

Monday, 19th February, 1923

# COUNCIL OF STATE DEBATES

(Official Report)

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*(24th January, 1923 to 27th March, 1923)*

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THIRD SESSION

OF THE

COUNCIL OF STATE, 1923.



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# COUNCIL OF STATE.

Monday, the 19th February, 1923.

The Council assembled at Metcalfe House at Eleven of the Clock. The Honourable the President was in the Chair.

## QUESTIONS AND ANSWERS.

### PROFESSOR HORNE'S REPORT.

145. The HONOURABLE MR. V. G. KALE: With reference to Question No. 50, asked in this Council on 24th January, 1923, will Government be pleased to state:—

- (a) if it intends to ask Professor Horne to submit a report of his work in the United States of America;
- (b) is it not the intention of Government to give the public an opportunity of knowing the kind of work which Professor Horne did and of judging its utility to this country?

The HONOURABLE MR. J. CRERAR: (a) Government do not intend to ask Professor Horne to submit a report of his work in the United States. His lectures were given in the early part of 1921 and therefore no useful purpose would be served by asking for a detailed report now.

(b) The following brief summary may be of interest to the Honourable Member. Professor Horne gave two lectures a week at Harvard University from January to June 1921 in the Harvard University Department of History and Government. The subjects chosen were "Indian Administration," "The Government of British India," etc., and general questions of economic and ethnological importance pertaining to India as well as historical and political subjects. Professor Horne also visited California where he delivered a series of lectures and addresses on such subjects as "The Movement towards responsible Government in British India," "The Present Political Situation in British India," "Dyarchy," and the like. There is good reason for believing that Professor Horne's work met with a gratifying measure of success.

### JEVONS ON "MONEY, BANKING AND EXCHANGE IN INDIA."

146. The HONOURABLE MR. V. G. KALE: Will Government be pleased to state—

- (a) if it is a fact that Government have purchased from Professor H. Stanley Jevons the copy-right of his book entitled "Money, Banking and Exchange in India";
- (b) what is the total amount of money Government have paid to Professor Jevons in this connection;
- (c) how many copies of the book have been printed and what has been the total cost of printing it to Government?

The HONOURABLE MR. E. M. COOK: (a) There is no question of copy-right. It is a Government publication which Professor Jevons was deputed to write.

(b) Rs. 7,079.

(c) 8,000 copies at a cost of Rs. 2,565.

#### LOSS ON OVER-BUYING GUARANTEE TO EXCHANGE BANKS.

147. The HONOURABLE MR. V. G. KALE: (a) Will Government be pleased to state if they ever considered the question of asking His Majesty's Government to make good to India her loss of over Rs. 8½ crores on the liquidation of the over-buying guarantee to Exchange Banks, a reference to which has been made on page 5 of the Memorandum on exchange gains and losses, placed on the table of this House a few days ago?

(b) Is it not a fact that this loss would, in the ordinary course of events, have fallen upon the British Treasury if it had not been borne by the Indian Government, inasmuch as it arose out of the financing of exports indispensable for the prosecution of the war, the financial responsibility for which belonged to the British Government?

(c) Will Government be pleased to say if they propose to consider the question in the interest of the Indian exchequer?

The HONOURABLE MR. E. M. COOK: The Government of India do not think it is possible or desirable to reopen the question of the incidence of the charge referred to. The granting of the guarantee was regarded by the Government of India of the day as necessary in the interests of the Indian currency system as well as in the general interest of the successful prosecution of the war and the charge was accepted at the time as a proper charge on Indian revenues. The suggestion that the loss would in the ordinary course of events have fallen on the British Treasury is incapable of substantiation in fact and is really a matter of argumentation on hypothetical data.

#### PROVINCIAL COUNCILLORS AND MINISTERS.

148. The HONOURABLE MR. PHIROZE SETHNA: (a) Will Government be pleased to state if replies have been received from the provincial Governments concerned in regard to a reduction in the number of Executive Councillors and Ministers, as suggested in a Resolution moved in the Council of State on 6th September, 1922, and if the same will be placed on the table?

(b) Are Government aware that one of the Indian Members of the Executive Council of the Government of Bombay will vacate his seat on or about the 15th March, 1923, and will they request His Excellency the Governor of Bombay not to appoint a successor?

The HONOURABLE MR. J. CRERAR: (a) Replies have been received but further inquiries are being made, and Government are not therefore prepared to publish the correspondence.

