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(Official Report)

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LEGISLATIVE ASSEMBLY.

Tuesday, 8th March, 1927.

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

QUESTIONS AND ANSWERS.

EARLY RELEASE ON MEDICAL GROUNDS OF BABU JIBAN LAL CHATTERJI, A POLITICAL DETENU.

761. ***Mr. Nirmal Chunder Chunder:** 1. Will Government be pleased to state whether Babu Jiban Lal Chatterji arrested under Regulation III of 1818 is suffering from tuberculosis? If so, when was the existence of tubercle in him first discovered?

2. Was he removed from the Dacca Jail to the Suri Jail? If so, when?

3. Is it a fact that in the Suri Jail all tubercular patients are kept in the same ward? During Sj. Jiban Lal Chatterji's confinement how many tubercular patients were kept in the same ward with him?

4. Is it a fact that he has been removed from the jail and kept in a place outside the jail? If so, what arrangements have the Government made for personal attendance on him and for his food?

5. Is it a fact that his brother has been asked to stay with and look after him? If so, will Government be pleased to state what allowance, if any, is being paid to the brother?

6. Have Government any objection to remove him to a sanitarium or a seaside town?

7. What is the present status of Sj. Jiban Lal Chatterji? Is he a Regulation III prisoner or an Ordinance prisoner? Is any allowance being paid to any of his dependants? If so, how much to each?

8. What arrangement has been made for his treatment?

9. Do Government contemplate an early release of Sj. Jiban Lal Chatterji on medical grounds?

The Honourable Sir Alexander Muddiman: With your permission, Sir, I propose to reply to the question in a single statement:

Babu Jiban Lal Chatterji is suffering from tuberculosis. This diagnosis was made at the end of December or beginning of January last. As it was deemed expedient to transfer him to a drier climate he was removed on the 27th January from the Dacca to the Suri Jail, where there are special arrangements for the accommodation and treatment of tuberculosis patients. I am not aware whether he was kept in the same ward as other tuberculosis patients. Soon after his arrival he was removed from the confines of the jail and placed in the custody of the District Magistrate, but in the care

of his relatives, who were given facilities for arranging for personal attendance and food. I have no information as to which of his relations have taken charge of him. The Government are considering what further action is called for on medical grounds.

Babu Jhan Lal Chatterji is a State prisoner under Regulation III of 1818. While so restrained an allowance of Rs. 40 a month has been sanctioned for the maintenance of his family; grants of Rs. 35 and Rs. 30 were in March and October 1926 also allowed to meet expenditure in connection with the illness of his sister and step-mother.

Pandit Motilal Nehru: Will the Honourable the Home Member kindly inform the House if the Government have reached any conclusions as a result of the communications that are going on between the Government of India and the Bengal Government as to the release of the other detenus?

The Honourable Sir Alexander Muddiman: I am not in a position to make any other statement than I made to my Honourable friend the other day.

ABOLITION OF THE LOWER EFFICIENCY BAR EXAMINATION FOR UPPER DIVISION CLERKS OF POSTAL ACCOUNT OFFICES.

762. ***Mr. Nirmal Chunder Chunder:** 1. Is it a fact that on the introduction of time scale of pay in the year 1919, in the Postal Account Offices under the Accountant General, Posts and Telegraphs, a lower efficiency bar examination has been introduced for the upper division clerks?

2. Is it a fact that no such examination exists in any civil Account offices in India including Burma?

3. Is it a fact that in Postal Account and Audit Offices, unless one passes this efficiency bar examination one can not get a lift above Rs. 110?

4. Is it a fact that such efficiency bar examination does not exist in the office of the Accountant General, Posts and Telegraphs, although it exists in his subordinate offices?

5. Is it a fact that the All-India Civil and Postal Account Offices conference has been passing resolutions year after year for the abolition of this examination?

6. Do Government propose to do away with this examination in the Postal Account Offices? If not, why not?

The Honourable Sir Basil Blckett: Enquiries are being made and a reply will be sent to the Honourable Member in due course.

PROVISION OF SUITABLE FAMILY QUARTERS FOR POSTMEN.

763. ***Mr. Nirmal Chunder Chunder:** 1. Are Government aware that a conference of Indian postmen and lower grade staff was held at Aligarh on the 8th, 9th and 10th January, 1927, and certain resolutions were passed thereat?

