on which it has been levied year after year, and we have been making statements times without number in this Assembly that the average income of an individual is hardly

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Rs. 30 a year. You have been challenging these statements. We have been telling you to appoint a Committee to prove that we are wrong and that you are right, but instead of appointing an Economic Inquiry Committee you have appointed a Taxation Inquiry Committee. (*Khan Bahadur W. M. Hussainally*: "Has not an Economic Inquiry Committee also been appointed recently?") That is not the Economic Inquiry Committee as we wanted it. They have appointed their own Committee. You know the way in which they appoint their Committees to get the sort of Report that they want. That is too well known (Laughter). Perhaps you will remember that in connection with the Resolution of my friend Mr. Raju—was it Mr. Raju—no, Mr. Rama Aiyangar, an amendment was moved by Mr. Goswami that an Economic Inquiry Committee consisting of Members elected by this Assembly, with some experts, should be appointed. No, they have appointed some sort of preliminary Economic Inquiry Committee of three persons—I do not know who they are, I read in some Gazette I think—(*The Honourable Sir Basil Blackett*: "Why not find out?") in spite of the fact that this Assembly had passed a Resolution asking the Governor General in Council to dissolve the Taxation Inquiry Committee and to appoint an Economic Inquiry Committee as we wanted it. What action have the Government taken? Government have not only not dissolved the Taxation Inquiry Committee, but they have gone further and added some experts, or shall I say in-experts, on that Committee to show to the world that they have strengthened that Committee. What we wanted was the dissolution of that Committee. Instead of that, Government continue spending thousands and thousands—I believe this year we had a provision of about Rs. 2 lakhs and odd on that account. (*The Honourable Sir Basil Blackett*: "The House voted on it on Saturday.") How? Through the operation of the guillotine. I wish the House had an opportunity to have its say in the matter. The House had no alternative. Under one big head "Miscellaneous" were included a number of items, and moreover the guillotine was applied, and now you say, the House voted on it. Is that an argument? Is it fair for you to advance such an argument? If the straight issue were placed directly before this Assembly, whether it was willing to vote for the Taxation Inquiry Committee, I say every Indian Member without hesitation would have voted down that amount. You know it, but you do not want to say so; and you take shelter under the guillotine and say that the Assembly has voted it. These arguments will not deceive us. For a time it might deceive some of us, but it will not always deceive us. We know what you are and what your words and promises mean.

Then, Sir, I come to the Bengal Ordinance. Well, no one can speak on this subject without feelings of humiliation and distress. Young men, respectable men, public men, men of high social status, not five or ten but several, about a hundred or more of them, are still in jail, and we do not know where they are and what they are doing. We have been telling you to place them and the evidence against them before a court of law but you will not do that, and you do not release them. You do not want to do anything in the matter. You do not give any explanation to the public how long you will keep them in jail; you simply say that as long as the needs of law and order require their detention, you will keep them. Nothing incriminating has been found in the several searches that have been made in their houses, and yet without any rhyme or reason you have

kept them in jail since October 1924, and you do not give any explanation to the public as to why you keep them. There you are, the Bengal Ordinance is there. Then this Assembly passed a Resolution asking the Governor General in Council to advise the Governor General to recall that Ordinance. What action has been taken? You do not want to take any action. You do not propose to take any action because you can only govern by these methods. That is the long and short of it. So much with regard to the Bengal Ordinance.

With regard to the repeal of repressive measures, the House will remember that only last year we passed a Resolution in this Assembly asking the Governor General in Council to take immediate steps to repeal all repressive measures on the Statute-book. You do not want to take any action, you have not initiated any measure in that behalf. My friend the Home Member there does not take the slightest trouble to bring in a measure in that behalf before this Assembly; and when in response to that Resolution we bring forward non-official measures, then he strongly opposes those measures. There was the Criminal Law Amendment Bill of Sir Hari Singh Gour, who unfortunately is conveniently absent to-day. When that Bill was discussed in this Assembly my friend the Home Member strongly opposed it; not only did he oppose it in this Assembly but he opposed it in the Council of State.

Sir Gordon Fraser (Madras: European): On a point of order, Sir. Is the Honourable Member entitled to accuse the Chair of all this iniquity? The Honourable Member is consistently saying "You" in making these accusations.

Mr. President: Mr. Patel.

Mr. V. J. Patel: Sir, the Government have not given effect to that Resolution regarding the repeal of repressive measures. The Report of the Repressive Laws Committee is now more than two years old and even the moderate, the modest, recommendations made by that Committee have not been given effect to; and when I introduced a small, a very small measure indeed for the repeal of about half a dozen Regulations and Acts, my friend, the Home Member opposed its very introduction, although I thought that we were really establishing a convention in this House that no motion for the introduction of any Bill should be opposed either by Government or by the non-official Members, unless the motion was obviously absurd. But I found that my friend the Home Member got up from his seat at once and opposed my motion for the introduction of that Bill. We will have more to say about it on the 19th, when the further discussion of that Bill will be taken up. I am sure my Honourable friend the Home Member is not going to give me his support in regard to that Bill. His attitude is well known, the attitude of the Government is well known. They do not want to give effect to the Resolutions of this Assembly. They want to flout this Assembly. They want to govern by these repressive measures and not by conciliatory or legitimate methods, that is, they want to govern by means of force. My friend Sir Charles Innes the other day reminded us of the existence of the Commander-in-Chief and his army and asked my friend Pandit Motilal Nehru to go back to Allahabad and meet the Commander-in-Chief there in the battlefield of Allahabad and try there. That is the reply that you give to all our demands. That is the mentality which underlies every act, every move, on the part of the Government. They do not want to do anything.

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Then, Sir, we recently passed Resolutions regarding the grievances of railway and postal employees. What have you done? We do not know what has been done. One of the Resolutions was referred for disposal to the Central Railway Advisory Committee. It was the railway employees' grievances Resolution. I happen to be a member, unfortunately or fortunately, of that Committee and we have never been asked anything about it. We have not been called. Similarly with regard to the postal employees.

Khan Bahadur W. M. Hussanally (Sind Muhammadan Rural): We never passed a Resolution about postal employees.

Mr. V. J. Patel: With regard to that Resolution my friend Sir Bhupendra-nath Mitra promised to meet a deputation of the employees. I do not know what has happened since. This Assembly is in the dark. I am sure they are not going to do anything.

Then came the Resolution of my friend Mr. Raju regarding the appointment of a Committee to go into the question of currency. What have you done about it? Nothing. You know we openly charged you on that day that your intention was to fix the ratio at 1s. 6d. and therefore you were delaying the appointment of the Committee. We wanted the appointment of the Committee forthwith; and perhaps the Committee will be appointed after Sir Basil Blackett goes to England and comes back after consulting some of the financiers there. I do not know what is the idea underlying this delay on the part of the Government in respect of this Resolution. Why don't you appoint a Committee immediately? We have always been telling you about the colossal blunders in regard to your currency policy since the year 1919. You have been trying to justify the position that you have taken, the policy that you have adopted, and we have been challenging you, but you do not do anything in the matter. You do not want to appoint a Committee now, because, as we told you then and we repeat to-day, you want to fix the rate at 1s. 6d. You want a finding to that effect from that Committee, and therefore you delay the appointment of the Committee till the opportune moment comes. You have expressed more than once your opposition to the Bills of my friend Sir Purshotamdas Thakurdas. Although they have not yet reached the stage of consideration, you have already in your speeches, not in connection with the Bills, but in the budget speech and in other speeches, indicated what the attitude of the Government is. We do not know where was the justification for all that, unless you wanted to fix the ratio at 1s. 6d., in spite of the opinion of the commercial world to the contrary.

Then, Sir, with regard to Indians in the Colonies, we know what treatment is meted out to our brothers and sisters in South Africa, in East Africa, in Kenya, in Natal. The Government of India have not been able to help them in any shape or form. They have been making sympathetic statements. The Viceroy received a deputation the other day and made a very sympathetic statement, but the situation is there. People are suffering; they are treated not as human beings, to say the least of it, and yet the Government of India are not in a position to secure the redress of their grievances. If we were free to do what we liked, we could have taken by this time a number of measures, retaliatory or otherwise, to set right the situation. We would have even gone to the length of proclaiming war against those Governments. There you are. The Govern-

ment of India would not move in the matter at all. They merely make sympathetic statements. They would not come into conflict or clash with those Colonies for obvious reasons, and the people are suffering. And yet the Honourable Member who is in charge of the Department concerned is sticking to his post. He does not want to move. I am sorry he is an Indian. My friend resented yesterday some remarks about Indian Members of the Executive Council, but I do repeat once again in this Assembly that these Indians are in the Executive Council of this Government, because they are Indians, not because of their high social status, or literary or other attainments. They are there to represent the Indian point of view, and if they fail to represent that point of view they have no business to be there. Why are they there if they fail to represent the Indian point of view? I want them to represent the real opinion of India. Therefore, if they cannot do that, they must get out. We know what has happened in regard to Indians in Kenya, in South Africa, Natal and other places. My friend Sir Narasimha Sarma is not able to do anything in the matter and he is there. My friend the other day complained that we were very hard on the Indian Members, but what can we do? Here are three Indians knowing full well the public opinion of this country regarding the Bengal Ordinance; they go and give their support to the Viceroy in the issue of that Ordinance. What are we to do? Is there an Indian outside the Executive Council of the Government of India who supports your action in the issue of this Ordinance? And yet there are three people whom you have taken into your inner counsels, whom you have appointed as Members of the Executive Council. They support the Government in spite of the declared opinion of the whole people of India.

Then, Sir, we have taxation, fresh taxation, to the extent of 40 crores, (*Mr. Devaki Prasad Sinha*: "49 crores"), that is since 1913. Since the time of the War it is 40 crores so far as I understand. If it is 49 crores, my friend Sir Basil Blackett will tell me that it is 49 and not 40. I understand there has been new taxation to the extent of 40 crores since the War. My friend Diwan Bahadur T. Rangachariar and his colleagues in the last Assembly gave their sanction to the imposition of all that taxation. They fully co-operated with you. They expected that as soon as conditions changed, there would be reduction in this taxation. Forty crores of new taxation, then you are having 9 crores from provinces by way of provincial contributions, then you are having the interest on the Paper Currency Reserve, you are having the excess over the 40 millions in the Gold Standard Reserve, and what not, I do not know. There are several items which you have been taking on the revenue side, and yet not a farthing of relief to the tax-payers of this country. The whole administration is being carried on on the war basis, although the War is forgotten in other parts of the world, even in England. This administration is run with taxation on a war basis. We have been repeatedly pressing you to reduce your expenditure and to reduce taxation. You would not do it. You do not want to do it. That is the long and short of it.

Then, Sir, I have been complaining during this session of the attitude taken up by my friend Sir Basil Blackett regarding the inclusion of votable items in the non-votable list. I have cited several instances showing that under the Government of India Act, certain items which have been put down in the non-votable list should, as a matter of fact, appear in the votable list. But the only reply is that His Excellency the Governor General has given his sanction to the inclusion of these items in the non-votable list. Then we have been complaining,—and it has been brought

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out very prominently this session,—that large sums of money which should have been charged to capital are being charged to the revenues and a reduced surplus is being shown year after year. Why? Because, if you show a greater surplus, you have got to reduce taxation, which you do not want to do.

Then, Sir, my Honourable friend Mr. Neogy's Bill (I see he has not yet come) on the reservation of railway compartments, which was a very small measure, was opposed by Government. I leave the Assembly to judge the motives underlying that opposition. I leave it at that. (Mr. W. S. J. Willson: "It was thrown out in the Council of State.") Of course, the Council of State is their body. It is not a popular assembly. It is the convenient method of throwing out Bills that this Assembly adopts. The whole machinery is so devised. Our complaint is that we do not want this system of government. You have deliberately devised the Council of State always to support you when things go against you here.

Now, Sir, I come to the response which the Government have made to the demand for a round table conference. It will be remembered, Sir, that Sir Malcolm Hailey, the then Home Member, in reply to the Resolution of my friend Pandit Motilal Nehru stated that the Government were going to appoint a committee of inquiry and if the recommendations of that committee showed that advance within the Government of India Act was possible, the Government were prepared to recommend that advance. But if it was found by that committee that no such advance was possible, then Government were not prepared to commit themselves in any way and kept the question open. That was the stand that my friend Sir Malcolm Hailey took in reply to the Resolution of my Honourable friend Pandit Motilal Nehru. Our point of view was, however, quite different. The idea underlying the whole Resolution of Pandit Motilal Nehru was that the people of India should have the right to determine the constitution best suited for this country. That is why we wanted a round table conference. We want to sit together with you and frame a constitution suited to the requirements of this country. The whole demand of the Assembly on that occasion was based on the principle of self-determination. The Indian National Congress has always taken exception to the Preamble of the Government of India Act which lays down that the British people and the British Parliament are to be the judges of the time and measure of each advance to be made in India. That is a principle which we have never accepted. We have protested against this principle times without number, and we take our stand on the principle of self-determination. We want to determine for ourselves what we want. We might not take the control of the military at present, but it is a matter for us to decide. We might not take the Foreign and Political Department under the present circumstances, but it is a matter for us to decide. It is not for you to say: "No, you do not understand what is good for you. You are not fit to take charge of the Military or Foreign and Political Department." It is not for you to say so. Our quarrel is with the Preamble of the Government of India Act and we have always regarded the qualifying clause of the Preamble of the Government of India Act as an insult to the people of India. I will here refer, Sir, to the exact attitude taken by the Indian National Congress which attitude was repeated in the Resolution of Pandit Motilal

Nehru last year and which holds good even to-day. Before the Joint Parliamentary Committee the Indian National Congress stated as follows:

"We desire, first, however, to state without reservation, that the Indian National Congress cannot accept the assumption contained in the Report on Indian Constitutional Reforms that the people of India are as yet unfit for full responsible government. The principle of self-determination has been accepted by the British Government and its Allies as the essential principle to be applied to all civilised peoples. In the case of India, the immediate grant of responsible government, qualified only by the reservations necessary to its position as an integral part of the British Empire (inclusion in which is a cardinal point in the constitution of the Congress, and is fully adhered to, with insignificant exceptions, by every shade of Indian opinion), is the logical expression of that principle. The question of the fitness of a people to manage their own affairs is not to be decided by such specious considerations as are put forward in the report on the Indian Constitutional Reforms. The principle of the right of every people to govern themselves is the basic fact which must be assaulted, if the right is to be withheld; and, while there may be reasons sufficiently strong to remove it from consideration, if attempt is made to apply it to a barbaric or semi-civilised peoples or races which may be considered to be otherwise disqualified or unequal to such responsibility, these cannot be advanced with regard to a people whose civilisation is the oldest existing in the world, who managed their own kingdoms and empires as large as the British Empire in India long before the establishment of British rule in the country, who possess ancient traditions of democratic government, among whom municipal institutions of an essentially democratic character only ceased to exist after the advent of British rule, whose country is economically in so large a measure self-contained and in need only of free development, and whose claim to the same Imperial protection as that so long enjoyed by the self-governing Dominions is based on the indisputable ground of the immensity of their past and present contributions to the military power and economic welfare of the Empire."

That was the position which the Indian National Congress had maintained before the Joint Parliamentary Committee. That was the position we took up at the Calcutta Special Congress immediately after the publication of the Montagu-Chelmsford report. That was the position which we maintained at the time of the round table conference Resolution and that is the position we maintain to-day. I submit, Sir, that you have no right to say that we shall have so much and more. It is for us to decide how much we shall take and how much we shall not take. That is the position.

Now I come to the report of the Muddiman Committee and say a few words from the above point of view. Sir, I do not find fault with the majority, because I realise that they were restricted by the terms of reference. They could not go beyond the terms of reference. They had to make recommendations and suggest remedies within the four corners of the Government of India Act for any defects or difficulties inherent in that Act. The reply given by Sir Malcolm Hailey to the Resolution of Pandit Motilal was, of course, not a part of those terms of reference, but it has been taken as a part of that reference by my friend Mr. Jinnah and others who form the minority. Strictly speaking, my reading of the terms of reference is that the committee had no power to make any recommendations for any advance. They were not charged with the duty of recommending any advance. Of course if we take into consideration

12 Noon. the statement made in this House by Sir Malcolm Hailey and the further fact that the Government of India themselves had placed a memorandum of the possible advance that could be made within the terms of reference before that Committee, when we take these things into consideration, along with the terms of reference, then the majority or the minority would be perfectly justified in making any recommendations regarding such advance as they thought was possible within the four corners of the Act. But, strictly speaking, it was not their business to suggest

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any advance, even within the Government of India Act, because all that they were charged with was that they were to investigate into defects and difficulties inherent in the working of the Act and to suggest remedies. If those remedies necessarily meant some advance, then of course they were perfectly justified in suggesting them. However that is another matter. So far as the Report is concerned I entirely agree with what my friend Pandit Motilal Nehru has already said, namely, that we disagree with the majority report altogether, and we agree with much of what has been stated by the minority in their report, and we disagree with much more of what has been stated by them. That is the position briefly put by Pandit Motilal Nehru the other day regarding this report. The question is on what points do we agree? We agree with the minority when they say that dyarchy has failed, that the present constitution has broken down, that nothing that could be done to help it will save it. It is gone; it is finished; and that no improvement is possible in that constitution. I repeat we agree when they say that the system of dyarchy on which the Government of India Act is based is unworkable, that it is a complex system, that it is a cumbrous system, a system which has never been tried in any part of the world, anywhere at any time since the beginning of the world. Such is the system you introduced in this country, and the minority has found that that system has failed. That is the recommendation of the minority. So far as I have read the report of the majority, I find that their finding on this question is half-hearted. I cannot make out what they mean. The majority do not know their own mind; they do not expressly say that the dyarchy has failed, nor do they say that it has been successful; they are nowhere. Probably they mean that a sufficient trial has not been given to the system, and therefore it is too early to express an opinion. It is very difficult to say what their recommendation really amounts to; but there is no doubt that they are not in a position to say to-day that the system of dyarchy has been successful. The minority however is quite clear and emphatic that the system of dyarchy has failed. Now in reply to that minority recommendation, all I can say to my friends who have signed that report is, "I told you so." The Indian National Congress told you six years ago that dyarchy was unworkable. It would not work, it was a novel system, it was a complex system, it was a hopelessly cumbrous system; it would never work. We did not go into the Committee simply because we knew what it was. There was no question about it. I have a vivid recollection of one of the members who signed the minority report giving evidence before the Joint Parliamentary Committee and saying that dyarchy in his opinion would be successful. He supported dyarchy and he said he was confident that dyarchy would be successful. After six years working of that system, or say 5 years, I am glad to find that my friend Mr. Jinnah has come to the view which was expressed so often by the leaders of the Indian National Congress

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, it is an absolutely untrue statement to say I ever said before the Joint Parliamentary Committee that dyarchy would be successful.

Mr. V. J. Patel: I may be wrong in my statement

Mr. M. A. Jinnah: It is a false statement.

Mr. V. J. Patel: No, do not say false, do not be in a hurry (Laughter). (Looks up a reference). It is an important point

Khan Bahadur W. M. Hussanally: May I inquire, Sir, if there is any time limit?

An Honourable Member: Show it to Mr. Jinnah after lunch.

Mr. V. J. Patel: I will show it to you and him just now.

Mr. Devaki Prasad Sinha: May I suggest to Mr. Patel that no evidence of it is necessary since Mr. Jinnah is prepared to-day to work dyarchy?

Mr. M. A. Jinnah: That is not the point. The point is Mr. Patel stated that I said before the Joint Parliamentary Committee that dyarchy would be successful.

Mr. V. J. Patel: (Reading questions by Mr. Montagu and answers by Mr. Jinnah):

Q.—Do you wish that those Indian members should be Ministers at the outset?

A.—Yes.

Q.—Or do you wish that they should be members of the Executive Council?

A.—No; Ministers just like the Provinces. I attach very great importance to the beginning being made in the Central Government. I attach the greatest possible importance to it. I say that if you really want us to work it should be done.

Q.—They should be Ministers?

A.—Yes.

Q.—Therefore you have no fear yourself whatever that dyarchy is unworkable?

A.—Well, yes, I am convinced that dyarchy is the only possible way out of this difficulty that we have to face.

Q.—There are Indian witnesses, who have been before this Committee, whom you have probably heard, who are doubtful about dyarchy?

A.—I am not doubtful. I think myself it is bound to succeed."

If this is the evidence of Mr. Jinnah

Mr. M. A. Jinnah: Sir, if Mr. Patel takes one paragraph and quotes only that, I say it is an absolute misrepresentation. I started with this proposition, was there any other alternative? There being no other alternative that we could suggest, I said under the circumstances this was the only position to take up.