(b) Yes. The appointment of Members in permanent vacancies is not made by the Governor of Bombay but by His Majesty the King. Government do not intend to advise the Secretary of State that any change should be effected on the occurrence of the vacancy mentioned by the Honourable Member.



PRINTING OF CURRENCY NOTES IN INDIA.

149. The HONOURABLE MR. PHIROZE SETHNA: Will Government be pleased to state—

- (a) if Major Willis has been deputed to England to report on the subject of printing currency notes in India;
- (b) has Major Willis proceeded alone or is any official or non-official Indian or European sent with him;
- (c) is it correct that Major Willis has already before now expressed his opinion against printing currency notes in India and, if so, were Government aware of such views being held by him?

The HONOURABLE MR. E. M. COOK: (a) Yes.

(b) No one else is associated with Lieutenant-Colonel Willis in this inquiry.

(c) The information in Government's possession does not support the suggestion made by my Honourable friend.

RESOLUTION RE NECESSITY OF CENSUS OF PRODUCTS OF BRITISH INDIA.

The HONOURABLE THE PRESIDENT: The Council will now resume the discussion on the postponed Resolution\* which was moved by the Honourable Sir Dinshaw Wacha.

The HONOURABLE SIR DINSHAW WACHA (Bombay: Nominated Non-Official): Sir, I presume it is not necessary to read the Resolution again, because I moved it last time. This is a simple Resolution requesting the supply of statistical information which may by and by be of great national value as far as the ascertaining of national income or at least one part of it is concerned. I have gone on the lines of the census of production which under the Parliamentary Act of 1906 was taken in England; but I have not followed all the lines adopted there. In my opinion, and in the opinion of those who agree with me, this statistical information would be very useful, and I want that the census should be taken every ten years, but not earlier. As far as the items are concerned most of the statistics are already published by the Government of India, but in a very scattered form. I believe the Honourable Member when he replies to this Resolution will be able to say if all this statistical information which is enumerated can be put in a small blue book like the one I hold in my hand with some explanatory notes and observations. I think

\* "This Council recommends to the Governor General in Council the great importance, economically and financially, of taking a census of production of British India, every ten (10) years, classified according to the Provinces, showing particulars specified as under :—

1. Outturn of agricultural products from all sources, forest included.
2. Output of manufactures and industries worked by power other than manual.
3. Output of hand-loom and divers other handicrafts and industries so far as statistics are obtainable.
4. Output of minerals and mineral oils.
5. Outturn of salt, including rocksalt.
6. Outturn of opium.
7. Outturn of State-owned and private liquor distilleries.
8. Miscellaneous."

[Sir Dinshaw Wacha.]

it will be most useful to Honourable Members, and not only to Honourable Members but to the whole country. I would also say that each province may perhaps have some of these statistics translated into the vernaculars, because I believe that a good deal of statistical and most valuable information which the Government supply on these subjects is ignored or neglected by the public for this simple reason that many, even the most intelligent enough, do not understand English. I do not know what value to attach to these statistics. If these are translated into the vernaculars, I am quite sure that we shall be able to educate the ordinary public in the villages and districts, while they will prove most helpful to the Government. Perhaps fewer questions will be put, because the information could be found ready at hand scattered here and there now in the bluebooks. For these reasons, and particularly having regard to the value of this kind of information which would be furnished every ten years, I think we shall be very much benefited if Government carry out the suggestion made in this Resolution. We shall then know pretty exactly what the national income is and Government would be better able to judge whether they can impose new taxes or not; anyhow it would serve as a reliable index to the purchasing power of the people for bearing further taxation in the future. Therefore, Sir, I hope that this Resolution will be passed and that this time anyhow there will be *non possumus* on the part of the front Bench.

The HONOURABLE MR. D. T. CHADWICK (Commerce Secretary): Sir, I shall take only a very short time in dealing with this Resolution. This Resolution recommends to the Governor General in Council the great importance, economically and financially, of taking a census of production of British India every ten years. I wish to say, Sir, straightaway that the Government of India accept the principle of the Resolution. As has been pointed out by the Honourable Mover, many of the statistics are already published, but they are scattered in different publications and are not easily available for the general public. The whole of our statistical publications are at present under review and we will do our best to bring them together and put them into such a form as he requires so that they may approximate towards a census of production.