2. Has the attention of the Government been drawn to resolution No. 5 of the conference mentioned in the previous questions asking for a scheme for providing suitable family quarters to each postman and member of the lower grade staff?

3. Will the Government be pleased to state whether (i) such a scheme is being passed and (ii) if so, what progress has been made thereon, and (iii) whether any temporary relief will be granted to this very useful body of public servants?

The Honourable Sir Bhupendra Nath Mitra: 1. Government were informed that the annual Conference of the All-India Postmen's Union would take place on the dates mentioned. Government have no further information.

2. No.

3. The question of provision of accommodation for postmen and lower grade staff is already receiving the attention of Government.

PROMOTION OF POSTMEN TO THE CLERICAL CADRE.

764. ***Mr. Nirmal Chunder Chunder:** (a) Has the attention of the Government been drawn to Resolution No. 6, passed at the conference of Indian postmen and lower grade staff held at Aligarh on the 8th, 9th and 10th January, 1927?

(b) Will the Government be pleased to state whether any and what steps are being taken to improve the prospects of the postmen with a view to enable them to be promoted to the posts of clerks?

(c) Will the Government be pleased to state if it is willing to restrict recruitment of outsiders in the clerical cadre so as to give preference to suitable candidates amongst postmen in service for appointments in such cadre?

Sir Ganen Roy: (a) No.

(b) The prospects of postmen for promotion to clerkships have been recently improved by the reduction from 10 to 5 years of the period of approved service required to be rendered by them prior to appearance for the clerical examination.

(c) The matter is under consideration.

PAY OF POSTMEN APPOINTED AS CLERKS.

765. ***Mr. Nirmal Chunder Chunder:** (a) Will the Government kindly state if it is a fact that the postmen acting or officiating in places of clerks drawing salaries say of Rs. 70 or Rs. 80 per mensem are allowed only Rs. 7-8-0 per mensem each as acting allowance?

(b) Have the Government any objection to allow such postmen to act or officiate as aforesaid on the same pay as that of the permanent incumbent, during the time they so act or officiate?

Sir Ganen Roy: (a) No.

(b) There is no question of Government objecting. Under Fundamental Rule 32 a postman officiating as a clerk gets the pay of a clerk.

UNIFORMS OF POSTMEN, OVERSEERS AND READER POSTMEN.

766. ***Mr. Nirmal Chunder Chunder:** (a) Has the attention of Government been drawn to resolution No. 10 of the conference mentioned in the previous question?

(b) Will the Government be pleased to state whether it is prepared to direct that all postmen, overseers and reader postmen should be supplied with uniforms of the same stuff, make and finish throughout India the distinction between them being marked only by different badges?

Sir Ganen Roy: (a) No copy of the resolution has yet been forwarded to me formally, though I have seen in the newspapers accounts of the proceedings of the conference.

(b) The uniforms supplied to the classes mentioned are at present made of the same materials, which are obtained through the Indian Stores Department. A proposal for centralising and standardizing the pattern of such uniforms is under consideration.

ACTION TAKEN BY GOVERNMENT ON RESOLUTION NO. 12 OF THE CONFERENCE OF INDIAN POSTMEN.

767. ***Mr. Nirmal Chunder Chunder:** Has the attention of Government been drawn to resolution No. 12 of the conference mentioned in the previous question and will the Government be pleased to state if any and what action is being taken thereon?

Sir Ganen Roy: The reply to the first part of the question is in the negative. The second part does not arise.

ALLOWANCE TO POSTMEN FOR ADDITIONAL WORK IN CONNECTION WITH THE INCOMING FOREIGN MAILS.

768. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether a postman gets any allowance for doing additional work in connection with the incoming foreign mails and if not, whether Government is prepared to give him such allowance?

Sir Ganen Roy: The Honourable Member's attention is invited to the remarks appearing against item 3(f) of Part I of the Statement which was laid on the table of the Legislative Assembly on the 4th March 1926. Since then Lucknow has been added to the list of places. The case of any place in respect of which a representation on the subject is received is considered on its merits.

INCREMENTS OF POSTMEN OF THE HOWRAH AND ALIPORE HEAD OFFICES.

769. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state if it is a fact that the postmen of Howrah and Alipore Head Offices were allowed increment only at the 2nd Class head office rate and not at the Calcutta General Post Office rate?