Mr. V. J. Patel: I will once more read this last question:

Q.—There are Indian witnesses who have been before this Committee, whom you have probably heard, who are doubtful about dyarchy?

A.—I am not doubtful. I think myself it is bound to succeed."

I leave the Assembly to judge who is right and who is wrong. However that is not the question. I am glad that, after five years' experience of the working of dyarchy, my friend Mr. Jinnah and those who have signed the minority report, and all the Moderate leaders who have actually worked the dyarchy, have come to the one and obvious conclusion, the only conclusion possible, that dyarchy has failed, and that nothing one can do will save it.

Mr. B. Das (Orissa Division: Non-Muhammadan): But, Sir, is it not a fact that Mahatma Gandhi wanted to work dyarchy before the Jalian-wala Bagh tragedy and the Rowlatt Act?

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan): That has nothing to do with the question and is not quite true.

Mr. B. Das: But Mahatma Gandhi wanted to work the Reforms in those days.

Mr. V. J. Patel: You have worked it and you have found what it is worth. Experience has taught those who thought that dyarchy would succeed, experience has shown them that it has failed and that nothing you can do will save it; and therefore with that part of the minority's recommendations we on behalf of the Swaraj Party entirely agree. And the second part with which we agree is this. They say that a complete overhauling of the Government of India Act is necessary and with that finding also we wholeheartedly agree. We also agree with one recommendation of the Honourable Sir Alexander Muddiman and his friends. They say that no advance which they could recommend within the terms of reference or within the terms of the Government of India would satisfy Indian public opinion. That recommendation is quoted with approval by the minority in their report and with that we entirely agree. The recommendation of both the minority and the majority is that no advance which they could suggest within the terms of the Government of India Act would satisfy Indian public opinion. This is wholly true. The United Provinces Government say the same thing; the Bihar and Orissa Government also have no doubt about it. I will just quote what the United Provinces Government have to say about it:

"The Governor in Council concludes that the answer to the whole inquiry may be summed up in the statement that there is no half-way house between the present and the new constitution. He expresses no opinion on the demand for the latter, but he is clear that concessions which fall short of complete provincial autonomy will placate no section of the opponents of the existing system; that they will secure neither stability nor contentment; and that they will lower the efficiency, already impaired, of the administration."

Then, Sir, at page 187 of this report, the opinion of the United Provinces Government is again quoted as follows:

"The transfer of all these subjects would not satisfy any section of Indian politicians. On this point the repeated declarations of prominent Liberals leaves no room for doubt. The opposition to the present Constitution would be in no way weakened; on the contrary, it would be strengthened in the measure of success achieved; while the capacity of the Government to resist further concessions would be correspondingly diminished."

That is what the United Provinces Government say. The Bihar and Orissa Government observe:

"Whatever defects exist are inherent in the system itself; and this raises the main point which is the keynote of the discussion. Assuming that a further step in advance is contemplated, on what grounds is this step going to be taken in order to make dyarchy more workable? It is workable now, though creakily. The few minor remedies suggested above may cure a creak or two but they will affect the larger questions in no degree whatsoever. The real issue is: Are we going to pacify at all costs our clamant critics? If this is the object to be sought, not one of the few minor remedies suggested above will influence them one jot or tittle. They will be satisfied with nothing but the disappearance of dyarchy and in its place the substitution of what is popularly known as provincial autonomy. That as already emphasised is the real issue which has to be faced."

That, Sir, is the position. The minority as well as the majority, as well as the Local Governments whom I have quoted, all come to the only conclusion, namely, that no recommendations which the Committee could make, within the four corners of the Government of India Act, would

satisfy Indian public opinion. The question of questions therefore is: Are you or are you not going to satisfy Indian public opinion? That is the question you have got to solve and that is the question which was raised by the Resolution of the Honourable Pandit Motilal Nehru last year in regard to the round table conference. Are you or are you not going to satisfy Indian public opinion? The majority, the minority, the Bihar Government as also the United Provinces Government all agree that no advance that could be devised within the Government of India Act would satisfy Indian public opinion. And therefore the minority goes further and says that a complete overhauling of the Act is called for. This in my opinion follows as a matter of course without their saying so. If no advance within the four corners of the Government of India which is likely to satisfy Indian public opinion is possible and if Indian public opinion is to be satisfied, then it goes without saying that the Government of India Act must be entirely overhauled.

The Honourable Sir Alexander Muddiman (Home Member): I am sorry to interrupt my Honourable friend but I have a grievance against him. He did not quote quite correctly from the report. What the majority said was as follows:

"We are all satisfied that no recommendations which we may make within the terms of our reference will satisfy all sections of political opinion." p. 76, para. 92.

Mr. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Was that the reason that no recommendations were made, that you wanted to satisfy all sections of political opinion?

The Honourable Sir Alexander Muddiman: I am merely correcting what will be obvious to the House was an incorrect quotation by my Honourable friend Mr. Patel.

Mr. V. J. Patel: I want to satisfy myself whether I am right or wrong. This is what the minority say at page 186.

The Honourable Sir Alexander Muddiman: I am not concerned with what the minority said. I am concerned with what the majority said.

Mr. V. J. Patel: What your colleagues in the minority report think about your recommendations is what I am quoting. If their interpretation is wrong, I am also wrong. The minority say the majority of the Committee think that no recommendations within the terms of reference would satisfy Indian public opinion. That is the interpretation of the minority on the recommendations of the majority and I take my stand on it. If my Honourable friend Mr. Jinnah and his friends have misunderstood the recommendations of my Honourable friend Sir Alexander Muddiman and his friends, it is not my fault.

The Honourable Sir Alexander Muddiman: Will the Honourable Member agree that the recommendations of the majority will be found in the majority report? If so, will he read, I ask in common fairness—it is no use misstating facts—page 76, paragraph 92, where we make our actual recommendations. I am not asking from him as to any inference which can be drawn from them: let us have the facts as they are set down there.

Mr. V. J. Patel: I must leave my Honourable friend Sir Alexander Muddiman to Sir Sivaswamy Aiyer, Mr. Jinnah and Dr. Paranjpye to settle matters between themselves. I put the same construction on the

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recommendation of the majority that the minority do. In the report the minority clearly tell us that the majority think that no advance which they could suggest within the terms of reference or the four corners of the Act would satisfy Indian public opinion. That is the interpretation which they have put, and you will excuse me if I claim the right to put the same interpretation. If I am in the wrong I am in good company.

The Honourable Sir Alexander Muddiman: My Honourable friend prefers hearsay evidence to the document itself. I doubt if the House will agree that he has met my point. .

Mr. M. A. Jinnah: I shall point out to my Honourable friend Mr. Patel how he has misrepresented me about this very report. I will do so when my time comes and I ask the Honourable Member really to be more fair to those who do not agree with him.

Mr. V. J. Patel: Well, I have quoted you word for word. If anything has been left out, you can quote more.

Mr. M. A. Jinnah: I shall show how you have misrepresented me.

Mr. V. J. Patel: Sir, I have used Mr. Jinnah's own words. If he wants to add anything I have left out, he is at liberty to do so.

Mr. M. A. Jinnah: No, I will not.

Mr. V. J. Patel: Will he kindly bring them forth and draw any other inference from the words he likes. However, that is not the question. We of the Swaraj Party agree that the present system has failed, that the constitution is unworkable and that no advance which any committee could suggest within the terms of the Government of India Act would satisfy Indian public opinion. There we agree, we have no quarrel with that recommendation.

(At this stage Mr. President vacated the Chair which was occupied by Mr. Deputy President.)

Thank you, Sir, because I will get some more time (Laughter). The second recommendation with which we agree is that the whole of the Act requires to be overhauled. The majority do not make that recommendation. I do not know why. Probably, they do not want to satisfy Indian public opinion and therefore they refrain from making that recommendation, while my Honourable friend, Mr. Jinnah, and those who have joined him, are of opinion that the public opinion must be satisfied and therefore they go further and say that the Act should be completely overhauled. With that recommendation of the minority we also agree. But the method by which it should be overhauled, the particular manner in which it should be overhauled and the extent to which it should be overhauled, are questions on which Mr. Jinnah will pardon me for saying so, we have our differences with the minority. We cannot support any suggestion for a Royal Commission, because that goes absolutely against the principle of self-determination which we claim should be applied to India and for which we are fighting for so many years. We want the right to determine our own constitution. We want to say what is good for India and what is not.

and we do not want a Royal Commission to take the trouble of coming over from England, stay here for months, meet this functionary and that, this official and that, this public man and that, and then finally draw up a report which will either go back upon the Act or advance further. We want to sit down with the Government or with Parliament—the leading men of Parliament, the British Cabinet—and think over the matter and come to some definite decision as to what is best for India, because we have never said that we want to go outside the British Empire. It is ultimately the British Parliament that has got to pass the necessary legislation. In the Resolution of my Honourable friend Pandit Motilal Nehru it has been clearly stated that the round table conference should frame a constitution, get the approval of a newly elected Legislature of this country, and ultimately ask the British Parliament to adopt that legislation. We have not ruled out the jurisdiction of the British Parliament in this matter. We have not yet declared, and I hope that the time will not come when we shall have to declare, that we propose to go out of the British Commonwealth. That is not the position that we take up at present. So long as we propose to remain within the British Commonwealth, we are bound to go to the British Parliament for the final legislation, just as Canada did for itself. The constitution for Canada was drawn up by her representatives and the Parliament of England was asked to put it on the Statute-book and that was done. That is what we want. A similar privilege we claim, a similar right we claim, and that is the only self respecting course for us to adopt. That being the position, we say that the recommendations of the minority have failed to take note of the fundamental principles on which we have based our claim all along. The recommendations of the majority are to say the least not worth the paper on which they have been written. I wish they had not taken the trouble to write that report. They suggest the transfer of what? Of Gas! We do not want that. Let them keep it themselves. They say Boilers should be transferred. Whether Presses should be transferred or not is a question which requires consideration. These are some of the recommendations of my Honourable friend, Sir Alexander Muddiman and his friends. Such is the advance within the Government of India Act which they suggest. My Honourable friend, Mr. Jinnah, while maintaining that no advance within the terms of the Government of India Act would satisfy Indian public opinion, very rightly suggests that the majority though they thought they were bound down strictly to the terms of reference at any rate, should have recommended that all subjects except law and order in the provinces should be transferred. Sir Tej Bahadur Sapru goes further and says, "I do not object to their transferring any more subjects, but I shall not myself recommend transfer of any subject because I know that even if some subjects are transferred dyarchy is not going to work. No transfer of a few more subjects will keep dyarchy alive. It is bound to fail, and therefore it is no use my recommending the transfer of a few more subjects." He has taken the only possible stand that could be taken under those circumstances. On the whole, Sir, what I contend is that, although we agree with much of what the minority has said in its report, we disagree with much more of what has been said in those recommendations. Some of the points of our difference were stated by my Honourable friend, Pandit Motilal Nehru, the other day and I do not want to go into them now. One thing I should like to point out and it is this. Personally speaking, I am strongly opposed to the reservation of the control of the military and the military expenditure with the

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irresponsible bureaucracy. So long as the control over the Army Department and the army expenditure is not transferred to the representatives of the people of India, it is absolutely impossible for the people of this country to be ready for self-defence.

Pandit Shamlal Nehru: What about law and order?

Mr. V. J. Patel: It will take care of itself. You are there. (Laughter.) The minority unfortunately seems to agree with the view that the subject of defence should remain reserved with the Governor General. With that recommendation I am not in agreement, because I feel very strongly that if India is ever to be prepared for defence, then the military should be among the first subjects that should come under the scrutiny of this House. Unless that is done, it is absolutely hopeless to expect that we shall ever be prepared for self-defence. As my Honourable friend, Mr. Jinnah, the other day very rightly pointed out, the Government do not intend, do not mean to prepare this country for self-defence. He charged them with want of *bona fides*. In those circumstances, is it or is it not right for the people of this country to insist that the control over the military and the military expenditure should be among the first subjects that should come under the control of this Legislature? I am sorry that my Honourable friends have stated in their minority report that ability to defend is vital to political advance. I do not agree with that recommendation. I would refer my Honourable friend Sir Sivaswamy Aiyer to his own statement in his little pamphlet, the "Self-defence of India." He says:

"Here I may point out the bearing of this question of the Indianisation of the army on the grant of responsible Government. It is necessary to point out, in the first place, that if the goal of full Responsible Government requires that India shall be eventually able to undertake her own defence, it does not necessarily follow that the ability for self-defence should fully develop before Responsible Government can be conceded."

Then he goes on:

"A resolution of the House of Commons in 1802 laid down 'that while it was recognised that all parts of the Empire must have Imperial assistance against danger resulting from Imperial policy, the responsibly governed colonies should, as far as was possible, bear the expenses of their own internal defence and ought to assist in their external defence.' The imperial forces maintained by the colony were not withdrawn immediately upon the grant of responsible government without consulting the needs of the colony or so as to cause them embarrassment. It must be remembered that while self-governing colonies made no contribution to the cost of the military forces maintained by the Imperial Government India has always shouldered the expenditure required for her defence, external as well as internal. The forces required for both these purposes have always been maintained by India at the cost of the Indian exchequer. The pecuniary obligations of self-defence having always been fulfilled by India, she may reasonably claim that the grant of responsible government should not be delayed on the ground that she may not be able to officer her own army with Indians. The inability cannot be ascribed to any fault of ours and we are anxious that it should be removed as early as possible consistent with the requirements of training and experience. The complete Indianisation of our army is not thus a *sine qua non* for the grant of responsible government."

That being the position, Sir, and as we do not believe that the Benches opposite mean to prepare this country for self-defence, the first thing necessary is that military expenditure and the control of the military should be with the representatives of the people, otherwise we shall never be ready for self-defence. Of course I realise that once we get the control of the Army it will take some time before we completely Indianise the

Army and be ready for self-defence but it has got to be remembered that we are a part of the British Commonwealth and if India helped England and her Allies during the last war, India expects that in her hour of trouble England will also come to her assistance. It is not that India stands by herself in this world. She is a part of the Commonwealth of nations and I am sure that if India is granted responsible government to-day we do not want the Britishers to go away from here to-morrow bag and baggage. That is not our intention, and I hope they will remain. I trust they will remain. I will beg of them to remain. I do not want them to go away. I want them to remain as our equals and not as our masters, but the truth is that those Britishers who are opposed to the legitimate aspirations of the people of this country for freedom may as well walk out while those who really want to serve humanity and serve this country are perfectly welcome. During the transition period we can rely upon the help of a large number of Britishers who are at present serving in the civil and military administration of the country and who really mean well by the people. We are not going to ask them to walk away to-morrow. As soon as we get control of the Army, the first thing we shall proceed to do is to Indianise the Army on a large scale. We shall reduce the expenditure to a large extent and utilise the saving for nation-building purposes. There is a large room for reduction in the military expenditure. That shall be our first concern, the first concern of the responsible Legislative Assembly. We shall open not one or two but a dozen Indian Sandhursts in this country. We shall send our best young men to Germany, to America, to Belgium and other countries for military training. We shall invite the best military experts from other parts of the world to train up our young men. What is the difficulty? What did Japan do? Japan in the course of a few years became a first class military power in the world. Give us the control and there will be no difficulty, but so long as you do not give us that control, we shall not vote supplies to carry on the administration. I think it is the solemn duty of every Indian Member of this Assembly to refuse supplies to a Government, which is so irresponsible, which is so unyielding and deficient in spite of a number of votes of censure passed against it. I therefore trust that no Indian Member will give his consent to the passing of the Finance Bill.

Mr. Bipin Chandra Pal (Calcutta: Non-Muhammadan Urban): Logically, Sir, having passed the Demands we are committed to the principle of the Finance Bill. Those of us who have voted for the passing of those Demands have committed ourselves to it in a general way; but there are two occasions when this House has an opportunity of discussing freely without any time limit the constitutional issue before the country. (*A Voice*: "Be brief.") I will give my friends the assurance that I will not tire their patience during the rest of the ebbing hours of this day by making a long speech. But, Sir, the situation is peculiarly important. We have heard mention in the lobby of the House during the last fortnight or so of the proposed visit of His Excellency the Viceroy to England to hold consultations with the Secretary of State and the British Cabinet there in regard to the Indian situation and how this situation can be best faced or met. We have heard it in the lobby of the House that this year's budget debate and the debate on the Finance Bill has a peculiar importance attached to it in view of this visit, and we have always thought during the last fortnight that every party on this side of the House has been anxious to take advantage of this occasion to

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make their position absolutely clear to His Excellency the Viceroy and to the Secretary of State for India in England and the Cabinet there in regard to the demand for constitutional advance; and they want that judgment shall not go by default against them on account of any lack of clarity or strength in the presentation of their case. This, Sir, is my excuse for intervening in this debate, at this moment. The situation is, to our mind, very critical. We know the situation from the inside. We know it, Sir, not from police reports or from the secret dossiers of their agents but we know it from direct personal contact with the movements and we know this that the situation is very critical and in view of this critical situation it is absolutely necessary in the interest of the Government as well as in the interest of the people that the truth, the whole truth and nothing but the truth should be known to the authorities responsible for the future government of this country. And what is that truth? The truth really is that the vast majority, by far the largest body of political opinion in this country is, in the first place, not anxious to break away from the British connection. Even my friends the Honourable Mr. Patel and Pandit Motilal Nehru—none of our Swarajist friends are committed to break up the British connection by force. They have accepted frankly, honestly, publicly and unequivocally, that self-governing Dominion status is the objective of their obstruction.

Pandit Motilal Nehru: Immediate objective.

Mr. Bipin Chandra Pal: Immediate objective? Of course, immediate objective, but whatever distant objective there may be of our present political or national evolution, that objective is upon the knees of the gods. And I personally think, so far as my poor vision goes into the far distance, the world is moving towards an ideal not of isolated sovereignties but of federal sovereignties. The world is not moving towards breaking up into small principalities or large all-devouring empires, but the world is moving definitely, if historic evolution has any meaning or purpose in it, towards a larger federation of humanity politically and culturally and in every other department of life than what the world has as yet known. The immediate objective is self-governing Dominion status with a view to get our legitimate and rightful place as an equal among equals in the British Commonwealth of nations. That is our immediate objective, I will say, to please Pandit Motilal and his friends. But what next? The next is world federation where Asia and Europe and Africa and all the races of mankind shall be joined together as one people for their own profit and the glory of God. That is, Sir, the far-distant objective and not isolated empires trying to cut each others' throats. Shall we be like the militarist empires of Europe? Is that what is supported by your own ancient culture and civilization, to go and rob everybody that has something to be robbed of, or cutting everybody's throat whom your sword can touch? That is not the ideal of Indian culture. That was not the ideal of empire when India did dream of an empire in the days of Asoka. Ours was not the ideal of isolated cut-throat Imperialism. Ours was the ideal of universal federation, universal fraternity and universal humanity. That is the ultimate objective. That is our ultimate objective, but the immediate objective, as a step towards that universal federation, is to enter the federation of the British Commonwealth upon equal terms, upon honourable terms, as an equal member with the other members of this federation, including Great Britain herself. Now, Sir, that is the objective of every school of Indian

politicians. I hope, I hope and I trust, and I beg of His Excellency, when he goes out to London not only as the representative of the Executive Government in India, but as the moral spokesman of the people who have been committed to his charge during these four years, that he will make it clear to the Secretary of State for India and to the British Cabinet that there is absolutely, so far, no serious movement in India desiring to forcibly break up the British connection. I hope His Excellency will make that clear. That is the clear verdict of this House, though some may look to the gallery and with an eye on the idol of the market-place, try to confuse that ideal in putting the adjective "immediate" before this ideal. Now, Sir, that is the first thing. Let us be clear upon this point. We do not want to break up the British connection, and why? Not out of regard for British susceptibilities, but because of the fact that it has been already recognised in course of the last decade or so, because it has been already established in practice that these partner states are sovereign states. All the self-governing Dominions are accepted as sovereign states by the British Cabinet. They are sovereign states; and if we have the status of sovereign national states, the same status as Canada or Australia or the other parts of the self-governing Empire, then we shall be as independent as any nation can legitimately want to be. And our ideal,—our practical needs and the demands of our ideal, both combine to lead us to accept the maintenance of the British connection as a legitimate part of our natural ideal. But if that connection is to endure, the present subjection must go. If this connection is to endure, this subjection must go, let there be no mistake or confusion about it, and the sooner this subjection goes the greater will be the chances of the endurance of this connection. If you prolong this struggle between the will to freedom of the Indian people and the will to domination of the Treasury Benches—if you continue this struggle, then it will pass out of our hands. The issues will pass entirely out of the hands of Indian statesmanship. You talk of the bomb thrower, you talk of the political assassin, you talk of the political revolutionary. Now, Sir, they have not as yet developed any physical menace in this country. But they are a moral force; they are a spiritual force. It is the spirit of revolt that creates, the spirit of revolt not in one individual but the spirit of revolt in the whole nation, it is the spirit of revolt in 370 millions of people, not patent but latent, working subconsciously in them, which creates the bomb thrower and the revolutionary. And as long as that spirit of revolt is there, there is danger to the continuance of the British connection. It is for this reason that we ask you, we beseech you, in your interest and in our interest, to make haste to solve this problem. But you say, there are difficulties. We know there are difficulties. If there were not difficulties you would not be here and my friend Mr. Patel would not be there. There are difficulties. (*A Voice*: "What are they?") I will come to that. The first difficulty is my Swarajist friends. (*Laughter*.) They are the first difficulty, because they are creating an atmosphere in the country which does not make for reconciliation but makes for the continuance of the conflict. (*A Voice*: "We have been trying conciliation for 50 years.") (*Mr. Chaman Lall*: "May I ask what the Honourable Member himself has been doing all his life?") Quite true. I will answer that question of my Honourable friend Mr. Chaman Lall. (*A Voice*: "May I remind him . . .") One question at a time please (*Laughter*).