There is one point, however, which I wish to refer to and that is with regard to items 2 and 3 of the Resolution—output of manufactures and industries worked by power other than manual, and output of hand-looms and divers other handicrafts and small industries. The Honourable Mover will agree with me that the statistics that we require should be figures which are reasonably accurate—I do not say accurate to the last unit, but which will give us reasonably accurate figures that can be treated with reasonable confidence. Figures of any other sort are of no use to anybody and will only mislead people. This question of a census of production was examined at the Imperial Statistical Conference in London in 1920 and the point I have now mentioned was emphasised there. In fact a Resolution was also passed that legislation was necessary to obtain reasonably correct returns from factories. Many factories object and object rightly to giving returns for publication by Government in such a form that the work of the factory can easily be identified. For, Sir, it is obvious that by doing so, they would be giving away valuable information to their competitors, not only trade competitors in their own country, but trade competitors all over the world. So important is this, that in the British

Act the compilers of the census of production are prohibited from publishing these returns in any form in which the output of a particular factory could be deduced. Those who are engaged on this work of compilation are subject to conviction, if they improperly disclose any information, and may become liable to imprisonment for two years with or without hard labour. Well, Sir, the time is not ripe in India to introduce here legislation of that kind. Further, in England the census of production cost £120,000, and in the United States it cost £160,000. We are not able to afford that money at present, and I am certain that the House and the Honourable Mover will agree with me that they do not desire that that form of legislation should be introduced in India. All Local Governments were consulted on this question two years ago, and they were mostly of the opinion that whilst such legislation would be needed the present was not an appropriate time to introduce it. I hope I have made the position perfectly clear that we cannot undertake that form of legislation. Subject to that I am perfectly ready to accept on behalf of the Government the Honourable Member's Resolution to recast the form of the statistics that we now have. We will do our best to put them in the shape in which the Honourable Member desires, and I hope that will meet his wishes.

The HONOURABLE SIR DINSHAW WACHA: Sir, legislation on this subject was not my intention at all. My intention was only this. Government has a Statistical Department, and I want that it should be able to collect and put in a better and handy form for reference all the scattered statistics which are now published in different blue-books. At the same time, my intention is to collect these statistics for British India alone. Of course, if we can collect statistics from Native States also, so much the better. I remember very well two or three years ago, my friend Mr. Findlay Shirras, who had charge of the Statistical Department, was willing to get more agricultural statistics from Mysore, Hyderabad and some of the States of Kathiawar, and I suggested to him the way in which he might go forward in this matter. Whenever they are approached in a friendly manner, they voluntarily assist the Government in one way or another, and if the Government in this matter also approach them in a friendly manner some of the principal States are sure to supply the valuable information. But whether they do or do not, it matters little; but so far as the statistics of British India are concerned, I desire that they should be collected and published in a better form for general information. However, Sir, I thank the Honourable Member for Commerce for agreeing to the suggestion made by me in regard to this matter.

The Resolution was adopted.

#### RESOLUTION RE OPPORTUNITIES TO INDIANS FOR QUALIFYING FOR SECRETARYSHIPS, ETC.

The HONOURABLE SAIYID RAZA ALI (United Provinces East, Muhammadan): I find, Sir, subsequent to my giving notice of this Resolution,\* notice of another Resolution was given by the Right Honourable Srinivasa Sastri. It appears, Sir, that the terms of his Resolution are vastly

\* "This Council recommends to the Governor General in Council that early effect be given to the Resolution passed by this Council in September, 1921, regarding the increasing opportunities to be given to Indians for qualifying themselves for appointment to the offices of Secretary, Joint Secretary and Deputy Secretary in various departments of the Government of India."

[Saiyid Raza Ali.]

different, so far as I can see, from the terms of the Resolution standing in my name on the agenda paper to-day. What I request you, Sir, is, to kindly let us know whether, if I move my Resolution to-day, the Resolution of which notice has been given by the Right Honourable Srinivasa Sastri will be blocked under Standing Order 69. My point is that his Resolution deals with the Indian Members of the Indian Civil Service, whereas the Resolution which is on the agenda paper to-day does not deal with the Members of the Indian Civil Service; it deals with those who do not belong to that Service, and as such, what I want to know is whether, if I move my Resolution to-day, it will operate in any way as a bar to the moving of the Resolution of which notice has been given by the Right Honourable Srinivasa Sastri.

The HONOURABLE THE PRESIDENT: The Honourable Member must first let me look at the two Resolutions.