Mr. Deputy President: Will the Honourable Member go on in his own way and not mind the interruptions.

Mr. Bipin Chandra Pal: You might ask me, Sir, if that is your ruling, to sit down. You might ask me, if somebody should scratch my feet, that I should not give a kick. Nature works, Sir, automatically. Now, Sir, the whole question is this. (A Voice: "Has the Honourable Member come here to kick?") (Cries of "Order, order.") No, only if you scratch my feet. You are not scratching my feet. You are scratching my back only now. Now, Sir, the whole question is this. It has been asked, what I have been doing. Creating complications? I tried to rouse the sensitive patriotism of the people when they were asleep. I tried to rouse the self-consciousness of the people when there was no self-consciousness in them. I tried to quicken the political sense of my people when political sense was more or less dormant or practically dead. I tried to create conflict with a view to evoke self-consciousness. But once the self-consciousness is awakened, to keep up the conflict is copy-book politics, Sir. I created the conflict certainly. My friend Pandit Motilal as an experienced lawyer who has fought many cases and compromised perhaps a few if not many—did he present the terms of his "sulenama" at the time he presented his complaint to the court? He first tried to frighten his opponent into a reasonable mood. (A Voice: "That is what you did?") Yes, Sir, I did that.

Pandit Motilal Nehru: My friend need not foist his tactics upon me, Sir.

Mr. Bipin Chandra Pal: No, he does not try to frighten. He does not try to frighten the Government. What were those tactics he employed to induce a reasonable frame of mind? What was the meaning of my friend's tactics last year when he threw out the Budget and we had that war dance over the body of the last Finance Bill here? What were his tactics? (Pandit Sham Lal Nehru: "What were your tactics in 1907?") He wanted to create an impression upon the Government, that is, to impress the Government with the strength of the obstruction or the opposition which he commanded. That was what he tried. And we had to try, Sir, in 1905-1906 to create an impression upon the Government, that we were not so weak as they thought us to be, and they twitted—it is on public record—they twitted the youth of Bengal out of the infamy of his physical cowardice into being a bloody revolutionary. They drove the youth of Bengal into the revolutionary camp, that was the work of the Government not ours. But having awakened this consciousness in the country, having quickened this political sense in the country, I do not think there is any justification in carrying on the conflict needlessly any further. We ought to put our heads together now—the representatives of the Government and the spokesmen of the people—to find a way out of the *impasse* in which the Government and the people find themselves. We ought to put our heads together now to find a way out of these difficulties which face us to-day.

I have been asked, what are the difficulties. I know, Sir, what are the difficulties. There are differences in our own community. But before I come to my community I had better take note of my environment (Laughter). There is the representative of British capitalist enterprise. They are put, one on my left and another on my right, to keep me out of harm. And they want to know what will be their position when we get Swaraj. That is our first difficulty. Now my answer to this is that all sane and sound and thoughtful political opinion in this country fully recognizes that we must tolerate, even if we may not welcome, British capitalist

enterprise in this country. (*Mr. Darcy Lindsay*: "Why don't you welcome it?") We shall certainly welcome you when we have Swaraj and when we can impose our terms on you; but we cannot impose our terms upon you now, as Japan imposes her terms on foreign capitalist enterprise, as China imposes her terms on foreign capitalist enterprise, and as Turkey imposes her terms—even Turkey, Sir, subject to her physical and financial difficulties—, as all these independent and self-governing nations impose their terms, even as Canada imposes her terms upon British immigrants and British capitalists; when we are able to impose our own terms similarly on you, then we will welcome all the wealth you can bring to this country to develop our resources for our benefit first and for your profit next. Now, Sir, that is our answer to them. We know that we cannot do without British capital in the present state of the country. We know that we cannot do without British enterprise in the development of our economic life. We are thankful to them for what they have done; only when they put up their account and say, "You must pay us so much for having done all this", it is then that we have to look carefully into their account and see whether their bill is correct or not. We are grateful for what they have done. Our gratitude is, "like Dian's kiss unasked and unsought", ready to go out to them, but when they claim it as of right, then we have to look into their account. Let them not *claim* our gratitude, and we shall give it to them freely. We are thankful to them for what they have done. We have the tea industry to their credit; we have the jute industry to their credit, we have other industries to their credit. They were the pioneers of these industries. And what is the result now? Now, in my district of Sylhet we have a very very large percentage of the tea gardens under Indian management, with Indian proprietorship, conducted efficiently, as efficiently as any European managed concern, by Indians themselves. Now all this we owe to the example and the initiation of British capital and British enterprise in my own native district of Sylhet. So also in other parts of the country. We do not ignore what they have done. But our complaint has always been this that they have taken more than their just share in these concerns. Our complaint against them is this, that owing to their social intimacies with the authorities, they have had special advantages which are denied to Indian capital and Indian enterprise. They enjoy not in law but in practice advantages which those of us who want to develop our industries themselves do not enjoy. (*Mr. W. S. J. Willson*: "Will you explain that?") I will explain that, Sir.

Mr. Deputy President: Order, order. May I ask the Honourable Member how these remarks are cogent to the principle of the Finance Bill?

Mr. Bipin Chandra Pal: Well, if the Honourable Deputy President will say they are not, I will sit down but I understand

Mr. Deputy President: I wish to hear the Honourable Member on that point.

Mr. Bipin Chandra Pal: I understand, Sir, that the constitutional issue is a legitimate issue to be discussed in discussing the Finance Bill. My friend Mr. Patel has shown us the way. He has dealt with the grievances and may I not show the way to a reconciliation of the present conflict that justifies, in the opinion of a section of this House, the rejection of the Finance Bill.

Mr. Deputy President: The Honourable Mr. Patel attacked the Government on the general policy. The Honourable Member from Bengal is now discussing the merits of the European capitalists.

Mr. Bipin Chandra Pal: Now, Sir, may I submit that my point is this, that the presence of the European capitalist is one of the difficulties in the way of the granting of immediate responsible government to this country. The Honourable the Deputy President and all the Members of this House know that in the Montagu-Chelmsford Report the European community is given a special chapter, and their claims to special consideration and the difficulties created in the way of granting full responsible government immediately owing to their presence in this country, are dealt with there. It is for this reason, Sir, that I refer to it, and I want to make it clear that those of us who are wanting to have an early establishment of Swaraj do not want to destroy the legitimate interests of British capital in this country. All that we want is this, that our capital may be treated absolutely on the same terms as British capital imported from outside. (*Mr. W. S. J. Willson:* "Is there any difference now?") Not legal, Sir, but in practice I understand that there is a difference. And it is only natural. Now that I have known my Honourable friend Mr. Willson intimately, if I want a favour from him, he will not be able to refuse me but he may easily refuse it to an outsider, and similarly when they enter into intimate social relations with the officials who have got patronage, in the granting of licenses and other things, in their hands and at their discretion, our European friends do gain certain advantages over their Indian rivals in these matters—but I will not labour that point. Sir, let us leave it alone. What I want is this. I say that these are our grievances, and if these grievances are removed, there can be no difficulty in regard to the getting of legitimate profits by European capital in this country.

Our next difficulty is the Hindu-Muhammadan problem. This is thrown into our teeth at every turn. They say, "You cannot unite". Yes, you do not take the trouble to probe into the problem. I ask you, have you made any endeavour to place us on our feet? You have been imported here from another country to rule over our people. But just try to imagine yourselves as our own people, the representatives of the teeming millions of India, the custodians of the civilization of India, the agents of the better mind of the country, the guardians of the highest interests of the people of India, and I ask you, how would you solve this problem? You sit there tight and say, "Now that you have got this Hindu-Muhammadan difficulty, we cannot do anything to help you in the solution of this constitutional problem. You must settle your differences first and when you have done that, when you have put your own house in order, when you are united as a nation, we shall be ready and willing to grant you responsible government." If you were our government, one of us, would you not, instead of taking shelter behind this plea, apply yourselves seriously, honestly, to the best of your light, would you not apply yourselves seriously and honestly to help the solution of this problem? How will this problem be solved? Not by creating difficulties, or by letting things drift their own way, but by doing things that must be done to remove them. Did you ask us when you passed the Morley-Minto Act? You never asked us. Did you ask us when you introduced communal representation for the first time, I think, by the Morley-Minto Act, in the constitution of the Legislatures in India? You did not ask us. Why couldn't you do it the other way? Why couldn't you say, "No, we are the representatives of a

higher democracy than what India has known in the past, we are moving towards an ideal which India has not had as yet an opportunity of materialising for herself, and we will make it possible for India to realise that ideal"? You have imposed many things upon us. Haven't you? You have imposed many things upon us without our asking for them. Why could'nt you impose a civilised constitution, a democratic constitution, a rational constitution, a workable constitution, upon us when you had that opportunity? Woodrow Wilson was not born in European politics then and we had not learnt the phrase "self-determination" at that time. We did not claim self-determination then. And you might have well done without communal constituencies then. But you did not. You created these difficulties. The communal difficulties were all your creation first and foremost of all. Now, I want you, I beseech you, I appeal to you, in your own interest and in our interest also, to sit down and find a solution of this problem. Why do you look to place-hunters and funkeys, why do you encourage place-hunters and funkeys to create this difficulty? If you say, as Sir Alexander Muddiman said the other day in another place, that the offices shall go by efficiency and not by creed or denomination, if you say that, make it plain, not so many percentage of offices according to population shall go to this community and the other percentage to that community and stick firmly to this principle, more than half of this difficulty will disappear. No, Sir, national self-government does not demand that a particular community shall enjoy in proportion of their population the loaves and fishes of office. National interest demands that we should have an efficient and an honest public service and that whoever submits to these tests of an efficient and honest public service should have admission into it. You did not do it. You had an opportunity of doing it. But you will say there would be such an uproar. Are you getting less uproar now on account of these difficulties?

Mr. Mahmood Schamnad Sahib Bahadur (West Coast and Nilgiris: Muhammadan): Was it not because we desired, that communal representation was introduced?

Pandit Shamlal Nehru (Meerut Division: Non-Muhammadan Rural): The Honourable Member was very sarcastic about Mr. Patel taking such a lot of time.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orrissa: Muhammadan): May I ask the Honourable Member whether the All-India Muslim League is a body of funkeys?

Mr. Bipin Chandra Pal: No, no, Sir.

Khan Bahadur Sarfaraz Hussain Khan: What is their demand then in regard to communal representation?

Mr. Bipin Chandra Pal: I did not refer to the demand of the All-India Muslim League or the Khilafat Conference, but I am referring to the intrigues of place-hunters and funkeys behind the gubernatorial throne in various places.

Khan Bahadur Sarfaraz Hussain Khan: Do you connect this with the demand of the All-India Muslim League?

Mr. Bipin Chandra Pal: No. What I say is this, that if they had not introduced the communal principle in the Minto-Morley Act, this evil would not have been here to-day.

Khan Bahadur Ghulam Bari (West Central Punjab: Muhammadan): That is the result of the bad treatment of one community by the other, and not the doing of the Government.

Mr. Bipin Chandra Pal: All right, let us fight it out. I am appealing . . .

Mr. Deputy President: I have to remind the Honourable Member that he is going too much into details in discussing this question.

Lala Duni Chand (Ambala Division: Non-Muhammadan): Are we to understand that the Honourable Member is opposing the motion?

Mr. Bipin Chandra Pal: Now, Sir these are our difficulties, and I say that these are not insuperable difficulties. If they will apply themselves with all the power they have at their back and with a due sense of the responsibility upon their shoulders, if they will apply themselves to solve these difficulties instead of taking shelter under them, to prolong our progression to the goal, instead of this if they will apply themselves wisely, earnestly, honestly, to solve these difficulties, they will disappear sooner than we think they will.

My last word, Sir, is this. We know that we have to build up our constituency. My gallant friend, Colonel Crawford, referred the other day to the lack of education, political intelligence and public interest in our constituency. Now, we have had these constituencies, regularly formed constituencies, only since the institution of the Montagu-Chelmsford Act. Before that we had a certain kind of constituency. They were more or less closed constituencies. But these open constituencies we have had practically during the last three years: and the Muddiman Report clearly points to the success of the working of these constituencies already. We want to build them up. Give us time. But how are we to build them up if you do not make the business of legislation a serious thing? These are the things, Sir, that we want to impress upon His Excellency in regard to the present situation, and unless these things are solved, it will be impossible for us to maintain our faith in the ideal of self-governing Dominion status, it will be impossible for my friend Pandit Motilal Nehru, or my friend Pandit Patel who is swearing by Dominion status, to keep loyally to their immediate goal. (*Pandit Motilal Nehru*: "He is not a Pandit.") But he is all in all, Sir. (*Mr. M. A. Jinnah*: "He is more than a Pandit.") They will not be able to keep to the ideal of self-governing Dominion status or keep their following loyal to that ideal for a very long time. It is for this reason, in the interest of the Government, in the interest of the Empire, as well as in our own interest, we want and we beseech His Excellency to take note of the debate in this House on this occasion; to note what we want and what we do not want, and to impress upon the Secretary of State and the British Cabinet that, unless this problem is solved quickly, intelligently, wisely, with foresight and statesman-like wisdom, it will mean no good either to the British Empire or to the people of India.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, while I greatly sympathise with what has fallen from my

friend Mr. Patel and Mr. Bipin Chandra Pal, I have within myself a mis-giving as to how far this discussion is germane to the immediate object we have in view, and I feel, Sir, that when I look at the face of the Honourable the Finance Member listening to this debate, he must be saying to himself "Where do I come in?" The Finance Bill is essentially a financial Bill and it cannot be made a pivot for a general political discussion. (Hear, hear). I quite grant, Sir, that you may reject the Finance Bill upon grounds which have been raised by the Honourable Mr. Patel and my friend Mr. Pal.

Mr. Bipin Chandra Pal: An explanation, Sir. I did not support Mr. Patel in his suggestion to throw out the Bill. I started with the assertion that, having passed the Budget, we are committed to the principle of the Bill.

Sir Hari Singh Gour: I am glad to hear that, Sir.

Mr. Bipin Chandra Pal: You might have heard that when I spoke.

Sir Hari Singh Gour: I am glad to hear it, Sir. That is all the more reason why my friend Mr. Patel should not have indulged in a general diatribe on the aims and objects and the policy of the British Government in this country, which, I submit, has already been the subject of a previous discussion. As I took no part in that previous discussion, Sir, I may be permitted to say a few words on what I intended to speak on Saturday had I been so fortunate as to catch your eye. Sir, I entirely associate myself with those who spoke on Saturday in condemning the majority report, and I support the recommendations of the minority. I, therefore, say that the time has come when the Government of India should take courage in both hands and give effect to a further substantial instalment of political reform. (*An Honourable Member:* "There has been no instalment before."), not necessarily through the instrumentality of a Royal Commission or the establishment of any dilatory machinery for investigating the question of detail, but by taking the leading Members of this House and outside into confidence and threshing out the whole question, let us say, in a round table conference or in some conference which will receive popular support and command popular confidence. I am not one of those, Sir, who agree with my friend Sir Campbell Rhodes or Colonel Crawford that the further development of the constitution in this country must proceed along the lines of conventions. Speaking as a lawyer with a certain amount of knowledge of constitutional history, I submit, Sir, that conventions are appropriate to a country like England which has no written constitution. But where a written constitution has been given as it is in the case of this country, if any advance is to be made it must be not by conventions but by a statutory provision guaranteed and enacted by an Act of the British Parliament. Now, Sir, having said this, I think I have said all that I intended to say on the subject of general reforms, and I beg to ask Honourable Members of this House whether it is not time that we should apply our mind to the Indian Finance Bill. So far as I see from the paper book, there are no less than 42 amendments and I have no doubt that some of these amendments are amendments upon which this House feels strongly. We might be able to improve the Finance Bill if we take the amendments into consideration. We shall be, I submit, Sir, wasting the time of the House if we once more indulge in a general talk on the constitutional questions which, I say, have already been threshed out, and our views are

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now known to the Government of India. I therefore appeal to the Honourable Members of this House to address themselves to the immediate question namely, the consideration of the Indian Finance Bill.

Several Honourable Members: I move that the question be now put.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, I need hardly say that I rise not to support my Honourable friend Mr. Patel's motion. My immediate reason for rising, Sir, is, according to the arrangement made on the first day of general discussion of the general budget, to give a reply to the Honourable the Finance Member's observations in his budget speech about exchange. Considering the amount of surplus in his budget through a high exchange, the Honourable the Finance Member is justified in devoting ten paragraphs of his speech to defend Government's exchange policy. I understand that the surplus in the Budget is actually higher by Rs. 2.56 crores in the general revenue budget and Rs. 1.25 crores in the Railway revenue budget, than if exchange were calculated on the basic rate of exchange at 1s. 4d. In taking exchange at 1s. 6d. for the next year, the Finance Member has to some extent indicated, not merely his anticipation, but also his intention. Sir, this House is aware that the Government have it in their power to get any rate of exchange ruling in the market in India between 1s. 4d. and 2 shillings so long as the hasty postwar two shillings legislation remains on the Statute-book, and so long as the balance of trade is favourable to this country, and the Government are in a position to remit from Rs. 40 to 50 crores a year, i.e., about four crores of rupees a month. The position of the Government in the exchange market in India is like the position of a Raja at a village fair, where, if he likes, he can buy everybody out. This perfectly artificial system the Finance Member has attempted to pass on both as natural and inevitable and as leading to the good of this country. May I ask, Sir, what is natural about it? With a large balance of trade in our favour, India suffers from high money rates, from depression of trade, with all the evils attendant on it. To name only one, unemployment of the middle classes. Is it possible that in the eyes of the Government the most natural condition for this country is that of impoverishment and want? Are we to believe that so long as the factories in the United Kingdom continue to receive the undiluted patronage of this country they are not alarmed that anything is wrong? But, Sir, I must warn the Finance Member that this is one of those things in which the Government of India cannot please two interests. Having manipulated the Indian exchange to the satisfaction of monied interests abroad, the Finance Member cannot come to us and say: "This is the best thing for you". I am not reflecting, Sir, on the personal motives of Sir Basil Blackett, for whom I have regard; but I must, as a matter of clear duty to my countrymen, point out that the full effects of the policy which he has initiated, are disastrous to India; that the full burden of the action, which he has hitherto taken is that which may bring a little surplus to the Government for the time being, but which has brought sorrow to many a poor peasant home from which it is a pity that the wail of poverty cannot reach the high and mighty in Delhi, because it is attributed by an indulgent and half-superstitious population to the wrath of God due to their own sins. I, on behalf of my Province, Sir, am as much interested in the surplus coming to the Government in the next few years as any member of this House, but I am sure we all wish to see such surplus from reduced expenditure in the more

extravagant departments, increased yield from the various taxes on account of efficient collection and on account of growing prosperity. The surpluses that would gladden the heart of any student of public finance, are those surpluses which indicate prosperity at the Government treasury without involving losses to the cultivator.

Sir, the Finance Member in the course of his remarks has tried to show two things. He has claimed that a high exchange does not benefit the importer of goods from abroad at the expense of the agricultural producer in India. He has also tried to show that, if there is any effect, it is temporary. This is very much like the argument of the washer-woman who, when called upon to deliver the shirts which she had taken for washing, first of all said that she had not taken the shirts for washing at all, and when pressed further she said she had returned them. Sir, this is a species of logic which I did not expect from a financier of International repute like Sir Basil Blackett, and it only proves that no one is infallible. We, including, I suppose, my Swarajist friends I may say, in this country are, with all our faults, not unwilling to be guided, but we cannot be guided, blindfold into a ruinous policy of exchange, when we know that more than anywhere else in the region of finance there is no magic, but there are hard and solid facts to face, and everything has got to be traced to a distinct and proper foundation. The Finance Member claims that he will make in the next year in the general budget on exchange about Rs. 250 lakhs. This, Sir, is a phenomenon which has got to be explained, and which he has not explained. I want to know who is to pay this money? Will the Finance Member receive this money in gift from one of the American tourists, who are visiting this city now? Will it come from the magician's wand? Sir, if this money is real, if it can be handled, if it is to provide the much-needed relief for the provinces, let us at least understand where it comes from. I must congratulate the Finance Member that he has not tried to prove that the exchange profits are one of those receipts which can be called no-tax receipts. My submission, Sir, is that this money will come from the pockets of the poor agriculturist of India, who, for his exports of raw produce, will receive less money in rupees, because he has to receive remittances from abroad, whereas the Government having to make remittances abroad, make a part of that money in rupees. Sir, small as the matter appears, the exchange is the key to a good many problems in the economic life of this country. The exports from India represent that portion of the Indian produce which is wanted by foreign countries and which is paid for by them. These amounted in the last year to Rs. 348.60 crores, whereas the net imports during the same year were only Rs. 214.55 crores. If, therefore, the loss on the exports is counterbalanced by the gain on the imports, even then it must be recognised that with exchange at 1s. 4d., the agriculturists of India should receive about 12½ per cent. more in rupees on their produce, which is exported, than they would at 1s. 6d. I would go further and say that since in the wheat, cotton, or rice market purchases for Indian demand are made side by side with purchases for foreign demand, without any distinction, the Indian cultivator receives so much less on his total crop with a high exchange, because the price of his produce is artificially depressed. He receives less, I want this to be made rather clear, not only for the surplus exported for consumption outside India, but for his total produce. Indeed the Finance Member himself admits this in paragraph 44 of his speech. We are told that though he receives less, every rupee that he receives goes further, because the prices keep steady and do not rise. But in the payment of interest on the debt, which the cultivator owes to the Sower,

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would he require a smaller number of rupees? I ask. Or to make payment of land revenue, which he must pay to the Government, does he need less? Sir, while his charges and expenses in rupees do not diminish, the price the cultivator will receive less can be only due to Government's action. If you now take the agricultural population of the country as a whole, the harm to the interests of the country is patent.

Sir, money is, after all, a medium of exchange, and even Sir Basil himself says that:

"The rupee in its quality as a measure of value is much more changing than a bale of cotton or a maund of rice, and we shall never be able to think clearly on questions of currency if we do not get hold of this fact."

On the foreign obligations of India, by using the exchange, you make the burden of the yearly drain as reckoned in produce greater than before. Sir, these abstract discussions as initiated by the Finance Member may be misleading. I shall put it roughly that the amount of money received by the jute cultivator of Bengal on a total crop of Rs. 64 crores at 1s. 6d. is less by about Rs. 7 crores. I want now to call upon my friends, not of Calcutta, but from Bengal, to think of the extremely low standard of life of the cultivator, and what an additional amount of Rs. 7 crores for the people of Bengal would mean. Sir, the mainstay of the agriculturist against famines, floods, and other distresses, is the small amount that he can lay by, or the extent to which he can reduce debt during good years. When the world prices for commodities have been rising, it is sad to think that the Indian cultivator has been deprived by Government's deliberate action from his just gains. When the world prices for the cultivators' produce go down at some time in future, will the Honourable the Finance Member come to their assistance? Will he fork out the surpluses he has pocketed, or will he promise to lower the exchange to prevent the farmer's loss, and to secure him steady prices? It is no consolation to us, it is almost in the nature of a bribe to come to this Assembly and to say: "We have got so much surplus, we are likely to have more surplus by the pursuit of the same policy; therefore do not try to disturb our exchange and currency legislation." So much, Sir, for the masses of whom constant mention is made in speeches from the Government benches

Mr. Devaki Prasad Sinha: May I ask the Honourable Member just for information? What proportion of the masses in India referred to in his speech are interested in the export trade?

Sir Purshotamdas Thakurdas: What proportion of the masses are interested in the export trade? The agricultural population interested in the production of those exports. The Honourable Member will have his say in due course. We, Sir, are not trying to reduce the exchange to any arbitrary figure, not even to the one shilling which the Finance Member triumphantly brought out the other day. All that we are trying is to prevent him from raising it artificially from the ratio which proved proper and useful for twenty years before the war. Not only is the war gone, but the disturbance after the war is also almost gone. All that we are therefore asking is the restoration of the proper parity. If I were to use the same logic as the Finance Member, I would ask him why he does not raise the exchange to 1s. 8d. and even to two shillings, because by doing so he would get, not the surplus which he claims this year, but

a surplus of eight to ten crores of rupees. He would then be regarded, by those who think only of revenue surplus, as a matchless financier, who has turned, by magic, deficits into surpluses.

Against this harm to the interests of the largest number of people of this country we are told that the compensation is to be found in the imports. What is the compensation on the import side? Prices of imported articles in Indian currency are said to have remained lower as compared with their rise in the country of origin. I requested the Honourable Member to tell me how much of the total imports, in his expert opinion, go to the direct use of the agriculturists. I put a rough analysis of imports on the table on the 3rd instant, not as showing my estimate of what goes to the cultivator, but to provoke a discussion. I estimate approximately that not more than 40 per cent. of the total (85 crores of rupees worth for the last year), on a generous basis, can be regarded as going to the consumption of population in the mofussil, who may be assumed to be directly dependent on agriculture. But I will be prepared to accept the Finance Member's own estimate if he has one to offer. As against the loss of roughly 12½ per cent. on their total exports, the gain on the exchange would, on my estimate of 40 per cent. of imports being used by agriculturists, indicate a gain of about 8 per cent. Sir, the Government may think it very fine to take the twelve rupees, or if the Finance Member disputes any small items of exports eleven rupees, from the pockets of the cultivator and put Rs. 3 back there. I do not think so. Apart from this, we are told that the agriculturist consumes his own produce and therefore the fact that prices in India are steady is so much gain to the agriculturist. The Honourable the Finance Member may not have any acquaintance with Indian humour, but in our country we call it, "*hath me chan dekhana*," i.e., giving the child the moon which he asks for in the hand.

What is the other consequence of the high exchange? It is a direct encouragement to larger purchases abroad both by the people in this country and by the Government. Sir, when we read in English papers frantic appeals to promises after promises by party leaders to relieve English unemployment, to keep the factories going and to subsidise the export trade of England by trade facilities, and in every other way, and when we put two and two together with regard to the Government of India, a subordinate branch of His Majesty's Government, it would be more than human for us not to seek and find the proper explanation of Government's exchange policy in their desire to serve the industrial interests of the United Kingdom, and this, Sir, at whose sacrifice? At the sacrifice of the agriculturists of India. When I think of the series of financial injustices to this country, over the capitation grant, over the expenses of the army for Imperial purposes abroad, over the continued purchases of silver at heavy rates for twenty years, of ruinous sterling borrowing, and all the elements of that drain, against which complaints have been made by Dadabhoy Nowrojee and Gokhale, I must tell the Finance Member that the more difficult task in administration is not the routine, but the policy, and in the matter of policy it will not do to fix on the policy first for some reasons bearing on conditions in another country, and then to issue an explanation of it in terms of the life and prosperity of the population of India.

Sir, as a further justification of high exchange the Finance Member has referred to the price of gold in rupees, which has become cheaper. I ask,

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Sir, what is the consequence and effect of cheaper price of gold? All the savings of a large number of people in this country, which are invested in gold—a system which you may not approve but which still survives—have in this way been depreciated by deliberate action of Government. What is the other consequence? England is reluctant to release gold for India, lest her own central reserves should be depleted. The public have not forgotten the raid which was made on India's gold in the interests of the maintenance of the American cross-rate the year before. As far as I am aware this gold has not still been replaced in the currency reserve. The circular of Messrs. Montagu and Company, dealing with this subject distinctly mentions that "the more gold India takes, the longer is the return of the United Kingdom to effective gold standard deferred." But a much more explicit statement was made by the *Financial Times* and that was "India's increasing absorption and South African minting of gold coinage are admittedly difficulties, but these should be overcome." Sir, what constitutes the demand for gold in India? Gold bullion in this country is asked for ornaments, etc. For this demand enough gold has been allowed to come. As a matter of fact, I think an attempt has been made to saturate India for this particular purpose with gold, which the United States has been induced to release. The continued fall in the price of gold has disorganised the bullion market, and a condition has been brought about in which heavier imports of gold in the future are discouraged. But all this has been done to the exclusion of the other and larger demand for gold, which is for adding to the currency of the country. This demand has been shut out deliberately and by law, so that under the guise of cautious delay for world conditions to be restored to normality, the full benefits of a balanced budget are denied to India. No country is in a more favourable position to go off to a gold standard than India is to-day with her large favourable balances. But we are told "Don't take more gold. Take commodities". If my Honourable friend wants confirmation of this, I will give him from the London City Correspondent of the *Times of India* who, after expressing a hope for the cessation of American demand for gold and her willingness to accept payment in full for exports and for interest due to her in goods and securities, goes on to say:

"Having regard to the great demand for Indian produce a proportion of the new gold supplies will probably go to India for a time, but the increased buying power of India is already increasing her demand for cotton goods, and other manufactures, so that after a time the Indian demand for gold will also become less pressing."

He goes further:

"Nevertheless the probabilities are that the embargo upon the export of gold from the country will not be removed until the pound has recovered to par and until so large an amount of gold has been received from abroad that the reserves of the Bank of England are so large that the Bankers of Great Britain will also be wishful to prevent the further import of gold into this country."

In other words, Sir, heroic efforts are being made at the other end to restore a free gold market in London and to re-establish London's financial supremacy in the world. In this direction any action by us would be resented in London, and therefore we must be told to wait for gold standard. In this way, in spite of actually defeating the demand for gold for the largest purpose to which it can be put, *viz.*, currency and banking reserve, the Finance Member says, "I have made it as easy as you like to take as much gold at a cheaper price."

Sir, in rebutting the charge that a policy of high exchange leads to an increase in the burden of taxation, the Finance Member has claimed merits for his surpluses. When by imposing a duty you raise the price of an article, which the cultivator buys, such as salt, you tax him; I say that when by raising the exchange you depress the price of the articles which the cultivator has to sell, you are imposing upon him as intolerable a burden as a tax, and you would be justified in doing so only if there was a great national emergency. As a normal expedient for replenishing your finances I cannot think of anything more objectionable than to impose untold burden on the people, for reasons which have no direct bearing on their life. The claim that taxes have become lighter is ridiculous, because the cultivator gets fewer number of rupees and he is made to pay the same amount of land revenue in rupees. According to his resources, the incidence of land revenue has certainly become great. The same applies to the charge which Indian produce bears in respect of railway freight.

Sir, the very apology of the Finance Member for his exchange policy proves the proverb "*qui s'excuse, s'accuse*". I, Sir, have done my duty of laying before the Assembly the various considerations involved in this matter, and if the Assembly requires any independent testimony as to the full effects of high exchange, not merely temporary effects, but the permanent bad effects of high exchange, I will give it from two Members of the Fowler Committee: The question before the Fowler Committee was which ratio should be put on the Statute in India, 16*d.* or 15*d.* Mr. Robert Campbell and Sir John Muir, in their Minute of Dissent, strongly recommending that the lower figure of 15*d.* was preferable, said as under:

"The advocates of a 1*s.* 4*d.* ratio point to the fact that this rate has now been more or less effective for the last eighteen months, thereby establishing a *status quo*, which it would be unwise to disturb. This argument would have greater weight if the *status quo* had been arrived at in a natural way; but the circumstances under which it was reached have only to be considered to deprive it of any value. With no fresh currency otherwise obtainable, the monopoly rupee was in time bound to rise to whatever gold point the Indian Government choose to fix, and the fact of this having risen in five years to 16*d.* is of itself no more proof that 16*d.* is an equitable ratio than it would be in regard to 18*d.* or 20*d.* which could equally be reached in course of time. To arrive at a rate in this manner and then point to the accomplished fact as disposing of any question of its propriety is not convincing, especially if there is reason to believe that a rupee so greatly enhanced is calculated to have an injurious effect on the country's interests and to retard or even jeopardise the success of the Gold standard."

The Honourable Sir Basil Blackett (Finance Member): Does the Honourable Member agree with that 1*s.* 3*d.* rate?

Sir Purshotamdas Thakurdas: Not now. This is just the way the Honourable the Finance Member tries to give a lead to the Assembly in the wrong way. The arguments against 1*s.* 4*d.* in the Fowler Committee apply with equal force against 1*s.* 6*d.* to-day, and the arguments in favour of 1*s.* 8*d.* are stronger to-day in favour of 1*s.* 4*d.* The quotation I have given above applies very happily to-day if you change 1*s.* 4*d.* in the quotation to 1*s.* 6*d.* and 1*s.* 8*d.* in the quotation to 1*s.* 4*d.*

The Honourable Sir Basil Blackett: Therefore you disagree with the Fowler Committee.

Sir Purshotamdas Thakurdas: I absolutely agree with the quotation I have read.

The Honourable Sir Basil Blackett: It is the minority that disagreed with the Fowler Committee.

Sir Purshotamdas Thakurdas: I agree with the minority members, and I should have thought it was quite clear that I was reading out from the minute of dissent on the Fowler Committee Report. They go on to say:

"It is on this aspect of the question that we base our strongest objection to the 1s. 4d. ratio—its effect as an unfair tax on native production while conferring a bounty on imported goods. It is not a sufficient reply to this to say" (as my Honourable friend has said) "that as imports are paid for by exports, the gain and loss to the community are equal. This is evident when we consider that the native producer is the class which loses, while the class which gains is the consumer of imported goods. . . . It can never be sound policy to handicap native industry, while giving a bounty to foreign imports and in the case of India with large foreign obligations, which can only be met by surplus exports of produce it would be a fatal course to pursue."

They further say:

"But beyond the effect on exports and imports, so far as they balance each other, it still remains that with a 1s. 4d. exchange the cost of providing at Rs. 15 each the 17 million sovereigns annually required for the Home charges is a tax which falls entirely on the producer. The more the rupee is enhanced—the lower the sovereign is valued in rupee—the more cheaply can the Government make its annual remittances. But this advantage is not obtained without being paid for and the question—who pays is not difficult to answer. It is the producer, who has to accept so many fewer rupees for the produce which he has to sell. If with a 1s. 4d. exchange the holder of a sovereign can only get Rs. 15 for it, he cannot afford to pay so many rupees for a ton of Indian produce, as, if with exchange at 1s. 3d. he could convert his sovereign into Rs. 16. To deny that arbitrary enhancement of the currency is a tax and to argue that the producer is no worse off in the long run, that wages and other charges must in time adjust themselves to the altered value" (as my Honourable friend has done all through), "is to maintain the dangerous principle that Government may lighten its liabilities without injury to anybody by a step of this kind. Such a step is undoubtedly a tax on production, and if the Government plead that in the absence of any other available source of revenue trade must bear it, it is unwise to throw the whole of it on one side of trade, the side which is at least expedient to tax, and to penalise production, while giving a bounty to foreign imports."

Sir, I do not wish to detain the House any further, but I would like to point out one or two other crudities of the Government's case. While they are most anxious to secure justice with regard to the incidence of taxation on different classes of the people and have set up a committee for this task, the Finance Member deliberately comes to this House and says what India loses on the exports she makes on the imports, but this loose talk involves behind it the injustice to certain classes in India who cannot have recovered a fraction of the losses. In other words those who benefit are different from those who lose. The displacement of burden in the course of a single year to the extent of so many crores is one whose full economic effect cannot be judged at this moment but would be evident if in any districts there were scarcity of rain, because the cultivator would have been deprived of his staying power and reserve and it would be no consolation to him then to be told that during the previous year he had at his door foreign luxuries at a cheaper price.

But, Sir, another effect of this high exchange would be to increase immediately as expressed in sterling the reward on investments in India by foreigners. The amount of foreign capital invested in this country has not yet been estimated, but Mr. J. A. Wadia estimates that about Rs. 50 crores are annually remitted as profit by foreigners who in his words "are exploiting the country as traders, bankers, manufacturers, steamship

owners and all other joint stock companies in this country". If that is so, that portion of it which does not receive a fixed interest, has suddenly, by one stroke of the Finance Member's pen, been earning an extra revenue. I ask the Finance Member who pays for this extra earning of this class? Sir, a further effect of the high exchange is to reduce the purchasing power in the hands of the agriculturist. After all few are the luxuries he can get, but against whatever he has to buy he has got only a smaller number of rupees with him. In other words, he has a smaller rupee surplus after he has paid land revenue at the same rate as before, after he has paid the interest due to the Sowcar, and the total rural debt of British India with its population of 247 millions is estimated very tentatively at not less than Rs. 600 crores. The producer would have more to spend if the Government did not chip in in this most artificial manner and destroyed a portion of his surplus. His purchasing power is reduced and to the extent to which he was purchasing materials manufactured in this country, his demand is slackened. His demand for imported articles is stimulated by the cheapening of price, but his demand for the locally manufactured article has slackened because local prices according to the Finance Member have kept steady.

In conclusion, Sir, the Finance Member claims great merit on the stability of prices in India. I want this House to remember that the increase or the diminution of currency is at present an absolutely arbitrary power in the hands of the Government. In order to be able to increase currency when the Government think it ought to be increased, Government have recently taken larger powers of fiduciary issue. Instead of increase in or diminution of currency being automatic in accordance with trade balances and other conditions, the whole matter is at present governed by the caprice of the Finance Member. He sits there on a high mountain until the trade supplicates to him to relieve the situation, and, then, with a majestic gesture, he says 'it shall be so'. No one will grudge the Finance Member any prestige coming from his high position, but I must say that we have found that the evil consequences have already set in while he has been proceeding to act. We have found that credit is restricted, calculations of every description upset and trade disorganised. The effect of this on the cultivator is the most direct. Any uncertainty in money rates and in the conditions of exchange reflect immediately through ten thousand centres where purchasing agents from the central markets are located. Notwithstanding this the Government claim that by purchasing sterling they release the rupees. Where do they release the rupees from? The rupees were already there in the central reserves of the Imperial Bank and the transfer of the rupees from Government account to the public cannot possibly have that direct effect which gold going into currency or being converted into rupees at the mint may have. Sir, the Government may decide how much opium shall go into consumption. That is bad enough; but when the Finance Member says 'I shall determine how much currency you shall have', I say that it is a task very much beyond his or any other human being's capacity and can only lead this country to disaster.

Sir, few countries in the world are in the happy position in which the Honourable the Finance Member finds himself to-day. The exchanges of other countries have been demoralised owing to adverse balances of trade. India is in a strong position when she has for the last three years continued to have favourable balances of trade. The result of this favourable balance

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of trade ought to be prosperity in India and plenty. It ought to be India's liberation from the money toils of London. It ought to be the possibility of remission of taxes. On the other hand, what we find is that the choice which lies before the Finance Member is between a high and low exchange, and he goes and deliberately accepts the high exchange—a position for which there is some parallel with America, the richest country in the world. Sir, it is the irony of fate that the poorest country in the world is told that the example of America is good for her. Restoration to parity as it existed before the war disturbance came on, which is the cry all over the world, is not the aim of the Finance Member of India. An appreciated currency to my mind as provided from the United Kingdom to India means "Thou shalt make larger purchases of the products of my factories and thou shalt be paid less for the fruits of the toil of thy children". This perfectly arbitrary manipulation of the exchange finds no parallel in history and no justification in practice.

The House then adjourned for Lunch till Ten Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Ten Minutes to Three of the Clock, Mr. President in the Chair.

***Maulvi Abul Kasem** (Bengal: Nominated Non-official): Sir, this debate was opened by our distinguished friend Mr. Patel, who made a general review of the whole political situation in this country, current as well as past. He made his criticism of men and matters. I have got a complaint, Sir, about this debate, and that is that whatever the section of the people whom Mr. Patel represents had to say had been said often and again in the strongest possible language in this House, and the House has expressed its opinion by its vote on those questions. Sir, I think the Government Benches, whatever their faults, are neither hard of hearing nor hard of understanding. So no good purpose is served by repeating these things. But these debates, at least to-day's debate shuts out the general discussion of the provisions of the Bill, just as the debates on one or two questions on the General Budget Demands shut out many amendments that were very useful. Mr. Patel holds the opinion, and he is quite welcome to it, that we express our disapproval of the conduct of this Government and the country's disapproval of their conduct in various matters by rejecting the Demands. So this was done once, and that opinion has been expressed in the clearest possible terms. But there is and there was no justification for the repetitions which have been going on with the result that although we had six clear days for the discussion of the Demands of one part of the Budget only this year, we could not discuss more than three or four Demands; and especially the most important items of the Budget Demands have been left untouched and were guillotined. The opinion of the House has been expressed about the conduct of the Government, but we as responsible men ought to have scrutinised the Budget Demands of the Government. And I think and believe I am not far from the truth in saying that there were many items of extravagant expenditure proposed for the coming year and those extravagant items have been allowed to pass by our

* Speech not corrected by the Honourable Member.

negligence. I am sure that if we had scrutinised the various items and made reductions, as was proposed by the long list of amendments that was circulated to the Members, we would have been able to make substantial cuts here and there, in the aggregate totalling a large amount, and that could have reduced the expenditure of the Government and brought about economy. But we were not allowed to do so. Mr. Patel complained that we were guillotined. But we were guillotined at the end of the sixth day. We did not utilize the days that were placed at our disposal. (*Pandit Motilal Nehru*: "Why didn't you?") How could we, Sir. You blocked the way, you held the majority.