I think I shall have to rule that they are substantially the same for this reason. It is perfectly true, as the Honourable Member pointed out, that the Right Honourable Srinivasa Sastri's Resolution refers to Indian Members of the Indian Civil Service and therefore is slightly more restricted, but I observe that the Honourable Member's Resolution which is on the agenda to-day refers to the posts of Secretaries, Joint Secretaries and Deputy Secretaries. Unless my recollection is wrong, those are posts which are normally speaking reserved for Members of the Indian Civil Service. Therefore, obviously his Resolution is substantially the same as the one of which notice has been given by the Right Honourable Srinivasa Sastri.

The HONOURABLE SAIYID RAZA ALI: Before, Sir, you give a definite ruling, I would ask you to kindly refer to Schedule III of the Government of India Act, from which it will be seen that the posts which are mentioned in my Resolution are not reserved for Members of the Indian Civil Service.

The HONOURABLE THE PRESIDENT: My reading of the Act is entirely different. I will read the Schedule to the Honourable Member: It provides for reservations in the case of "The offices of Secretary, Joint Secretary and Deputy Secretary in every department except the Army, Marine, Education, Foreign and Political and Public Works Departments: Provided that if the office of Secretary or Deputy Secretary in the Legislative Department is filled from among the Members of the Indian Civil Service, then the office of Deputy Secretary or Secretary in that Department, as the case may be, need not be so filled." So practically with the exception of the Army, Education, Foreign and Political Department Secretaryships, the Resolution is covered. The only difference is as to those three departments, that is to say, your Resolution is wider to that extent, but I think it is substantially the same Resolution. It would be extremely difficult for me, therefore, to keep the debate within reasonable limits to avoid re-discussion on the Right Honourable Srinivasa Sastri's Resolution what must arise on a debate on yours.

The HONOURABLE MR. PHIROZE SETHNA (Bombay: Non-Muhamadan): Would it follow then, Sir, that if the Right Honourable Srinivasa Sastri brings forward his Resolution, it will be open to us to deal

with appointments for Indians who are not members of the Indian Civil Service, which is practically the Resolution of my Honourable friend Saiyid Raza Ali?

The HONOURABLE MR. PRESIDENT: I am not laying down any rule as to the conduct to be followed by the Honourable Saiyid Raza Ali. If he moves his Resolution, clearly it will cover the whole of the Resolution of the Right Honourable Srinivasa Sastri which therefore cannot be moved. The Honourable Saiyid Raza Ali's Resolution is wider in that the departments to which I referred are excluded from the Right Honourable Sastri's Resolution. Therefore if the Honourable Saiyid Raza Ali moves his Resolution, he must necessarily cover the whole ground, but whether the Right Honourable Member moves his Resolution or not is a matter for his consideration.

The HONOURABLE MR. PHIROZE SETHNA: May I point out, Sir, that the Honourable Saiyid Raza Ali's Resolution will not cover the other Resolution as the Right Honourable Sastri's Resolution deals also with departments other than Army, Marine, Education, Foreign and Political Departments?

The HONOURABLE THE PRESIDENT: That is exactly what it will cover. It covers the Secretaryships of all the departments.

The HONOURABLE SAIYID RAZA ALI: My information is that the only point of difference between the Right Honourable Srinivasa Sastri's Resolution and mine will be only with reference to the Legislative Department and no other.

The HONOURABLE THE PRESIDENT: The Honourable Member pressed me to assist his own decision by giving a ruling. I have given a ruling, that, if he moves his Resolution, he will block the Resolution of the Right Honourable Srinivasa Sastri. Whether the Honourable Member should move his Resolution to-day or not is entirely a matter for him to decide.

The HONOURABLE SAIYID RAZA ALI: Well, Sir, in view of the ruling which you have given, and seeing that the terms of the Right Honourable Srinivasa Sastri's Resolution are more comprehensive, I do not propose to move my Resolution but I will give notice of an amendment to the Resolution of my Right Honourable friend Srinivasa Sastri.

The HONOURABLE THE PRESIDENT: I would ask the Honourable Member not to be under any misapprehension. His Resolution is more extensive, and not less extensive, than the Resolution of the Right Honourable Srinivasa Sastri. If he wishes to get a discussion on the whole matter at a later date he can move as an amendment to the Resolution of the Right Honourable Srinivasa Sastri the words necessary to bring it into accord with his wishes. The scope of his Resolution is certainly wider than that of the Right Honourable Srinivasa Sastri's Resolution, and that is why he will be blocking that Resolution if he moves his Resolution to-day. I leave the matter entirely to him.