Then, Sir, Mr. Bipin Chandra Pal in his fervent and eloquent speech referred to the fact that there were certain difficulties in the way of securing self-government for this country. I may add to the list by saying that the way in which we in this Assembly have conducted business is one of the difficulties that I recognize. We have not the business habit of transacting business; we want only to excel in heroics and to advertise ourselves. That is the end and goal. That is the difficulty. And unless we in this Assembly show that we can carry on the business with responsibility and that we mean to do it, there is no chance or prospect of either getting Swaraj by ourselves or demanding it from other people. We are being told that we want a change in the system. We have been told it often and again, and so far as this House is concerned its opinion has been expressed in unequivocal terms. And, if the Government are not paying attention to it or carrying out the instructions or the wishes of this House, they will certainly not do so if we simply repeat it again and again. (*A Voice*: "What do you suggest?") Do it once and then conduct the business in a businesslike manner. (*A Voice*: "What business?") If there is no business you have no business to be here. (*Laughter*.) The methods adopted by my friends, wise men though they are, I submit reminds me of a Persian couplet which means:

"I am afraid thou wilt not reach Mecca, O Traveller, because the way thou art taking leads in a different direction altogether."

Sir, Mr. Patel in this detailed, elaborate and long speech gave a history of incidents, facts and opinions, but nothing that was new. A young author took a copy of his first manuscript to Dr. Johnson for his criticism. The learned Doctor after reading it returned it to him saying that there were many things in that book that were good and wise and many things that were new, but the good things were not new and the new things were not good. Sir, Mr. Patel has said that the Indian Members of the Executive Council are men of no responsibility and are men of no social standing outside their position.

Mr. V. J. Patel: I never said, Sir, that they are not men of social standing, but that they were there not because they held any social status but because they were Indians and were bound to represent the Indian point of view.

Mr. Abul Kasem: I beg his pardon. I understood it in that way. I think that it is rather unfair to charge men for borrowed opinions simply because they happen to be Members of the Government or because they happen to differ from our own. Every one is entitled to hold his own opinion, whether he occupies the Front Bench in the opposition or in the Government itself. The Indian Members of the Executive Council cannot decently defend their conduct personally in this House, but we at least can

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show them this respect, that we impute no motives to them for their conduct as such. They are there, and why are they there? Because the Indian National Congress and the Indian public for 37 years demanded that in the inner councils of the Government India should be represented by its public men. And in response to that these men are there as your representatives. (*A Voice*: "Are they?") Sir, the choice lay with His Excellency the Viceroy and there is the difference. Are they not public men? I beg respectfully to submit to this House that Sir Narasimha Sarma was a most prominent leader of the Indian National Congress, long long before anybody else came into the arena; with the solitary exception of Pandit Madan Mohan Malaviya, he was working for the Indian public, agitating for its rights and privileges when other people were busily engaged in making money and when some of them were not even born. Sir Narasimha Sarma was drafted to the Executive Council directly from the Congress platform. He attended even the Congress of 1919, over which Pandit Motilal Nehru presided. Whatever may be the position, I think that our duty is to support the Indian Members of the Executive Council in their endeavours to get more advantages for the Indian people. Whether they succeed to the extent which we would like or not is another matter, because it does not lie in their power to change the constitution in a day. (*Mr. V. J. Patel*: "What about the Ordinance?") They have the materials before them, and if they honestly believe that the Ordinance was good, they are justified in supporting it. What I object to is your saying that they gave their consent against their own conscience and their own knowledge; that is an imputation of motive which I want to denounce. Sir, there was an occasion when a Member of the Executive Council found that he could not accept the policy of the Government. What did he do? He immediately resigned his post as a Member of the Executive Council. I refer to Sir Sankaran Nair; and I believe that if Sir Narasimha Sarma or Mr. Chatterjee or Sir Muhammad Shafi had at all believed that this Ordinance was bad for the country, they would have resigned, and in the case of one of them, Sir Muhammad Shafi, he could have very easily resigned without any loss to himself (*Laughter*). But unfortunately I beg to submit that in his case I think what has been a loss to the Government has been a gain at least to the Muhammadan community of India.

I will not detain the House any longer, but I think that I will be failing in my duty if I do not refer to my friend and countryman, Mr. Bipin Chandra Pal. He unfortunately in the course of his eloquent speech and in the feeling of enthusiasm referred to the question of communal representation in the services. He said that Indian nationality demands that efficiency and not community should be the guide in the choice of our public servants. I agree with him, but I want to know, are efficiency, ability, tact or the qualifications for any particular office the monopoly of any particular community in this country? (*A Voice*: "No, no".) (*Mr. Bipin Chandra Pal*: "Certainly not.") If that is not so, Sir, how is it—I will be frank to-day—how is it that we find all the offices filled up and monopolised by the Hindu members of the Indian community? They are to be found in their thousands and in their hundreds of thousands, if I may say so, in all the public offices under the Local Governments and under the Central Government. Look at the railway staff. There are several thousands, hundreds of thousands of them. Do you mean to say that you cannot get qualified Muhammadans to take up those jobs? You can get

qualified Muhammadans to fill portfolios in the Government of India, to fill honoured seats on the High Court Bench, to fill offices in the provincial Executive Councils, but you say it is very hard and difficult to find a clerk on Rs. 30 or Rs. 40 of sufficient education. (*Mr. Bipin Chandra Pal*: "Why not go to the Railway Board?") The question, Sir, is not that it is efficiency, but it is backdoor influence, influence of vested interest. Unfortunately when the British came to this country the Muhammadans had just lost their empire and it was very difficult for them to realise their position, from that of rulers to the ruled, and they did not take to English education and so the Hindus had a start over them, with the result that when Muhammadans realized the position and began to receive education and were educated, they found all doors closed to them, and that is the reason. And why is this cry of nationalism introduced whenever there is any question of the employment of Muhammadans? Whenever an appointment is given, high or low, to a Moslem, the objection is raised not because he is a Muhammadan but on the alleged score of qualifications and ability, whereas if a non-Muhammadan is there, the question of qualifications, efficiency and so forth does not arise. I do not like to say whose fault it is, the Government's or the people's. (*A Voice*: "The Government's.") I would certainly charge the Government with criminal neglect in this matter. (*Mr. Bipin Chandra Pal*: "Go for them.") Government have been guilty of neglect and therefore I want the Government to mend their ways; but my difficulty is that whenever we rise to put forward our claims and our rights, the cry is raised outside the Government ranks, and what is most deplorable, from the ranks of the Indian Nationalists, that they object to this reservation for Muhammadans or a re-arrangement because, as they say, "We want it on national grounds and not on communal grounds". (*An Honourable Member*: "The question is whether you have got sufficient men to fill the offices.") Yes, they are sufficient to fill the numbers that you have got—that is the question. (*A Voice*: "Why do you object to the efficiency test?") Why do you shut the door to us? It is said that we want to get into offices by flunkeyism, but those who are in possession of those offices have got in there by flunkeyism (Laughter). That is the situation. What I say, Sir, is this, that we have spent all these days in discussing only the political situation and high politics which of course are important and necessary, but once done it need not be repeated again and again, and if we do so we will be in a very peculiar position, and what explanation shall we give of our duties to the public outside? Sir, an English country schoolboy was taken to London for sightseeing, and among the sights shown was the House of Commons. When this boy returned home, his teacher asked him to describe what he saw in the House of Commons. The young boy described the House and after that said that the Members took their seats, that Mr. President came with all the procession and grandeur of the Speaker of the House of Commons, and that after he had taken his seat, a clergyman sat in front of him, looked at the assembled Member and prayed for them. Sir, I hope the same thing will be done here.

Mr. Jamnadas M. Mehta (Bombay Northern Division: Non-Muhammadan Rural): Sir, it is very unpleasant, as it is also humiliating, to me who as an undergraduate always regarded gentlemen like Mr. Bipin Chandra Pal, Maulvi Abul Kasem and others as great leaders, to find that those who were the heroes of my college days have fallen so low here. They have made an exhibition of themselves which is so painful and so distressing

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that I can only wish either that I had not come here or that they were not here. Sir, I can remember the Bipin Chandra Pal of 1906 in the *Bande Mataram* newspaper insisting on India having absolute autonomy free from British control; and to see that Bipin Chandra Pal, the hero of my youthful days, to-day grovelling in the dust before the foreign bureaucracy and twitting and taunting people engaged in the service of the motherland—to see that is the limit of humiliation. He talked of having roused the younger generation; so he did; is he now ashamed of that? He seems to be sorry that he roused us at all. Then, Sir, we find my friend and leader, Maulvi Abul Kasem, whom I had heard at the French Bridge meeting in Bombay in 1920 describe the Jalianwala Bagh as a place of common pilgrimage for Hindus and Muhammedans where innocent people were massacred by General Dyer, to-day grovelling before the Government responsible for that massacre. Sir, I must not continue this painful subject. I must

3 P.M. pursue the more technical and dull part of the speech I am going to make. Sir, last year I described what I would have done if I were the Finance Member. Ever since then, Sir, I am seeing a green colour in the eyes of Sir Basil Blackett, although I may assure him that I had no intention of usurping his place although now I know that Mr. Jinnah at least is not prepared to give me that office when he forms a Government.

Mr. M. A. Jinnah: I never said that, Sir.

Mr. Jamnadas M. Mehta: So far as my limited intelligence goes, I understood him to mean that. It may be however that when he forms a Government he might still make up his mind to accept me, but he has to remember that I might not accept. That is the difficulty. Time may soften his attitude to me, but it seems to me unfortunately that as time goes on, my attitude towards him must harden, because once a great Nationalist, he is to-day the leader of communal strife in this country. Sir, I am sorry once more to have reverted to this unpleasant subject but I felt that I could not sit down and not confess my humiliation to-day and during the last few days.

Sir, everybody, I think, has read of the Dawes' plan by which Germany has to pay her debts to the allies, and if I remember aright Germany has to pay 50 million pounds this year, then 60 million pounds, and then 125 millions a year in the course of the next 3 years and thereafter for nearly 50 years she has to pay at that rate when she will have liquidated her debts to the allies, and will once more become a free nation. These reparations will have ceased at the end of 50 years. Germany, the enemy of civilisation of ten years ago, will fifty years hence become one of the free and civilised nations in the world. That is the punishment to which this enemy of civilisation has been consigned, but the punishment to which this country is consigned is something worse, something more painful and something more degrading than even the reparations which Germany has been made to pay. Germany may be free at the end of fifty years, having paid her debt. This country has to pay reparations from year to year, for ever, at the same amount. If you look at the Home charges, if you look at the profits of foreign capital investment, if you look at the outgoings of income from this country, the amount that Germany will pay to the allies dwindles into insignificance before the amount of reparations which this country pays to Great Britain. The only crime this country has committed is to lose her freedom. For having lost that freedom she has to pay reparations.

tions and that for a length of time which Germany, the enemy of mankind and civilisation, will not have to pay. That is the kind of Government we are having, a sort of military occupation for ever, exacting reparations which have to be endless, ceaseless and on an evergrowing scale. These reparations have to be paid not because any harm has been done to Great Britain by this country, but because this country is part of what is called the British Commonwealth although to my mind so far as India is concerned it is still an Empire. That is the position and I hope there is no man in this House who thinks that he has done something even worse than the German people to become liable to pay these reparations freely and willingly by supporting the motion for the consideration of the Finance Bill. Any Indian who votes for the consideration of the Finance Bill consents himself to be worse, much worse than the Germans who had been the enemies of mankind ten years ago; to vote for the consideration of this Bill is to condone the military occupation of this country by a foreign race—an occupation which is going to be endless, if the signs and indications are correct. That is the reason why I am compelled to oppose wholeheartedly the consideration of the Finance Bill.

But there are other reasons; I will not describe them all here to-day, but will proceed straight to one of them—the question of currency and exchange. Sir, the Finance Member seems to have been set furiously thinking during the last few weeks as a result of the discussions which took place in this House on the motion of my Honourable friend Mr. Raju for a Currency Committee and he has felt himself compelled to venture on what he calls a reasoned refutation of the allegations made against him. Well, Sir, let us examine this reasoned refutation. What is the prelude to this reasoned refutation? This refutation, this long and laborious lecture in 10 long paragraphs, begins with a prelude in which the Honourable the Finance Member describes his critics as either suspicious or ignorant or insincere or unreasonable or selfish or stupid, uncharitable, ungrateful, he then stops—whether from exhaustion of breath or from the exhaustion of the catalogue of the wickedness of his critics or from the exhaustion of his vocabulary of abuse I do not know. But he stops after giving them vituperative brickbats to the extent that his vocabulary was capable, and this is the prelude to what we were promised would be a reasoned refutation. Next, he goes for the wicked Bombay Presidency. I must protest, Sir, that the Finance Member of the Government of India should forget himself and allow himself in season and out of season the liberty to have flings, sneers and gibes at a Presidency which is the milch cow of the Government and without which his Budgets, which he now calls balanced, would have taken years and years to balance. I would request him to remember his high position and not to indulge in these parochial taunts at Bombay so long as he is the head of the Finance Department of the Government of India; it unnecessarily lowers him, unnecessarily makes us feel that we have not got a friend in the Finance Member but a relentless opponent. Sir, this is the second element in the reasoned refutation, an attempt to create prejudice against Bombay. The third, Sir, is his deplorable attempt to debauch the fine sensibility and the sense of justice and of right and wrong of the consumer and the tax-payer, with a view to prejudice the fair consideration of the exchange question, by appealing to the cupidity and greed and self-interest of the consumer, as if the interests of the consumer and of the producer were in conflict. Sir, the only reason I can find for this artificial gulf which the Finance Member has attempted to create is that he is in sore need of some justification for the

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currency policy which the Government have been pursuing. He has called us suspicious. May I request him to consider that it is not without some reason that a number of educated, intelligent men have been for the last several years concentrating their efforts on convincing the Government that there are solid, substantial reasons why they are suspicious about the exchange policy. As I survey the history during the last ten years of the currency and exchange, I find, Sir, that the Government must accept one of three descriptions for their attitude, either they are the ignorant dupes of a policy which is dictated from Whitehall or they are willing accomplices in that policy or helpless victims in its pursuance. Let them take what they like. I give Sir Basil Blackett and the Government of India the choice to agree to be either ignorant dupes or willing accomplices or helpless victims in a policy which has been clearly, unmistakably, to the disadvantage of India. Let him make his choice. He has no alternative but to accept one of the three descriptions for the policy of the Government during the last few years.

The Honourable Sir Basil Blackett: May they not be the guides of that policy?

Mr. Jamnadas M. Mehta: Well, by all means if you choose; but be real guides; all that I can say at present, however, is that you have to accept one of the three descriptions for your policy. Accept anyone you like, I will prove that you cannot get out of these three descriptions. Let us look only ten years back. Let us leave the earlier period out of consideration. Everybody knows in this country as well as in this House that when the War began it became necessary for England and the Allies to get more and more of Indian produce and raw materials for continuing the war and for munitions. Prices went up. The immense exports of Indian goods made the balance of trade in favour of India greater and greater. In spite of the control that was obtained on our exports and in spite of the deliberately low prices which were given to the Indian producer as against the world prices then current, the volume of trade in favour of India grew and grew. Then, Sir, the further reason why the volume of trade in favour of India grew was that all the factories in England, as the Babington Smith Committee says, were organised for the manufacture of war materials. Therefore, the imports to this country from England were reduced and also because freight was not available in many cases to bring things here. For these reasons the balance of trade in favour of India grew. It further grew because the military operations in Mesopotamia, in Persia and in East Africa were financed from India and the soldiers were to be paid by the Government of India although eventually accounts may be taken from the British Government when Sir Bhupendranath Mitra goes to England again. But money has had to be paid for these operations from the Government of India's treasury. Then, Sir, credits were created for the American purchasers of Indian goods and for purchases by the Dominions. All these tremendous purchases and expenditure incurred by India on behalf of Britain went to swell to record figures the amount due to India after the war. Sir, part of this huge amount was reduced by that so-called gift of £100 millions and a further war contribution of £13 millions. In that way the amount to come from England to India was to that extent reduced. But the reduced amount was also not allowed to come here in gold because England wanted it to pay her debts in international currency and that international currency was only gold. Gold could not thus come to India. Great Britain in her own interests kept

India's gold in England and against that gold issued either paper currency notes or rupee coins. And because the authorities would not allow gold to be imported into this country—gold which was our due and for every one ounce of which the agriculturist and the producer of India had worked with the sweat of his brow—India's balance of trade had to be paid in silver and that inflated the silver market. This excuse, which was created by Government's own policy of refusing gold to India, was mentioned as the reason for raising the exchange. Silver was dear. China was a buyer. Another country was a buyer. We wanted silver for coinage and silver went up. The bullionists in England took the fullest advantage of this demand for silver from India and the Government of India went on purchasing silver silver and silver, and thus fell a prey to the silver interests in England. Because they would not allow gold to come and because they kept on buying silver, silver became dear and the statutory ratio established between the rupee and the gold could not be maintained. The reason why the 1s. 4d. ratio was disturbed was not the reason which has often been trotted out, namely, the rise in the price of silver, because that rise was the result of Government's own policy. Government themselves were the dominating factor contributing to the rise of prices of silver. Government could not be allowed to take advantage of their own wrong and to say that because silver went up the statutory ratio should be reconsidered. There are some Honourable Members who criticise us again and again and say that we are persisting in asking for a return to 1s. 4d., because we want to serve the interests of some industrialists or some selfish individuals in Bombay. If that was our object, we should have asked for a 1s. ratio or less. The reason why we are asking for the return to 1s. 4d. is not that we want to favour one individual against another but because for the last 20 or 22 years the statutory ratio between silver and gold was established at 1s. 4d. That is the sole and the whole reason. I would ask the House to remember that when a ratio is fixed by law it is very wrong to disturb it and that by executive action unless you have found a sufficient reason for doing so. I maintain that that sufficient reason did not exist so far because the difficulty that arose was due to Government's own policy and therefore they cannot be allowed to pass it as a good argument for the purpose of raising exchange. I say here that the deliberate policy of not allowing gold to come to India in payment of the balances due to her which was pursued during and after the war for reasons for which the Government of India can plead no justification contributed to the rise of silver and that rise cannot be pleaded as a cause for the raising of the exchange as the Government now find it convenient to put. It is because the statutory rate was disturbed so recklessly and wantonly without regard to the monetary interests and the economic fabric which were built up during the last 20 years on that ratio that all our exchange troubles during the last 10 years have arisen. You disturbed the law which ought to be the most stable, the most sacred and the most permanent. You disturbed it recklessly in an hour of weakness. That is why we are asking you to return to 1s. 4d. I find, Sir, that the Honourable the Finance Member has been talking of natural conditions. He is talking of arbitrary interference. He is talking of heinous injustice. He is talking of not disturbing the contracts. Sir, there is a vernacular proverb which says: "*So chuke khake Billi Haj ko chali*" When translated into English it means that a cat killed a hundred rats and thereafter out of penance went on pilgrimage to Mecca. I find Sir Basil Blackett in the position of having disturbed all natural monetary relations in India. By Sir Basil Blackett I do not mean him personally, I mean the Finance Department. I charge

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the Government of India and the Finance Department—as I charge that cat,—with hypocrisy. They have disturbed all natural relations by arbitrary executive orders. They have not cared for sacred rights built up under the 1s. 4d. ratio. They have done heinous injustice to the producer and the manufacturer and the agriculturist. And, now, does it lie in the mouth of the Government which for the last 10 years have been concentrating their energies on doing everything arbitrary, everything unnatural, everything unjust in the matter of currency exchange, to talk of heinous injustice and natural rate and arbitrary interference? I say, Sir, I am surprised at the courage and the boldness with which Government can now talk of natural ratios and arbitrary interference when they themselves have been doing for the last 10 years nothing but arbitrarily interfering with the natural ratio, doing heinous injustice and promoting and keeping on the Statute-book absurd and fictitious ratios, although I maintain that they are not fictitious. But, Sir, that is the kind of reasoned refutation which the Honourable Sir Basil Blackett gives. He, first of all, mercilessly abused his critics and then he tried to pitch the rest of India against Bombay and then thinks that he is maintaining a natural and just standard because that standard suits him. This is the kind of refutation which Sir Basil Blackett gives. Then after having exhausted his abusive efforts he proceeds to some kind of reasoning. That reasoning, Sir, you will find in paragraphs 40 to 46. In seven paragraphs we are given some reason which is very mystifying. Language has been described, Sir, as a vehicle for the expression of thought. But sometimes, as in those paragraphs it is used absolutely for mystifying and for creating complications. If you analyse this technical jargon in paragraphs 40 to 46 and if you look at the bottom of these mystifying phrases, you will have very poor comfort from them. It is the repetition of old arguments, which have been long since exploded and lost their force, and it is based upon a charge against his opponents which has no foundation in truth. It is quite commonplace in controversy, first to charge your opponent with having done something he never did and then triumphantly to show how wrong and utterly groundless his argument is. Sir Basil Blackett charges his critics, quite wrongly I submit, with having subscribed to a certain fallacy. May I tell him that his critics are after all not so stupid as he would like them to be? They have never generalised as he thinks they have generalised. The fallacy or the partial truth as he calls it is not our position. I will re-write the position as we take it; and I maintain that it is neither a fallacy nor a partial truth. This is how I put it. "All things being equal, rapid rises in exchange do temporarily benefit one class or another until in course of time an adjustment takes place, when everything again begins to run as if nothing had happened." I would ask him to accept this as our policy, and I would ask him to analyse that and prove that I am wrong

The Honourable Sir Basil Blackett: That is just what I said.

Mr. Jamnadas M. Mehta: No, Sir, let the Honourable Member read his charge against us again; the thing he presumes we have done we have not done. We know that exchange rises and falls and it settles down in course of time and things look as if nothing had happened. But the process of adjustment, sometimes short and sometimes long, cannot be dictated by Sir Basil Blackett. This process, sometimes long and sometimes short, is full of misery, full of dislocation, full of undeserved loss, and I charge the Government of India that, during the last 10 years, they

have by executive action, and unjust action, brought about this position. They have by their own *firman*s raised exchange and continued it by artificial means whereby the producer and the agriculturist and the manufacturer has been penalised, and a great deal of economic injustice has been done, and distress and loss has occurred and is still occurring. He has not contended the position as I put it but has charged us with a thing we have never said. I invite him to disprove what I have said, *viz.*,—that all things being equal, rises and falls in exchange do temporarily do injustice either to one side or the other, until in course of time adjustment has taken place, but that in the meantime a large amount of loss and injustice occurs. By their unjust and arbitrary interference with the currency position, the Government of India have put this country, its producers and agriculturists to a loss of unmeasured crores. Those crores will never be measured. They can only be measured in the reduced vitality of the people owing to the injustice they have suffered in their standard of life which has been lowered, in the starvation and semi-starvation of millions of people in the country. That is the price which we have paid for allowing the Government to raise the exchange from 1s. 4d., and even now I ask the Government, if they are sincere in their talk of natural laws and of not interfering arbitrarily, I invite the Finance Member let gold come in as currency, let him issue currency at the market rate to-day and his 1s. 6d. will fall like a house of cards before he knows it. I invite him not to talk of 1s. 6d. as natural. I to-day ask him to give us currency at the market price of gold and continue issuing it so long as we can tender gold. Let him issue currency on some natural and just basis, and I tell him that, before he knows it, before he reaches England, the exchange will come down. Well, Sir, I know he cannot do it; he dare not do it. Therefore he has raised considerable dust, and behind the shroud of the dust he retires. What is this precious thing he has said in paragraph 46? First of all he has not said "all things being equal." He has omitted that which is the fundamental and governing condition. I say, Sir, that without prefixing this condition, *i.e.*, "all things being equal," his reasoning is false, misleading and unjust. He takes the case of rising prices and exchange now and compares it to the time when prices and exchange were low. He has no right to take it like that. Let him take all things being equal, not prices rising this year and being lower last year. That is no comparison. The moment he compares two different sets of things he puts himself out of court. He is not reasoning; he is misleading. Well, Sir, he is taking in paragraph 40 a state of things which is not the right basis for a consideration of this question. All things are not equal. He says:—"A period of rapidly rising exchange." We do not want that. Let us take all things being equal, and then if exchange is artificially manipulated and allowed to rise, then the agriculturist, the producer and the industrialist suffer. That he cannot deny. If exchange is at a certain ratio when the prices of export produce are lower the rising of exchange will bring undeserved loss to the producer if the prices have subsequently risen owing to natural causes. This is the right way to compare; his is not the proper method of comparison; but even in the two different sets of circumstances on which his argument is based, and therefore based on an initial fallacy, he is unable to prove that a rising exchange is favourable to the producer. What does he prove? The following is the substance of his reasoning "It does no good to one section, no good to another section, it does good to all!" It is a most colourless statement; the substance of that

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statement is " nothing happens, nothing good or bad ". I must admire the adroitness of the Finance Member, but I feel absolutely unconvinced. Then, Sir, he is unable to deny that if exchange does rise, the producer will temporarily get less. He says the producer gets the same amount as he used to get. Yes, he used to get the same amount previously when exchange was low, and now he gets the same amount because exchange is high. But if the exchange remains stable and the prices rise, as now, it stands to reason that the producer must get more and that he does not. For that loss there is no compensation except that more gold is coming into this country. Sir, some Honourable Members are apt to be demoralised by the doles which the Finance Member gives now and then in the form of provincial contributions, and by his professions of sympathy for the consumer and the tax-payer. By these tactics he hopes to create prejudice in favour of a high exchange and then he can triumphantly proclaim that his argument is correct. But he has admitted that if the prices remain what they are now the purchaser will get more with exchange at 1s. 4d. Now, he gets less, but he gets we are told more gold instead. That gold is here, the little gold that we may be getting temporarily. What does it imply? The Finance Member knows very well that since 1871 till now the amount of gold which has come into India is somewhere near £807 millions. I am not quite sure of the figures but it was 251 millions net in 1919 and since then more has come. I think £807 millions is the amount of gold which has come into this country during the last 60 years. Does he realise that the low price of gold to-day means a smaller price for all the huge £807 millions of gold that India has collected at 15 rupees to the £? The little amount of gold we get now at once reduces the total monetary value of the whole gold we have collected within the past 60 years. Is that a benefit to this country? Temporarily low prices of gold, because exchange is higher, may benefit one man here and there; but simultaneously it reduces the value of the gold which India has collected by laborious attempts during the last 60 years or so. That is the effect of the low price of gold about which we hear so much; that is the one temporary but dubious benefit the Honourable the Finance Member can point out. It reduces, on the other hand, the total market value to-day of all the gold accumulations of this country. He calls that an advantage.

The Honourable Sir Basil Blackett: Does the Honourable Member suggest that the Finance Member is responsible for the world price of gold?

Mr. Jamnadas M. Mehta: No. All that I suggest is that to-day if gold is cheap in India, the total value of the gold accumulated in India is lower.

The Honourable Sir Basil Blackett: It is the world price that makes it cheap.

Mr. Jamnadas M. Mehta: True, but then you have been making a point of temporary greater imports of gold; hence I say that at present prices the total accumulations of gold in India will measure less because the current price of gold is lower.

The Honourable the Finance Member finally has a fling against those people who say that with exchange at 1s. 6d. India loses 40 crores a year, or, as he is pleased to put it, some other " fantastic " figure. The figure is more " fantastic " if you like; but there it is. I have said it is 48 crores. I will now give some detailed figures of the loss that is being heaped upon

the poor agricultural producer by his exchange policy. The producer of rice loses 4 crores, 3 lakhs; of wheat 1 crore 28 lakhs, of tea 3 crores 95 lakhs, of other grains 75 crores, of cotton 18 crores 82 lakhs, of other agricultural produce nearly 7 crores. He would receive more if the exchange was not high.

Well, Sir, the last argument, the "trump card" of the Honourable Sir Basil Blackett is—what is it? He says the producer in one capacity is the consumer in another time but not in the same sense and to the same extent. In India to-day the agriculturist and the producer are the most numerous of all sections of the community and it will interest Sir Basil Blackett and those friends who harp upon the consumer to remember that to the extent the agriculturist is also the consumer when his income is reduced by higher exchange, his purchasing capacity for the cheaper foreign articles is also reduced. If you first of all reduce his income, if you first cut off his right hand and then put some thing, say a few pies, in his left, it is no advantage to the agriculturist even as a consumer.

Mr. Devaki Prasad Sinha: What is the source of his income?

Mr. Jamnadas M. Mehta: The source of his income is production, and the Honourable the Finance Minister's speech will tell Mr. Devaki Prasad Sinha that world prices eventually rule internal prices and prices here are not in the long run at a different level to what they are in the rest of the world; and if the producer does not get the benefit of higher prices for his produce in other countries, he cannot get higher internal prices also.

I will now proceed to show the Honourable Sir Basil Blackett how the consumer in India is largely distinct from the producer. During the luncheon recess I have casually looked up the figures of the census and I find that the producer as producer—the cotton grower, the corn grower and the man who is engaged in the production of food grains and other raw material—is between 70 and 75 per cent. of the people of this country.

Mr. N. M. Joshi: Are they the owners of the land?

Mr. Jamnadas M. Mehta: Yes, mostly unless the census is wrong. I am coming to the case of the agricultural wage-earners who work on the land, but I repeat here that the man who produces or helps to produce agricultural materials is between 70 and 75 per cent. of the population of this country; and the number of people who depend upon agriculture for their wages is, so far as I can ascertain, not more than 17 millions, *i.e.*, 17 millions of people are engaged as agricultural wage-earners as distinct from producers or people who till their own lands. And then, Sir, of the rest of the population, about 18 per cent. are occupied in trade, industries and transport. Of these those who are engaged in trade are 5.68 per cent. and include those who are engaged in trade as bankers, and brokers, and these latter deserve no consideration. I hope nobody is pleading for the consumer of this kind—bankers, brokers of all kinds and the industrialists. Then, Sir, even among the rest who are engaged in trade and industry there are people who are engaged as tailors, bricklayers, carpenters and others who do not work in organised industries, journeymen who work on wages according as prices rise or fall, and that should not be forgotten. If you take away all these classes, those only are left who are engaged in organised industries and whose wages alone therefore matter when you want to consider the consumer's standpoint, there are those who are either engaged

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in Government service or the service of other public bodies. Their number at the highest when you include all others in similar condition cannot be more than 18 millions. Unhappily that number is rising. Now I do agree that with a lower exchange the difficulties of these 18 millions of people will increase. They will be put to a great deal of loss, distress and starvation. But the remedy for that is not to penalise 132 crores of people. The remedy is to force the industrialists and the Government to give higher wages to their men.

Mr. Devaki Prasad Sinha: Until that is paid what do you suggest?

Mr. Jamnadas M. Mehta: Until that is paid you will have under the present policy, to rob the agriculturist. That is the new Bolshevism of the Honourable Sir Basil Blackett.

The Honourable Sir Basil Blackett: What are the 132 crores?

Mr. Jamnadas M. Mehta: They are the people engaged in tilling land and in producing. I beg your pardon. I mean 231 millions, not 132 crores. I am very thankful to you for correcting me. I am very much obliged. But these 231 millions of people—is there any reason why you should rob and penalise this class of people for the interests of 18 millions of people who may be said to be the real consumers and whose case deserves as careful and as sympathetic consideration as that of the producer? I may say that I am here to help my friend Mr. Joshi and my friend Mr. Devaki Prasad Sinha and whoever else is interested, to press upon the industrialists and the Government, the two great employers of paid labour, in whose hands the consumer's real interests are, to pay their employees higher wages. Let us not penalise the producers and the agriculturists.

Mr. Devaki Prasad Sinha: What about the agriculturists?

Mr. Jamnadas M. Mehta: If my friend Mr. Devaki Prasad Sinha or the Honourable the Finance Member has any doubt I will quote the evidence of some people before the Babington-Smith Committee which conclusively establishes who are the producers and who are the consumers.

Mr. N. M. Joshi: The labourers are the producers.

Mr. Jamnadas M. Mehta: I quite agree. I will tell the House what was said before the Babington-Smith Committee by Sir Vithaldas Thackersey and by one Mr. Datta who previously belonged to the Finance Department of the Government. Mr. Datta said that 70 per cent. of the people benefited by the rise in prices before the war because they were engaged in agricultural work. As regards the benefit which accrues to the consumer *qua* consumer when the exchange is higher Mr. Datta himself says that that depends upon one single factor and that factor is how much of the imported articles the agriculturist uses. Sir Purshotamdas has shown the other day, and many more people in Bombay will show the Finance Member and those who agree with him, that the use of imported articles in this country and of foreign luxuries is restricted to towns and cities and percolates only to a very small degree to the mufassil and the agricultural centres and what they purchase is either kerosene oil or sometimes sugar or one or two articles of very small value. Those are the only things which the agriculturist in India purchases out of imported articles and the amount which

he spends on that account is certainly lower than the total of his family budget on other articles. The real criterion is what portion of his income he spends on imported articles and what either in cash or kind on the articles internally produced. If that is the criterion, and I agree that it is, there is no question whatever that the rise in exchange absolutely puts the agriculturist to enormous disadvantage.

Lastly, I must quote for the benefit of those who still hold that higher exchange is beneficial the reply which Government received from the Treasury in England when they were trying to put the exchange higher from 1871 onwards. The Government of India appealed to the Secretary of State and the Secretary of State referred their appeal to the Treasury. Then also the same question was raised whether exchange was to be allowed to rise and here is the answer which the Treasury gave. That is an answer written when this controversy had not arisen in this acute form. Here is what the Treasury says

The Honourable Sir Basil Blackett: What is the date?

Mr. Jamnadas M. Mehta: 24th November 1879. 1879 is the starting point but it goes on much longer. Here is their reply:

"It appears to my Lords that the Government of India in making the present proposal (*namely, that the exchange ratio should rise*) lay themselves open to the same criticisms as are made upon Governments who have depreciated their currencies. In general, the object of these Governments is to diminish the amount they have to pay to their creditors. In the present case the object of the Indian Government appears to be to increase the amount they have to receive from their tax-payers. My Lords fail to see any real difference between the character of the two transactions."

This reply, Sir, is couched in polite language. It says what the Indian public opinion has been saying that an artificially raised exchange is a fraud on the consumer and the producer. I wish I could speak with the same restraint and politeness in referring to this matter but the action of the Government makes that impossible. Patience is impossible with this Government. In the reply which the Lords of the Treasury gave to the proposal of the Government of India in 1879, they say that you are attempting to perpetrate a fraud on the people of India just as all bankrupt Governments do which depreciate their own currency. They really see no difference between the character of the two transactions.

The Honourable Sir Basil Blackett: Will t' e Honourable Member explain how this differs from what I said? I said very much the same thing.

Mr. Jamnadas M. Mehta: Then I am glad you agree with us. Let us see what they say further; this is the substance:

"The raising of the value of the rupee is open to the objection that it alters every contract and every fixed payment in India. It may relieve the Indian Government in the matter of remittance. It may relieve civil servants and others who have to remit to England. It may relieve the capitalists who want to transfer capital to London but this relief will be given at the expense of the Indian tax-payer and with the effect of increasing every debt or fixed payment in India including the debts due by the *ryots* to the *sowcars*."

What is the difference to-day between exchange at 1s. 4d. and 1s. 6d. for a promissory note for Rs. 100. In substance it comes to Rs. 112-8-0. The huge indebtedness of the peasantry at 1s. 4d. is multiplied by 12½ per cent. to-day by the higher exchange and that is the effect of the rise in exchange for which the *ryot* will not bless you. You may try to beguile yourself with the delusion that exchange which puts the debtor to 12½ per cent. disadvantage for every Rs. 100 is not a thing which is a hardship

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on him; but the fact cannot be denied. Then we come to the letter of 1886. Again a similar reply was given:

“While it is admitted that some benefit might be derived by the European officers of Government from the proposed measures it is shown how injurious would be their effect upon the Indian tax-payer. Since that time the great stimulus which the value of the rupee is believed to have given to the export trade of Hindustan and the great addition which has accrued to the commercial wealth and the industries of the people reinforce the warning then given against rashly meddling with a condition of things which may well have brought to the people of India more of advantage than of loss.”

Again:

“It is impossible to regard this question from the point of view either of the Indian exchequer or of the Anglo-Indian official without a corresponding regard to the general effect of the fall in the gold price of silver upon the trade and prosperity of the great masses of the population.”

Well, Sir, I am satisfied that the Lords of the Treasury in England have twice upheld the principle for which the critics of Sir Basil Blackett are fighting.

The Honourable Sir Basil Blackett: I do not want to interrupt the Honourable Member but the whole of my speech was devoted to proving that it was very undesirable rashly to meddle with exchange, and the Honourable Member seems to agree with me.

Mr. Jamnadas M. Mehta: Now; but you have meddled all these 10 years. I have invited you to put the currency on a gold basis and see the consequences. I invite you again. The Honourable the Finance Member thinks that he can reduce prices by raising exchange. In order to prop up a weak case the Babington-Smith Committee devoted paragraphs after paragraphs to the question of prices in order to mislead the people. Similarly the same policy is maintained here to mislead the people on the question of prices and to justify the rise in the rate of exchange. Sir, supposing silver becomes dear, would it be proper to value the pound at 15s. If silver becomes dear, would the tax-payer of England say now that silver is dear let us make a pound 15s. instead of 20? That was the thing which Government have done in India. Because silver was dear instead of Rs. 15 to the sovereign they made it Rs. 13. They wanted to put it at Rs. 10 because silver was dear. Let Government and Sir Basil Blackett attempt to advise the Treasury there when silver has risen in price to make 15 shillings equal to the sovereign; that proposal is identical with what was done in India; let them advise I say and I am sure they will be laughed at and the gentleman who made the proposal would have to go into wilderness from which he will never return. That is the kind of thing which is being forced upon the people, a thing which is not conceivable in England, which nobody would dare to propose without being stamped as a thoroughly ignorant man; and yet that is precisely what the Babington-Smith Committee advised and has been done here for years together. And now Sir Basil Blackett asks us to admire the mechanism by which he has been able to bring about a surplus, the mechanism by which he has been able to give a dole to certain provinces, the mechanism by which he says he has been able to maintain lower prices; forgetting that he himself has said that the day of lower prices can only be of a temporary duration. He himself has said that it cannot last long. Why then throw it out as an excuse for a policy which is not justified on other grounds? Sir, I have done so far as Sir Basil Blackett's 10-paragraph lecture to his

critics is concerned. He has not been able to bring forward one new argument, beyond trying to prejudice the case against his critics by abusing them. In addition to these three things he has further tried to confuse the issue by what I said was technical jargon; it really comes to this that temporarily higher exchange benefits the consumer and lower exchange benefits the producer. That is correct, but the whole thing comes to this, should you disturb the statutory relation for that purpose? It is a questionable method of reducing prices if you reduce them as you have done by tampering with a legally established standard. All that I can say is that whatever may be your intentions you are not justified in tampering with the legally established money standard in order to gain a good end.

Then, Sir, there is one thing which has rather caused me a certain amount of misapprehension, and that is this. Sir Basil Blackett says, let us leave this question to a Committee which is eventually to be appointed. They will fix the ratio. I may tell him that the Committee which this House has asked for is not for fixing the ratio. The Committee has been asked for for the purpose of revising the currency and exchange system not merely for fixing the rate of exchange, and I hope the terms of its reference will not be limited, because although he has emphasised this question of fixing the ratio of the rupee and the pound, that is not the only object of the Committee we have asked for. That is the object of Sir Purshotamdas's Bills. Therefore, I hope Sir Basil Blackett will not limit the terms of reference when he appoints a committee as soon as he returns from England. With these words, I oppose the consideration of this Bill.