The HONOURABLE SAIYID RAZA ALI: Then, Sir, I do not propose to move my Resolution.

The HONOURABLE THE PRESIDENT: It is for the Honourable Member to decide.

## RESOLUTION RE RADIO COMMUNICATION.

The HONOURABLE MR. PHEROZE SETHNA (Bombay: Non-Muhammadan): Sir, I do not wish to move my Resolution.\*

## RESOLUTION RE IMPOSITION OF AN EXPORT DUTY ON BENZINE AND PETROL.

The HONOURABLE RAI BAHADUR LALA RAM SABAN DAS (Punjab: Non-Muhammadan): Sir, I beg to move the following Resolution that stands in my name:

"This Council recommends to the Governor General in Council to take into immediate consideration the desirability of imposing a duty on benzine and petrol exported from Burma and other Indian provinces to foreign countries."

Sir, I wish to place the following facts before the House for their information. The price of petrol is Rs. 1-14 per Imperial gallon in Calcutta, the equivalent of 11 annas per Imperial gallon in New York, and of Rs. 1-8 per Imperial gallon in London, and of 8½ pence per Imperial gallon in Belgium. From the above figures it will be seen that even the British price of petrol is grossly inflated but the British public are fully aware of this and have cut down their requirements until, according to the latest motor trade papers, every available petrol storage depôt at Home is packed full of petrol, and the overstocked position is such that a further reduction in price of 4d. per gallon is anticipated.

The public in India has not previously agitated on this question as it was confidently anticipated that the Indian price of petrol would be reduced in common with reduction in Great Britain, but, as the last reduction of 5½d. per gallon in England on October the 1st has not been followed by an equivalent reduction here, the question now requires investigation. My Honourable friend Mr. Chadwick, in answer to my question put in this Council a few days ago, said:

"The export of petrol from Burma was

18,934,711 gallons in 1917-18,  
22,600,532 gallons in 1918-19, (plus 90 gallons from Bengal),  
36,222,584 gallons in 1919-20,  
18,856,640 gallons in 1920-21,  
20,156,323 gallons in 1921-22.  
8,722,875 gallons in 1922 (April to September).

The amount of excise duty levied on this in India was:

Rs. 25,39,000 in 1917-18,  
Rs. 34,36,000 in 1918-19,  
Rs. 41,42,000 in 1919-20,  
Rs. 54,26,000 in 1920-21,  
Rs. 69,32,000 in 1921-22.  
Rs. 39,38,000 in 1922 (April to September)."

\* "This Council recommends to the Governor General in Council that he be pleased to take steps:—

- (a) to provide direct radio communication between India and the United Kingdom without further delay;
- (b) to proceed in the matter independently;
- (c) to enter into an agreement with private enterprise for the erection and maintenance of an efficient service which will provide an adequate link in the proposed Imperial scheme, provided that such private enterprise is incorporated in India; and
- (d) to request the Secretary of State to impress on the Imperial Government the urgency of this matter and to take steps for the erection and running by the same private enterprise of the necessary reciprocatory station in the United Kingdom."

The value, as estimated by the Customs authorities and the Oil Companies, was:

				Equals value per gallon.		
				Gallons.	Annas.	
£152,058	in	1916,	on	25,190,961	exported from Burma to foreign countries.	1.4 1.5 1.5 1.5 1.5
£153,987	in	1917,	"	24,637,848		
£120,205	in	1918,	"	18,984,711		
£141,258	in	1919,	"	22,600,582		
£339,587	in	1920,	"	86,222,584		
£176,808	in	1921,	"	18,856,640		1.5

which on an average works out to about 1 anna 4 pies per gallon. It will thus be seen that in 1921 alone over 1,800,000 gallons of petrol were exported from Burma absolutely duty free, and, while this 18 millions was estimated as being worth a total value of £176,808, which equals approximately 1.5 annas per gallon according to the petrol companies' own valuations, the motorist in Calcutta was paying Rs. 2 per gallon. Can it be possible that Government are so free with money that they do not require any revenue whatever from this vast volume of exported petrol, while at the same time they are so hard-pressed for money that they have to impose a tax of six annas per gallon on all petrol consumed in India? The reason that exported petrol bears no tax whatever while petrol used in India bears a six-anna tax is being eagerly sought by motorists throughout India, as there must be some explanation of this queer differentiation.