Dr. L. K. Hyder (Agra Division: Muhammadan Rural): Sir, when I read the heading of this Finance Bill which is before us I found miscellaneous items which are joined together, and when I see how the course of the debate has swayed to and fro I find that different things have been packed into this debate, as if it were a very large and very capacious portmanteau. We have been talking of economics, politics, sense, non-sense, facts, fables, death-warrants and treasure islands looted away. Well, Sir, I should not have stood up in my seat, but, Sir, I represent a rural constituency, and the point has been raised that somehow or other through their exchange policy the Government of India are acting in a manner that is highly injurious to the agriculturists in this country. I find that this discussion about currency and exchange is not a new thing in India. It has got a very long, a very confused, and chequered history, and I welcome this opportunity because it is better that we should hammer out these things here. At any rate it makes us think about them, things which are admittedly very difficult, which are admittedly very subtle, and about which we should aim at getting at correct conclusions for our guidance. Well, Sir, this question of exchange, as I said just now, is rather a difficult matter, and as I rise in my seat now at this late hour—I must say also that I feel rather tired and also rather sleepy—and I will not keep the House for a very long time. And I will not trust to my notes only, but I shall quote to-day from a text, in order that there may be placed on the records of this Assembly the opinions of people who are by no means partisans of any one. In 1888 Dr. Marshall gave evidence before the Gold and Silver Commission when the English agriculturists raised the cry that they were being ruined out of their business by the unfettered import of

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wheat from India, and he maintained that nothing of the kind was happening. I was going to add that the evidence of such men is unbiassed. They were wholly seekers after truth, and I was going to assure my friends from Bombay that in answering a question of the President, he said, referring to the cotton excise duty, that "our rule of India would not be justified at the bar of history if we so governed India that she always had to send cotton to be manufactured in England." Well, Sir, I think you may take it that such a man, if he was giving evidence would not be swearing to false gods but to pure truth only. Well, Sir, I will now recapitulate some dates in order to get this point firmly fixed, that this phantom of rising and falling exchange has been present ever since 1870 and has produced visions and suggestions which had no foundation whatever in fact. These are the dates. In 1888 the gold price of silver was falling and it was said that there was a bounty on exports from India and a check on imports into India. Then again, in 1898, a similar thing was happening, the gold price of silver was falling and it was suggested that the exports from India to other countries showed a large increase and the imports showed a very great decrease. Then again in 1898, this question of currency was there. Then again in 1914 this question of currency was there, and again in 1919; and here we are in 1925 and this question of currency and exchange, of crores looted and given away, is there. Well, Sir, it therefore is a very important matter for the people of the country to find out how, if at all, these crores are given away by an expert Finance Minister, and if possible to check him in granting this largesse to non-Indian interests. As I said just now in 1888 these English agriculturists, men of huge frames and of broad acres, complained that they were being done out of their business. Let me quote now the opinion of Dr. Marshall which bears directly on this question of a high or low exchange creating bounties and penalties in the foreign trade of a country. The question that was put to
4 P.M. him by the Chairman, Lord Herschell, was this:

"Q.—It has been suggested that the fall in the gold price of silver gives a bounty to exporters of produce from silver-using countries. What have you to say on that point?"

A.—My own view is that *a priori*, it is impossible. I will first endeavour to prove this by general reasoning, though I am aware that such a method of argument is not convincing to all minds. I submit that if Spain is sending oranges to England in exchange for cutlery, the question whether more oranges will go to England—whether the English market will be flooded with oranges—depends solely upon the relative values of oranges and cutlery in England and in Spain. That doctrine was established by Ricardo, and I do not know that any person has shaken it in the least; in fact, I do not myself believe that it has ever been seriously attacked by anyone who has taken the trouble to understand it. If cutlery should rise relatively to oranges in Spain, then there will be a larger trade done, or if oranges should rise relatively to cutlery in England, there would be a larger trade done. I do not think that any change in the counters which are used will have any effect whatever upon the general course of trade. I admit that silver is something more than a counter. I admit that it is a very large commodity counting for a great deal in India's imports, and in so far as it is a commodity, I allow it every effect which I should to a commodity of equal volume, copper, or iron, or cutlery, but no more. Well, although that argument seems to me conclusive, I know that there are many who are not convinced by it, and I will therefore interpret the substance of the argument into the language of the money market, and go into the matter in detail. In answer then to the question, 'does a fall in the Indian exchanges give a bounty to the Indian exporter', I submit that there is no answer to be given to that question at all, unless it is known what is the cause of that fall in the Indian exchanges.

And it appears to me very strange that general attention has not yet been directed to the fact that a fall in the Indian exchanges may be so caused as to have exactly

the opposite effects that are commonly attributed to it, and give a bounty to the Indian importer, and to impose a penalty on the Indian exporter. Let us then take one by one the causes which may produce a fall in the rate of the Indian exchanges. We shall find that the effect of that fall depends on the nature of those causes, and that it acts sometimes in one direction and sometimes in the other. Firstly, let the cause be a superfluity of silver in Europe, then there will be a fall in the purchasing power of silver there; the purchasing power of gold so far being unchanged, the result will be a fall of the Indian exchange. The gold price of a silver bill on India falls; the sending of goods other than silver to India is *pro tanto* unprofitable because prices have not risen there. For the same reason the sending of goods from India is profitable; consequently silver goes to India. How long silver keeps on flowing to India depends chiefly on what is done with it when it gets there. In so far as it goes into the hoards it will not affect prices; in so far as it does not go into the hoards, it will gradually raise prices. It will gradually raise the exchanges, and the benefit to the Indian exporter will be so far over. Therefore on the supposition that the fall in silver prices takes place in Europe before it takes place in India, there is an interval in which the Indian exporter gets a bounty equal to this difference. The extent of that difference I will consider afterwards; but to the extent of this difference, and so long as it lasts, I admit that a bounty to the Indian exporter does accompany a fall in the Indian exchanges. But, secondly, let us take the opposite cause of a fall in the Indian exchanges. If the silver mines had been discovered in India instead of in America, and silver prices had risen in India before they rose in Europe, then the exact opposite results would have arisen. There would then have been a tendency for silver to flow from India to England in lieu of other commodities, and there would then have been a tax on the Indian exporter equal to the difference between silver prices in India and in Europe. I contend, therefore, that the bounty which is caused one way or the other by a fall in Indian exchanges depends merely on the question whether the change in the price of silver takes place first in Europe or first in India. If it happens that silver falls in value in Europe before it falls in India, I admit that in proportion to the differences between prices measured in silver in Europe and prices measured in silver in India, to that extent there will be a bounty to the Indian exporter, but that this bounty is due not to the fall in the exchange itself, but to the particular cause which produces that fall, is shown by the fact that if the silver had been discovered in India, and if silver prices had risen in India before they had risen in Europe, then the difference between them would have been a penalty on the Indian exporter and a bounty on the Indian importer."

Then he was asked the further question:

"When you say the value of silver falls in Europe before it falls in India, you judge of the value having fallen in Europe by the gold price of silver?"

To that he replied:

"Yes, I take account of that."

He was then asked:

"How do you judge of its having fallen in India?"

The reply was:

"But I desire to explain further: I judge of it in England in this way; I find the purchasing power of gold in England in terms of commodities; then I find the price of silver in terms of gold; then I divide the one by the other and so find the purchasing power of silver in England. I find the purchasing power of silver by the ratio of its value to gold, as compared with the ratio of gold to other commodities. The purchasing power, the value of silver in India, I measure by an index number such as Mr. Palgrave submitted to the Commission on the Depression of Trade and Industry."

There is then a long train of reasoning and I do not wish to read that before the House, and I may say Lord Herschell was still not satisfied as to this question of bounty or penalty, and he pressed Dr. Marshall to make himself clear. He put the whole matter again to him in the following words:

"Will you let me put to you a case which has been suggested as showing a bounty, or I think it is very much the view which has been put forward, although I do not know that it has been put exactly in this way before. Supposing the gold price of wheat to have fallen from 40s. to 30s.; when the gold price of wheat was at 40s. and the rupee was at its old value, the grower in India got precisely the same number

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of rupees and no more than he gets now with the lower value of silver. When wheat is at 30s. he would get, with the fall of 25 per cent. in the value of silver, precisely the same number of rupees with wheat at 30s. as he did with wheat at 40s. Well now, supposing that the rupee will pay the wages of the people employed in the production of his wheat, and purchase as much of everything as it did before in India, the Indian producer is in precisely the same position with wheat at 30s., but with the lower value of silver, as he was with wheat at 40s. I am putting that assumption to you. Then it is said that this is substantially in accordance with the fact that there may be some slight change of silver prices in a few articles, but that as regards wages and matters that go to the cost of production it is true, and therefore the Indian producer with wheat at 30s. is in as good a position as he was at 40s. Now it is said that the English producer with wheat at 30s., although he might be in the same position as the Indian producer if wages and everything else had gone down to 25 per cent., is now in a worse position than the Indian producer, because wages, more particularly, and other matters which go to the cost of production, have not gone down to the same extent; therefore it is said that the more favoured position of the Indian producer may be regarded as a bounty. Could you question the reasoning or the effect?"

The answer was:

"I should say that there was a *petitio principii* in the argument, and that the conclusion arrived at was unconsciously glided into the argument. The fact that industry is now capitalistic alters, in my opinion, the substance of the problem very little, but makes a considerable change in its form; therefore I will ask to be allowed to pay no attention to the fact that industries are capitalistic for the present, and to take account of it afterwards. It is of course true that India can export wheat or tea more profitably when exchange is 1s. 4d. than when it is 1s. 6d., if we suppose that the fall in exchange has not been accompanied by any changes in prices; but then it is of the nature of the case that it will be so accompanied, and to suppose that it is not is to assume unconsciously the conclusion against which I am arguing. It is a *petitio principii*. The argument is like this:—If a man is in the cabin of a ship only ten feet high, and the ship sinks down twelve feet into a trough, his head will be broken against the roof of the cabin. This argument implicitly assumes that when the ship falls he will not fall. But really the law of gravitation acts on him and on the ship together. He does not break his head against the roof of the cabin, because there is a natural law which makes him move together with the ship. In just the same way the change in the exchange is itself a part of a more sweeping change. If wheat is selling at 36s., and a scarcity of gold lowers exchanges from 1s. 6d. to 1s. 4d., it will also lower wheat from 36s. to 32s.; and the Indian exporter will be where he was. Of course, silver might fall a little faster than wheat, owing to a panic in the bullion market; that would give a bounty to the Indian exporter equal to the small difference between the two falls. There is no reason why the gold price of silver should fall at a different rate from the gold price of wheat, unless there should be a panic in the bullion market, and after all such a fall would be temporary, and if it led to silver going to India when it was not wanted there, there would be a reaction. The argument that the fall in the gold price of silver gives a great bounty to Indian exporters assumes that there is a great difference between silver prices in India and Europe (after allowing for carriage). That is impossible. To assume that it is possible is the *petitio principii* of which I complain. There can only be a small difference, and the fact that Indian importation of silver is not large shows that the difference is only (as it was before 1873) just enough to pay the freight of the silver. It is a fundamental law of commerce that the silver price of things must be the same in two countries which have free trade with one another, after allowing for differences in the cost of transport. If there had been for a short time any considerable premium of this kind on exportation from India, if there had been even for a short time a large fall in the gold price of silver in England without a large fall in the gold price of commodities, there would have been an enormous export of silver from Europe to India, on a scale such as has never been approached, though some faint indication of it was given about the year 1866, when the French bimetallic law prevented silver from rising in Europe relatively to the newly-imported gold, and in consequence India imported 20 million pounds of silver in one year."

This thing then has persisted. I think the question was examined by a Commission in 1893, by another Commission in 1898 and also by this Committee in 1919, and they took pains to establish that, to repeat the

technical terms of which my Honourable friend, Mr. Jamnadas Mehta complains, exports really pay for imports. (*Mr. A. Rangaswami Iyengar*: "What is the primary connection?") Well, Sir, I come now to a different part of the argument, and that is this, that ever since the year 1914 we have had to deal with internal price-changes, foreign exchanges and outside world prices. Well, Sir, there are these three factors,—internal price level, the world price level, and the rate of the exchange. Now the Finance Member can manipulate internal prices, he can manipulate the exchange, but one thing is not in his power and that is the price level outside. If you want fixity of exchange, you must have necessarily two things, stability in internal prices and stability in international prices. One of the factors is not in your control, that is to say, the world price level. If that is not in your control, then you cannot keep both your own internal price level and your exchange stable. These two things together stability in internal prices and stability in exchange, when the third factor is not in your control, you cannot have; so you will have to choose between stability of internal prices and stability in exchange. The choice will depend upon the merits of the case for each country. I believe, Sir, that the choice which was made by the Government of India was a wise choice, that it is better to keep prices stable in India, rather than to aim at stability of exchange, with which after all not very many people are concerned. It is a great convenience, but it does not touch the lives of the people who form the 320 millions. Well, Sir, I will not detain the House longer, but perhaps this is one of those occasions when a man might make some confessions also. We have been told it would be in the interests of this country, and there is no politician in India, no public man of any reputation who has not said that it would be better for this country to possess a gold standard, either with or without a gold currency in active circulation. Sir, I will also lay down what I consider best. What is it for we require silver or gold? Can you eat them? Can you drink them? What can you do with them? What do you want them for? You want them in order to effect your purchases and the same thing you can do with notes printed on silver and the same thing you can do with notes printed on paper. Is it not desirable, Sir, that this business of buying and selling things in this country, the internal exchanges,—should be conducted by means of a material which does not cost you very much? The provinces require remission of contributions. (*Mr. A. Rangaswami Iyengar*: "And therefore use paper money?") The provinces require remission of these provincial contributions. Does it occur to the Honourable gentleman what quantity of wheat the Government of India would have to raise in taxation in order to acquire the quantity of gold necessary for establishing the gold standard? And what work will this gold do? Simply this that you may be able to effect your exchanges? Well, then, if exchanges can be effected by means of a material for which you have not to send such a large quantity of rice or wheat or jute or other agricultural stuff, is it not better that the currency work should be performed by such means. I would unhesitatingly raise the question. "Is it not better that the quantity of rice or wheat which this country would have to export to get at the gold should be invested in the material welfare of the people of this country rather than in the acquisition of a material for which there is absolutely no use, except this that it should enable you to perform your buying of things in the bazar." There is another thing. Even if you did have the gold the low level of prices in India would not allow you to perform your exchanges with the gold pieces. The gold piece

[Dr. L. K. Hyder.]

would be too much in value for the kind of transaction that people in this country enter into daily. For that reason, Sir, without any hesitation, if I had any voice or influence whatever in the management of affairs of this country, I would unhesitatingly say that it would be no good policy for this country to adopt this expensive folly of the gold standard which other countries in Europe, much more wealthy, are able to maintain. It would be absolutely no use to have this gold,—so much wealth invested without profit because the only work that it can do is to enable you to perform your exchanges. That work is being done by the silver rupee, by the paper rupee. Why take on this additional luxury? If other countries take to it, they are wealthier. The people of those countries can freely afford to have this luxury but not the poor people of this country.

***Mr. M. A. Jinnah:** Sir, before I deal with the motion that has been moved by the Honourable Member that the Bill be taken into consideration, I would like to make one or two matters clear. First I want to answer my Honourable friend Mr. Jamnadas Mehta. Mr. Jamnadas Mehta said that, when I had a voice in this House, I would not appoint him as Finance Minister. Well, Sir, I never imagine for a single moment, nor am I so presumptuous, however ambitious I may be, to imagine that I have that power or that I shall ever have that power to be able to appoint a Finance Minister of this Legislature. But I never said that, and I believe that he is so disappointed that his feelings are hardened against me. (*Mr. Jamnadas M. Mehta:* "I might not accept you at all.") I never was a candidate and I am not a candidate for any post. (*Mr. Jamnadas M. Mehta:* "Not even for forming a Government? I do not want to be one of them.") I know the Honourable Member is very much offended because I refused to appoint him a Finance Minister and he said that he would not have me. Then he went further and he made a statement. He said he had a great feeling or regard for me as a Nationalist leader but that feeling of his has now hardened because I have become a leader of communal strife. (*Mr. Jamnadas M. Mehta:* "That is perfectly right.") It is absolutely false and Mr. Jamnadas ought to know that. I, Sir, stand here with a clear conscience and I say that I am a nationalist first, a nationalist second and a nationalist last. (Applause.) Statements of this character, which are made for outside consumption, will not deter me from doing my duty; and I give my friends from whom we differ honestly credit for holding to their honest convictions. Give us the same credit. That is all I claim. I will not, Sir, vilify, I do not wish to misrepresent, anybody, and I once more appeal to this House, whether you are a Mussalman or a Hindu, for God's sake do not import the discussion of communal matters into this House and degrade this Assembly which we desire should become a real national Parliament. Set an example to the outside world and our people. Sir, I have done with regard to that.

Now, I shall deal with my friend Mr. Patel. In Mr. Patel, Sir, I see the Congress man. I do not see eye to eye with the present policy and the programme of the Congress. Nevertheless, I have profound reverence for those men who are working in that organisation. But, Sir, I do resent misrepresentation. Now, Sir, we know perfectly well that in 1916 the Congress-League scheme of reform was adopted at Lucknow. In 1917

* Speech not corrected by the Honourable Member.

we had the Congress at Calcutta. The Montagu-Chelmsford Report was published in this country, and after that a special Session of the Indian National Congress was called and was held in Bombay and Mr. Patel served as one of the representatives who represented the Indian National Congress view before the Joint Parliamentary Committee. What was he asked to do by the Congress? The original scheme of reforms, as a first step towards complete responsible Government which was adopted by the Congress, was modified by the Congress after the Montagu-Chelmsford Report. They pronounced their verdict. What was their verdict? I will read it to the House.

Mr. A. Rangaswami Iyengar: Is that the Bombay or the Delhi Resolution of the Congress?

Mr. M. A. Jinnah: I am reading, Sir, the evidence of Mr. Patel who put the views of the Indian National Congress before the Joint Parliamentary Committee. This is what he said:

"That to put it shortly is our position. The modifications I am not going to deal with in detail. The modifications suggested by the Congress are briefly speaking as follows:—"

—(The modifications referred to were modifications of the Montagu-Chelmsford Report which were reproduced in a Bill.)—

"*First*, we say that there should be full provincial autonomy or, to be strictly correct, full responsible government in the provinces. The Reform report proposes to transfer only a few subjects in the provinces. We demand that all the subjects should be transferred.

Secondly.—The Reform report proposes no responsibility in the Government of India. We claim that in the Government of India there should be introduced some measure of responsibility and we have defined what that measure should be. We say that the army, the navy, the air force, the peace and treaty, foreign affairs, relations with Ruling Princes and subjects affecting the peace, tranquillity and defence of the country, subject to what we call the declaration of rights and about which I shall have to say something later on, all these subjects should be reserved to the Executive."

Mr. Ranga Iyer: Declaration of rights.

Mr. M. A. Jinnah: If Mr. Ranga Iyer will not display this impatience, let me, Sir, tell him that this interruption is totally irrelevant. I am perfectly aware of the question of "declaration of rights." To continue Mr. Patel's evidence:

"All these subjects should be reserved to the Executive and the remaining subjects, which practically are all the subjects regarding internal affairs, should be handed over to the representatives of the people. That is the responsibility that we ask for in the Government of India. Then, *thirdly*, we ask for something, fiscal autonomy, and so on."

Now, Sir, even Mr. Patel who represented the views of the Indian National Congress *did* suggest that certain subjects should be reserved in the Central Government. Now, Sir, what is Mr. Patel's own personal opinion that he mentioned before the Joint Parliamentary Committee? Has he forgotten that? I will read it:

"Supposing (*this is the question put to him*) you were speaking for yourself, have you any views to express as to the imperfections of the present Bill short of the very large demands you have made as the authoritative spokesman of the Congress? Supposing, much to your regret, you found you were not going to get everything you have asked for to-day, is there any alternative improvement in the Bill you can suggest?"

[Mr. M. A. Jinnah.]

Mr. Patel's answer was :

" I would, if your Lordship permits me, express very strongly the need for reforms in the Central Government and the transfer of all subjects in all the provinces except law, justice and police. Provided, of course, the reforms suggested by the Congress in the provinces are not going to be granted and taking it that I am speaking in my personal capacity, and not as a representative person, I would say that I strongly urge upon your Lordship's Committee to grant the reforms asked for in the Central Government, and to transfer all the subjects in the provinces except law, justice, and police. With regard to the Central Government, again, if the reforms suggested by the Congress are not accepted by this Committee, I would ask the Committee to look to our original Congress scheme. There we did not ask for Ministers, as you now propose, in the provinces. There we asked for the control by the Legislature of the Executive Government both in the matter of finance and in the matter of legislation," and so on.

I am quite content that Mr. Patel's personal opinion was that he was content to have dyarchy in the provincial Governments, namely, that law and order should be reserved.

Mr. V. J. Patel: I challenge my friend to prove that I have ever made any statement that dyarchy could succeed. That is what I want to know. (Laughter.)

Mr. M. A. Jinnah: Sir, if a man, standing there as a representative of his reputation and fame and calibre says: "This is my personal opinion and I want you to do this," I say it is more than saying that it will succeed. That is merely an expression of opinion whether it succeeds or whether it does not; but here was a great proposal made by Mr. Patel as his personal opinion.

Pandit Motilal Nehru: May I ask the Honourable Member whether it is not true that opinion was expressed in answer to the question which was framed something like this: "Supposing the reforms that were asked for by the Congress were not granted, and supposing that all that Mr. Patel wanted could not be given, what then will be his personal opinion?"