As Government are in various ways drawing several crores of rupees of taxation annually from motor users and the motor industry, a change of front is absolutely essential if they desire to continue obtaining this huge yield, as under the present enormous burdens the whole system of mechanical transport in India is practically paralysed and unemployment and enormous financial losses are rife to a degree which is evidently not realised at headquarters, but the position is assuming such gravity as to resemble a crisis and it is no exaggeration whatever to say that during the last two years in Calcutta alone the automobile trade is said to have suffered losses aggregating more than 50 lakhs of rupees, apart from similar losses in other parts of the country, in addition to which Government has lost a tremendous amount of revenue from potential motor car users who have found it impossible to purchase and use motor cars while the present costs due to prohibitive import duty and overwhelming petrol taxation are so high. Apart from the gross unfairness of singling out this one particular industry for such onerous taxation the whole policy of Government towards the motor car has in the past been one of repression, presumably owing to the inexplicable use of the word "luxury" in connection with motor cars, and this tendency is now so very pronounced that the position has been reached where a continuance of the present policy will entail the death of the goose that lays the golden eggs. If, in the face of the agitation now spreading so rapidly through India, the monstrous oil monopoly continues to have such a baneful effect on life in India, it will become necessary to enact legislation on the lines of the antitrust laws found necessary in the United States of America to protect the public from the extortions of bloated profiteers.

Sir, if the Government accepts this Resolution, they will in the first place add quite a substantial amount to their revenues annually. At

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present the Government imposes six annas per gallon excise duty on petrol consumed in India, while no export duty is levied on motor spirit exported. During a period of five years ending in March 1922 it appears that the total amount of petrol exported from India was about 118 million gallons. The total amount of petrol consumed in this country during the same period has been about 60 million gallons, which has brought in an excise revenue of no less than 2½ crores. If an export duty at the same rate of six annas per gallon had been levied, the Government of India would have obtained an additional revenue of 4½ crores in the last five years. Export of petrol from India free of duty is at present costing the Indian Exchequer about 90 lakhs a year. I believe, Sir, in these days of financial stringency Government cannot afford to give up any source of revenue.

Perhaps my Honourable friends on the Government Benches might tell us that the imposition of an export duty on benzine and petrol would stop the export of such commodities, or anyhow restrict it. I freely say that an export duty on petrol will not at all restrict the export, but, Sir, I do not believe that the imposition of such a duty will not help the Indian exchequer. The latest news from America tells us that the existing oil-fields in the United States of America are being unduly exhausted, and that they are now taking steps to restrict the export of petroleum with a view to conserve this commodity for home consumption. The political conditions in Russia and Caucasia are not as yet such as to enable Russian oil to be put on world markets. The only competitor of Indian motor spirit as far as my knowledge goes, is perhaps the Anglo-Persian Oil Company and not the Asiatic (Shell) Oil Company. Under such circumstances, Sir, I submit India possesses in respect of her petrol practically the same monopoly as she possesses in respect of tea, rice or hides and skins. I do not therefore believe the imposition of an export duty on petrol and benzine will restrict its export at all. But, Sir, even supposing the imposition of an export duty does restrict to a certain extent its export to foreign countries, even then I contend it would be beneficial to India. In answer to a question by my Honourable friend Mr. Sethna the Government in February last replied that the then price in England of petrol exported from Burma was 2s. and 3½d. per gallon but since then it has dropped to Rs. 1-8. In Upper India the price of petrol is on an average more than Rs. 2 per gallon. If the effect of imposing an export duty on petrol would be to restrict its export to foreign countries, it would be all the better, for it would make a larger quantity of petrol available for consumption in this country and would thereby reduce its price. In these days when every one of us wants to promote industries in India, it is necessary that we should have easy transport facilities. Petrol in these days takes so important a part in the industrial reconstruction of a country that its conservation for home consumption has now become quite essential. Sir, India requires a large amount of cheap petrol for its own industries, and it can ill afford to squander it in foreign lands. So if the imposition of export duty on petrol to a certain extent restricts its export to foreign countries, we should not at least mind.

There is one more point, Sir, that I would like to touch on. I am told that the cost of production to the Oil Companies in Burma is about 1½ annas per gallon. They sell it in Rangoon at the rate of Rs. 1-10 or Rs. 1-12 per gallon. Deducing 6 annas per gallon excise duty and 1½ annas per gallon cost of production, the Oil Companies still



make a profit of Rs. 1-2½ or 1-4½ per gallon. A few days, back, in reply to Mr. Spence, the Honourable Mr. Innes said in the Legislative Assembly that though petrol supplied direct to the Military authorities is exempt from the usual excise duty, yet no reduction in price is allowed by the Oil Companies on such purchases. Sir, this is profiteering of the worst type. Export of petrol free of duty has made it profitable for the Oil Companies to export petrol to foreign countries in ever larger and larger quantities. This tariff policy has made it possible for these Companies to reduce the quantity of petrol available for consumption in this country. No reduction in prices charged for petrol supplied to Indian Military Departments in spite of the exemption of Government stores from excise duties shows that the policy of Oil Companies is to restrict the supplies of even the Government. Not only does this tend to reduce the supplies of Government, but it also compels the State to spend more on petrol than what they should have spent in view of the exemption of Government stores from the payment of customs and excise duties. I submit, Sir, the present policy of Government in connection with the export of petrol is objectionable from all points of view. Whether we look at the problem from the revenue point of view, whether we look at it from the point of view of conservation of essential commodities for consumption in the country, or whether we look at it from the point of view of putting a stop to profiteering we are irresistibly driven to the same conclusion, *i.e.*, of putting an export duty on the export of benzine and petrol. I don't necessarily ask Government to impose an export duty of six annas per gallon. I leave this matter to their discretion, fairness and justice. In the interests of industrial regeneration of this country I contend that our policy should be to abolish excise duty on petrol consumed in this country and to levy a moderate and reasonable duty on its export to foreign countries.

With these few words, Sir, I put forward this Resolution for the favourable consideration of this House.

The HONOURABLE MR. PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, I am in entire accord with the Honourable the Mover in the Resolution that he has brought forward. Motor cars are no longer a luxury. They have practically become a necessity of life for business people. But what with the high customs rate of 30 per cent. it has prevented many a man from going in for a motor car for use in his business; and worse still, the high price of petrol that we have to pay also makes it prohibitive in many cases to make use of a motor car. As the Honourable Lala Ram Saran Das has pointed out, it is a perfectly anomalous position that Burma petrol which is sold in Calcutta at Rs. 1-14 per gallon, and in Bombay, if I remember rightly, at Rs. 1-15 per gallon, can be sold in spite of a high import duty in England at the low rate of Rs. 1-8 per gallon. The position, I say, is anomalous. It may be due to profiteering; it may be due to other reasons of which I am not aware; but it is the business of Government to see that the public of this country do get petrol at a reasonable rate.

Sir, sympathising with the Honourable Mover as I do, and holding the same views as he does, I may be allowed to mention that I have been carrying on correspondence on this very subject with the Finance Department. The reply I received was that the matter would receive due consideration at Budget time. Budget time, as we know, is very near, and the Budget will be placed before the Legislature within about ten

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days from now. It would be advisable therefore to wait and see if the Finance Department have, in response to the wishes of the Indian public, expressed not only in correspondence such as I have referred to, not only by the Resolution which my Honourable friend has brought forward, but also by constant agitation in the Press—I say, let us wait and see if in response to the same, Government do intend to levy a duty of this kind in the Budget.

On an average within the last 5 years, nearly 20 million gallons of petrol have been exported from Burma to Europe, in addition to which in 1921-1922, nearly 3 million gallons were exported to Egypt. Consequently if a duty were levied of only eight annas per gallon, it would bring in, in these days of stringency, to Government the handsome amount of a crore of rupees, which is well worth considering. As I have said, it is not unlikely that Government are giving this matter their consideration at the present moment and I therefore propose that the discussion of this Resolution be postponed to some later date in March. We shall have seen the Budget by then and if Government have not included it, then when the Resolution comes up again it will be competent to us to request Government to take up this matter and I think the request will be in time to be included in this year's Finance Bill. I hope therefore the Honourable Lala Ram Saran Das will accept my suggestion for allowing the Resolution to stand over till some non-official day in the first half of March.