Mr. M. A. Jinnah: No. I have read his evidence and I will make a present of this volume to Pandit Motilal Nehru. (*Pandit Motilal Nehru:* "No, thank you.") I have read it, Sir, the whole of it.

Now, Sir, with regard to the suggestion or rather the statement that I made before the Joint Parliamentary Committee that dyarchy would succeed. Now, Sir, I ask this House—what was the object of that statement being made here? I certainly have not been able to understand it.

Mr. V. J. Patel: Just to tease you. (Laughter.)

Mr. M. A. Jinnah: My Honourable friend says, "Just to tease me." Well, for the matter of that, this is not his own expression which he has used just now. He borrowed it from me. I asked him: "What was your point?" He said: "I got puzzled." I said: "You were trying to tease me." He said: "Yes." Now, he has repeated that statement. If it is to tease me, then, of course, I am not hardened against Mr. Patel, although he is really the master of the pupil who is hardened against him. (*Mr. Jamnadas M. Mehta:* "I am quite proud of him.") That is exactly what I am saying. I would certainly not even take notice of it. If my Honourable friend wishes to tease me, he is always welcome to do it. But, Sir, I do ask him that even when he wants to play these frivolous pranks in the House, he must not forget that they may do some injury

to those whom he does not wish to injure. Although I have shaken hands with him, I think I must satisfy the House, the statement having been made, what is the exact position with regard to that statement. Sir, Mr. Patel did not read the answers to the written questions which were in my own hand-writing, signed by me and handed over to the Joint Parliamentary Committee. But I will read a few lines. The question was :

"If you have any other method to suggest, does it (1) provide possibilities of advance by stages and facilitate the 'progressive realisation of responsible government,' and, if it does, in what way? And (ii) does it afford means of judgment (a) to the electors and (b) to the Statutory Commission which is to examine and report on progress of the success or failure in results of the control exercised by the Legislature and those who represent it in the Executive?"

And the answer was :

"We have no other method to suggest. Dyarchy fits in more with the order of things as they exist at present in India, and it can be justified on the ground that it is for a transitional period."

Mr. Patel quoted a few lines after that, and remember that I was there dealing with the Central Government and not the Provincial Governments. And only a few lines after what Mr. Patel quoted, there is the question :

"You said that you were in favour of a dyarchy or dual system of government?"

And the answer was :

"Yes I am; I am driven into it."

And further :

"Q.—You mean there should be a division of functions, in which Ministers should administer a certain number of transferred subjects, and the Executive administer reserved subjects?"

A.—Yes.

Q.—You see no difficulty whatever in that?

A.—I cannot say I see no difficulty; but I say there is no other scheme."

Mr. V. J. Patel: Will you read on?

Mr. M. A. Jinnah: I will read the whole of it if you wish. Mr. Patel is wrong because there is nothing in it

Mr. V. J. Patel: You have stated that dyarchy would succeed.

Mr. M. A. Jinnah: That is just it. Mr. Patel has picked up one little passage. I say it is not fair unless he wanted to misrepresent me. If he really wanted to make use of that statement, it was most unfair and it was a grave misrepresentation.

Mr. V. J. Patel: Go on, read on.

Mr. M. A. Jinnah: I have read the whole of it. I say therefore I will leave it there. Now, Sir, we know perfectly well what happened. I am always ready that every man should maintain his opinion. Put forward your opinion, stand by your convictions, assert them. Now, Sir, what happened? This was before the Act was passed. But the Act was passed in 1919. Does Mr. Patel want me to read out what happened in the Indian National Congress of 1919? What did they do? Shall I read that out?

Mr. V. J. Patel: I have no objection.

Mr. Ranga Iyer: The Indian National Congress asked for a "Declaration of Rights", and got Martial Law.

Mr. M. A. Jinnah: Sir, this is the amendment which was moved by Mahatma Gandhi. The Act was on the Statute-book and the question came up that we had to work it:

"Omit the word 'disappointing' at the end and add the following clause after clause (c) 'Pending such instructions, this Congress begs loyally to respond to the sentiments expressed in the Royal Proclamation', namely: 'Let the new era begin with a common determination amongst my people and my officers to work together for a common purpose and trust that both the authorities and the people will co-operate so as to work the Reforms so as to secure the early establishment of responsible government; and this Congress offers its warmest thanks to the Right Honourable E. C. Montagu for his labours in connection with that'."

Pandit Motilal Nehru: Quite right.

Mr. M. A. Jinnah: And I can tell my Honourable friends there that though it was the position, not only of Mr. Patel and not only of the Indian National Congress, but to be just and fair even our Moderate friends, the Liberal Party that they were not satisfied with the Statute to work, the Congress decided to work and ask for more. I do not wish really to detain the House and read the speech of Mahatma Gandhi. And this was the line adopted even by Mr. Das. Therefore the question now is: We feel that here is a Statute which has been tried, and now we have been further convinced, in the light of working, and with the help of the evidence which we have got, and have come to the conclusion that it cannot yield any further fruitful results to anybody. Now, Sir, I have done with that.

Now I get to the Finance Bill. I entirely agree with Mr. Patel in many things that he has put forward as very strong, very powerful grievances, not only of this House but of the people outside, against the Government. I agree to that extent, but the position I take up is this. We have, I repeat, to mark our most emphatic, unequivocal, protest against the policy of the Government. We had that general discussion on that one grant, and according to the procedure and the correct constitutional procedure, we have rejected that grant. We have already recorded our vote as a definite clear vote of protest and condemnation of this Government on the opposite side. Now, Sir, is that to be repeated again?

Pandit Motilal Nehru: Yes, again and again.

Mr. M. A. Jinnah: Now, Sir, with the greatest respect I have for Pandit Motilal Nehru, I say in my opinion that will make the protest less effective, less dignified than the one that we have already recorded. We have said to the Government once solemnly, honestly, seriously, and I want no mistake to be made either on this side of this House or on the side of the Treasury Bench, or outside among the public, that we condemn the policy of the Government absolutely, and we have done it. Sir, I decline to be a party to a repetition of this character which in my judgment loses its dignity, loses its force. If one vote is not going to do anything, you may have 20 votes here. Carry them by a majority. We can; we are in the majority. (*An Honourable Member:* "You cannot.") I say this House can; the elected Members can if the majority so decides. But, Sir, just because of the mere fact that we have a majority on this side, I refuse

to utilise that majority purely for the purpose of repetition. We have discussed the grants; we have made out our case. Now we have got the Finance Bill, and I want this Finance Bill to be dealt with on its merits. Make any criticism you like; I welcome it. I want to learn even from Mr. Jamnadas, although he will not have me anywhere in his Government, but I hope that I shall have some place in this House to stand in even in his Government.

Mr. Jamnadas M. Mehta: If I had my way, you would not be here.

Mr. M. A. Jinnah: I therefore appeal to this House and to every Member here, that if it is only on the ground of repeating your vote of protest or condemnation, then in my judgment it is perfectly useless. You have done it. You lose your dignity; you lose the solemn nature of your protest, and you reduce it to something in the nature of a frivolity. But if you have any other object, if you have any other meaning, then say so. I sometimes hear very plain language from my friend Mr. Patel. He says, "I want to throw out everything. I am here to obstruct, I am here for continuous persistent obstruction". Well, Sir, I do not say that he is not entitled to that opinion. If he is convinced of it, if he believes in it, of course he is welcome to hold that view. I can say to my friends here and I can say in this House that standing here in the month of March 1925, I am not prepared to resort to any policy or any programme of obstruction to be put into operation here. (*Mr. V. J. Patel:* "Look back one year.") It may be, as I said the other day, that this Government and those who are responsible for the government of this country, may succeed in making me less patient than I am at present.

(*Cries of "The question be now put."*)

The Honourable Sir Basil Blackett: Sir, from the way this debate has proceeded there is little left for the Finance Member to say in reply and the House need have not any fear that they will be treated to any lengthy speech from me now. The subjects discussed have been mainly two: the political question and the exchange question. Speeches made on one side on the political question have been fairly completely answered from the other side; and the speeches made on the exchange question have I think been very admirably dealt with by the speech of my friend Dr. Hyder.

On the political question I propose to say hardly anything. It seems to me that the question before the House is a fairly simple one. Is this Bill to be discussed fully in this House and then signed by His Excellency the Governor General and enacted by and with the advice and consent of the Council of State and the Legislative Assembly, or is the Finance Bill to be left undiscussed in this House and to be certified by His Excellency the Governor General by and with the advice and consent of Mr. Patel? There is one thing in Mr. Patel's speech on which I must comment. I have spoken to him on the subject since and I understand from him that he had no intention to make the accusation against myself which he appeared to make. Therefore I must accept that it was not his intention

Mr. V. J. Patel: Excuse me. What I said was that I did not believe your statement unless you were prepared to produce the correspondence or the communications that passed between you and the Secretary of State. If you are satisfied with that statement I have nothing to say.

The Honourable Sir Basil Blackett: I am sorry to hear him repeat his statement as he does not seem to understand what he is saying. As the Honourable Member knows, it is contrary to principle to place before this House correspondence between the Secretary of State and the Government of India and for a very obvious reason. It would bring business to an end at once if that correspondence were conducted in the light of full publicity. That is quite obvious; Honourable Members need not see anything sinister behind it; their common sense will show that the relationship makes it quite impossible. That being so, I am told that a statement which I have made, a categorical statement, will not be believed by the Honourable Member unless I produce something to prove it which he knows I am debarred from producing. Now that is, I think, a statement which he ought not to have made, and I know he has no intention of calling me a liar because he has told me so. But I do put it to him that that is what he did—he accused me of being ready to come down here and make a statement which was not true and would only be proved true by my placing before the House correspondence which he knows I cannot.

Mr. V. J. Patel: If you have no objection, let me say that I do not believe the statement without your producing the correspondence. . . .
(*A Voice from the Government Benches:* "Of course he is objecting!")

The Honourable Sir Basil Blackett: As it is only Mr. Patel, my objection is not as strong as it would be in another man's case, but I do object to being accused of coming down to this House and making a statement which is not true and which cannot be proved and will not be believed till I produce correspondence to prove it. I will leave it at that. (*Mr. V. J. Patel:* "Leave it!")

Now let me come to the question of exchange. The Honourable Sir Purshotamdas Thakurdas will excuse me if I sum up his speech as being a loud pæan in praise of the benefits of high prices. It bears a curious family relationship to some evidence given before the Babington-Smith Committee by a witness who was asked towards the end of his evidence:

"Do you put any limit to the point at which a rise in prices would be of advantage to India?"

and he answered:

"I think a steady rise is much better than a sudden dislocation, and I would advocate for India a very steady rise of prices of export produce covering the period of a generation."

He was then asked:

"But do you not put any limit to the rise?"

and he answered:

"Provided the rise is steady and not causing dislocation in business, I do not think there is any limit."

That I think sums up the whole of Sir Purshotamdas Thakurdas's argument. (*Sir Purshotamdas Thakurdas:* "According to you!") As we shall have another opportunity on his Bill to discuss this, I do not propose to deal with it further except that I hope that, before he brings his Bill

forward, he will consider some of the very strong arguments which he gave in his speech against his Bill being adopted.

I come now to Mr. Jamnadas Mehta. I really am puzzled by Mr. Jamnadas Mehta. I have considerable hope of gradually succeeding in convincing him that the policy which at any rate the present Finance Member is pursuing is the right one, because the whole of his argument seemed to me to be exactly my argument. He chose to obscure the issue by apparently accusing me of being responsible for the present rise in world gold prices, and apparently for the War as well; but the whole of his argument was that you should not rashly meddle with the operation of natural causes. That was also the whole of my argument. We are agreed on it entirely but in his argument for 1s. 4d. he seemed to forget that there has been a period of war and that for reasons as to which he and I might differ but for some reason we had got away from a fixed exchange and the problem is eventually to get back to it. His argument would have been germane if we had been suddenly getting away from a fixed exchange by an arbitrary action on my part. But as I have said, I have very great hopes of Mr. Jamnadas Mehta and I am sure if he sits down and talks to Dr. Hyder for a very short time he will eventually find himself in the same lobby with the Finance Member, even before he becomes Finance Member.

At this time of the night I do not propose to say anything more about the Finance Bill. We shall have full opportunities, I hope, of discussing it line by line and clause by clause in considering the amendments that are down on the paper; and I will therefore content myself now with asking the House not to miss the opportunity of having those discussions.

Khan Bahadur W. M. Hussanally (and other Honourable Members): I move that the question be now put.

Mr. President: The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to remit or vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to reduce the import and excise duties on motor spirit, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration."

Khan Bahadur W. M. Hussanally: I move that the question be now put, Sir.

Mr. President: When Mr. Jinnah sat down I heard voices from all quarters of the House moving the closure, but without putting that question I called upon Sir Basil Blackett to reply, which automatically brings the debate to an end.

I may remind the Honourable Member, the Leader of the Swaraj Party, that I asked his Chief Whip or Secretary last week to inform me of the subjects his party wished to raise to-day. I received no information whatsoever except the single fact that Mr. Patel was to move the rejection of the Finance Bill. If Honourable Members will not assist the Chair in the conduct of the debate in regard to the subjects to be raised, they cannot expect the Chair at this late hour to continue the debate.

The question is:

"That the Finance Bill be taken into consideration."

Pandit Motilal Nehru: May I be permitted to ask whether it is open to a Member of this House to explain the way in which he has acted in reference to a remark made by the Chair? It comes to this: You were pleased to ask for certain information and you expected certain things, which things have not happened and therefore we are not to expect from the Chair at this late hour of the night to be accommodated in any way. What you were informed of was that Mr. Patel would move that the motion to consider the Bill be rejected. You were pleased to observe that your information stopped there. I beg to submit, with due deference to you and the Chair, that that did not preclude any Member of the House from rising and seeking an opportunity to speak upon the motion. When you were pleased to call upon Sir Basil Blackett to reply, one second before that, I saw about a dozen Members standing in their places and I did not hear the moving of the closure. (*Voices:* "The closure was moved several times.") Even if that be so, when a dozen Members are standing in their places expecting to be allowed to speak and there is also a motion for closure, I expect, Sir, that that motion would first be put to the vote.

Mr. President: The Honourable Pandit has put his finger on a slight error on the part of the Chair. The closure would have precluded this little controversy; but I must remind him that, under our practice, he had no rights in the matter, for the Government reply normally closes the debate. I called upon the Honourable the Finance Member to deliver his reply and in doing so automatically brought the debate to a close. It was, moreover, the manifest desire of the House that the debate should close. The Honourable Member must be singularly hard of hearing if he did not hear the closure moved several times by at least a dozen Members both when Mr. Jinnah rose and when he sat down.

Pandit Motilal Nehru: Not before Sir Basil Blackett spoke.

Mr. President: Yes: both before and after! The Honourable Member must be well aware that when Mr. Jinnah sat down there were motions for closure from all sides of the House, and when I called upon Sir Basil Blackett to reply I rightly assumed that the debate was at an end.

As far as the other matter is concerned, I asked a Member of this House whom I regarded as his Chief Whip to be kind enough to inform me some days in advance if possible as to the subjects which his party particularly wished to raise under the Finance Bill. The Honourable Member will remember that I informed the House beforehand as a matter of informal arrangement that the whole field of Government administration would be open for discussion under the Finance Bill. Now it is obvious that we cannot conduct a satisfactory debate unless its range is limited to the subjects which the House is most anxious to discuss. I had a notice from Sir Purshotamdas Thakurdas and Mr. Jamnadas Mehta that they particularly wished to raise the question of currency. I was at the same time expecting to receive notice of other subjects from other quarters; but, not having received that, and having received intimation that Mr. Patel was to move the rejection of the Finance Bill, I called upon Mr. Patel. Mr. Patel, it will be observed, took some time over his motion. Therefore the Honourable Member may have some cause of quarrel with Mr. Patel but not with the Chair.

Pandit Motilal Nehru: I fully appreciate what you have said. But you will be pleased to remember that sometimes developments take place in the course of the debate which no one could have anticipated at the beginning.

(At this stage Dr. Lohokare got up to speak.)

Mr. President: My Honourable friend might well have anticipated it from the nature of the earlier part of the debate and particularly from the nature of Mr. Patel's speech; but there was no obligation on the Chair to encourage the House to sit late, for we have had this very debate not once but four or five times this session.

The question is:

"That the Finance Bill be taken into consideration."

The Assembly divided:

AYES—76.

Abdul Mumin, Khan Bahadur
Muhammad.
Abdul Qaiyum, Nawab Sir Sahibzada.
Abul Kasem, Maulvi.
Ahmad Ali Khan, Mr.
Ahmed, Mr. K.
Aiyangar, Mr. K. Rama.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Alimuzzaman Chowdhry, Mr.
Ashworth, Mr. E. H.
Badi-uz-Zaman, Maulvi.
Bhat, Mr. K. Sadasiva.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Burdon, Mr. E.
Calvert, Mr. H.
Chanda, Mr. Kamini Kumar.
Chetty, Mr. E. K. Shanmukham.
Clarke, Sir Geoffrey.
Cocke, Mr. H. G.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Dalal, Sardar B. A.
Das, Mr. B.
Datta, Dr. S. K.
Flaming, Mr. E. G.
Fraser, Sir Gordon.
Ghazanfar Ali Khan, Raja.
Ghose, Mr. S. C.
Ghulam Abbas, Sayyad.
Ghulam Bari, Khan Bahadur.
Gour, Sir Hari Singh.
Graham, Mr. L.
Hira Singh Brar, Sardar Bahadur
Captain.
Hudson, Mr. W. F.
Hussanally, Khan Bahadur W. M.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Jeelani, Haji S. A. K.
Jinnah, Mr. M. A.

Joshi, Mr. N. M.
Kasturbhai Lalbhai, Mr.
Lindsay, Mr. Darcy.
Lloyd, Mr. A. H.
Makan, Mr. M. E.
Marr, Mr. A.
McCallum, Mr. J. L.
Mitra, The Honourable Sir Bhupendra
Nath.
Moir, Mr. T. E.
Muddiman, The Honourable Sir
Alexander.
Muhammad Ismail, Khan Bahadur
Saiyid.
Mutalik, Sardar V. N.
Naidu, Mr. M. C.
Nambiyar, Mr. K. K.
Pal, Mr. Bipin Chandra.
Patterson, Lt.-Col. S. B. A.
Purshotamdas Thakurdas, Sir.
Rajan Bakhsh Shah, Khan Bahadur
Makhdum Syed.
Ramachandra Rao, Diwan Bahadur M.
Rangacharar, Diwan Bahadur T.
Rau, Mr. P. R.
Reddi, Mr. K. Venkataramana.
Rhodes, Sir Campbell.
Rushbrook-Williams, Prof. L. F.
Sarda, Rai Sahib M. Harbilas.
Sastri, Diwan Bahadur C. V.
Visvanatha.
Setalvad, Sir Chimanal.
Singh, Rai Bahadur S. N.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Venkatanairain, Mr. B.
Wajihuddin, Haji.
Webb, Mr. M.
Willson, Mr. W. S. J.
Wilson, Mr. R. A.
Yakub, Maulvi Muhammad.

NOES—40.

Abdul Karim, Khwaja.
 Abhyankar, Mr. M. V.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswami.
 Ariff, Mr. Yacoob C.
 Chaman Lall, Mr.
 Duni Chand, Lala.
 Dutt, Mr. Amer Nath.
 Goswami, Mr. T. C.
 Gulab Singh, Sardar.
 Hans Raj, Lala.
 Hari Prasad Lal, Rai.
 Ismail Khan, Mr.
 Iyengar, Mr. A. Rangaswami.
 Kazim Ali, Shaikh-e-Chatgam Maulvi
 Muhammad.
 Kelkar, Mr. N. C.
 Kidwai, Shaikh Mushir Hosain.
 Lohokare, Dr. K. G.
 Mahmood Schamnad Sahib Bahadur,
 Mr.
 Mehta, Mr. Jamnadas M.

Misra, Pandit Shambhu Dayal.
 Misra, Pandit Harkaran Nath.
 Murtuza Sahib Bahadur, Maulvi
 Sayad.
 Narain Dass, Mr.
 Nehru, Dr. Kishenlal.
 Nehru, Pandit Motilal.
 Nehru, Pandit Shamlal.
 Patel, Mr. V. J.
 Phookun, Mr. Tarun Ram.
 Ranga Iyer, Mr. C. S.
 Iyay, Mr. Kumar Sankar.
 Roy, Mr. Bhabendra Chandra.
 Samiullah Khan, Mr. M.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Syamacharan, Mr.
 Tok Kyi, Maung.
 Yusuf Imam, Mr. M.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 17th March, 1925.