The HONOURABLE MR. E. M. COOK (Finance Secretary): Sir, I am not in charge of this Resolution on behalf of Government, but I should like to say that personally I support the suggestion made by my friend the Honourable Mr. Sethna. It is extraordinarily difficult—in fact, impossible, to deal with a Resolution of this kind on its merits at a time like this. As the Honourable Mr. Sethna has pointed out, this suggestion for an export tax on petrol has been before Government, having been brought to their notice by certain interests, and is under their consideration. But I think Honourable Members will find on reflection that it is really impracticable for Government to be drawn into discussing what is really a budget matter before the Budget actually comes out. In consequence, I anticipate that my Honourable friend Mr. Chadwick will find it impossible to deal with this case on its merits; he would simply have, I imagine, to talk round the subject and not on its merits. I think probably it is in the general interests that this proposal should be discussed at some time on its merits. If it is included in the budget it will come up for discussion as a matter of course; if it is not included in the Budget, then it can also come up if this debate can be adjourned to some non-official day in March.

The HONOURABLE THE PRESIDENT: We are in some difficulty in regard to this matter as the Leader of the House is not present. It is not possible to adjourn the Resolution to an unknown date, because as you are aware the course of non-official business is determined by the ballot. If Government are in a position to give, and if any representative of the Government could say that they could give a Government day for the further discussion of this Resolution, then I will put the amendment to the House; but unless that is the case I am not prepared to put the motion for postponement.

The HONOURABLE MR. B. N. SARMA (Revenue and Agriculture Member): Sir, I think the Government would be ready to give an official day if no non-official day is available.

The HONOURABLE THE PRESIDENT: Under those circumstances, I will put Mr. Sethna's proposal as a definite amendment for discussion, viz., that this debate be postponed to a date to be provided for by the Government in March after the Budget. That question is now open to discussion.

The HONOURABLE SIR ARTHUR FROM (Bombay Chamber of Commerce): I rise merely to say, Sir, that I think the proposal put forward by my Honourable friend Mr. Sethna is a very right and proper one. It has been further explained by the Honourable Mr. Cook and I hope that Honourable Members of this Council will accept it.

The HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, the reason which led me to put forward this Resolution before presentation of the Budget was that the Government of India may be in possession of the views of this Honourable House; but in case this Honourable House wishes me to postpone the consideration of this Resolution . . . .

The HONOURABLE THE PRESIDENT: It is not for the Honourable Member to postpone it.

The HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: If that is the ruling, Sir, as the discussion of this Resolution has been guaranteed by the Government to be taken up on an official day, I leave over this Resolution for consideration later.

The HONOURABLE THE PRESIDENT: I do not know whether the Honourable Member who is now speaking on the amendment that the discussion be postponed is supporting it or is against it. He ought to make that clear to the House.

The HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I support the amendment on the grounds put forward by the Honourable Mr. Sethna and the Honourable Mr. Cook.

The HONOURABLE MR. E. M. COOK: I take it the understanding is, Sir, that some sort of date should be provided, not necessarily an official day, the idea being that if there is time on a non-official day so much the better; but if not, the Government will provide an official day.

The HONOURABLE THE PRESIDENT: The point must be made clear and there must be no misapprehension about it. The course of non-official business is determined by the ballot; this Resolution is already down on the paper; it can be discussed to-day; it cannot be postponed to any non-official day because the non-official days will be balloted for. The only way that a definite postponement can be obtained is by the Government giving a promise that on some day set down for official business this Resolution shall be taken. It is quite necessary that this should be clear; otherwise the House may be misled.

The HONOURABLE MR. V. G. KALE (Bombay: Non-Muhammadian): I hope, Sir, that the Government does give the undertaking implied by you. As far as I can understand the Honourable Mr. Cook, he did not give an assurance that the discussion would be arranged for on a particular Government day. Unless an assurance is forthcoming, that the

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Government will arrange to have this discussion on a Government day, I do not think we should postpone the debate at all. I would rather have the debate continue and arrive at a decision, unless Government promise to give a definite day for the debate.

The HONOURABLE MR. B. N. SARMA: I have already said that the Government will provide an official day for discussion of this subject.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN (West Punjab: Muhammadan): I only want to say this, that I think it would have been better if we had continued the debate. I think the Resolution was so ably moved that everybody would have . . . .

The HONOURABLE THE PRESIDENT: The Honourable Member will then have an opportunity of voting against the amendment.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: I am against the amendment, Sir.

The HONOURABLE THE PRESIDENT: The question is that the discussion of this Resolution be postponed to some date in March subsequent to the presentation of the Budget, that being a date to be found by the Government on a Government day.

The motion was agreed to.

The HONOURABLE THE PRESIDENT: The Resolution will therefore stand over till a date to be subsequently notified.

The Council then adjourned till Eleven of the Clock on Tuesday, the 20th February, 1923.