Sir Ganen Roy: The increment allowed to the postmen of Howrah and Alipore Head Offices from 1st December 1919 was higher than the 2nd class head office rate but lower than the Calcutta General Post Office rate. From 1st March 1926, however, the Calcutta rate has been extended to the postmen of Howrah and Alipore.

COUNTING BY POSTMEN OF ACTING OR TEMPORARY SERVICE TOWARDS PAY, PENSION, ETC.

770. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state if any and what discrimination is made between clerks in the postal service and the postmen in the matter of counting their acting or temporary service towards their pay, pension, etc.?

Sir Ganen Roy: No discrimination is made.

LEAVE RESERVE FOR POSTMEN.

771. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether there is any leave reserve for post offices where the number of postmen does not exceed four? If not, are Government prepared to provide adequate leave reserve?

Sir Ganen Roy: The answer to the first part of the question is in the negative. The provision of a leave reserve is not necessary, as probationary postmen (if any) or inferior servants, such as mail peons, letter-box peons and packers, are appointed in the leave vacancies of postmen.

REDUCTION OF THE PAY OF CASH OVERSEERS IN THE POSTAL SERVICE.

772. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether the pay of cash overseers in the postal service has recently been reduced at some stations? If so, will the Government be pleased to state the reasons?

Sir Ganen Roy: Through a misunderstanding of certain Government orders a number of overseers were allowed for some time to draw a higher scale of pay than they were intended to draw. The mistake was discovered and orders necessary to prevent its perpetuation were issued on the 24th March 1924.

Those holding posts of overseers permanently on that date have been protected against loss of emoluments but those confirmed as overseers subsequently have been restricted to the correct and lower scale of pay with effect from the same date.

REPLACEMENT BY CLERKS OF THE READER POSTMEN AT THE DELHI HEAD OFFICE.

773. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether the reader postmen at the Delhi Head Office have been replaced by clerks and the reasons therefor?

Sir Ganen Roy: The case is as stated. When the replacement was made it was considered that there was not continuous work of the kind with which reader (*i.e.*, sorting) postmen can be entrusted.

ADDITIONAL DUTIES PERFORMED BY VILLAGE POSTMEN IN THE PUNJAB.

774. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether in the Punjab the village postmen at some of the post offices have to visit the villages of their beat twice a week instead of once as heretofore and if so, will the Government be pleased to state whether any allowance is paid to them for this additional work?

Sir Ganen Roy: It is a fact that some villages are now visited by village postmen twice a week instead of once a week as before, as the result of improvements made in the postal facilities for rural areas. There is, however, no question of additional working being imposed on village postmen as increased facilities have been provided either by rearrangement of village postmen's beats or by the employment of additional village postmen.

Mr. K. Ahmed: Are the Government aware that in some sub-post offices in the villages, there is no postman in the post office to deliver letters and addressees have to call at the office to take delivery of their postcards, envelopes, parcels and other articles forwarded there? If so, do Government propose to take speedy steps to ameliorate the condition of the village people?

Sir Ganen Roy: Will the Honourable Member kindly give me the names of the post offices that he refers to?

Mr. K. Ahmed: Is the Honourable Member aware that in India there are certain village post offices called sub-post offices, small post offices in the rural districts, where there is no postman engaged? Shall I hand over to the Honourable Member a printed list from his Department, with which he is not yet familiar?

TRAVELLING ALLOWANCE OF OVERSEERS IN THE POSTAL SERVICE.

775. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether any travelling allowance is paid to an overseer in the postal service when he has to go out on inquiries to places situated at a long distance from his Headquarters and if not, why not?

Sir Ganen Roy: The Honourable Member is referred to the reply given by Sir Geoffrey Clarke to Mr. Amar Nath Dutt's starred questions Nos. 668 and 750 on the 3rd February 1925. It may be added that overseers are granted fixed monthly conveyance allowances when their jurisdictions are extensive.

PROMOTION OF INFERIOR POSTAL SERVANTS TO APPOINTMENTS OF POSTMEN.

776. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether it is prepared to restrict recruitment of postmen from outsiders so as to give candidates in the lower grade staff preference for such appointments?

Sir Ganen Roy: Government have no information that inferior servants of the Post Office who possess the necessary qualifications are not already given preference before outsiders in the filling of appointments of postmen. The attention of the officers concerned will be drawn to the matter.

TRANSLATION OF THE POST OFFICE MANUAL INTO THE PRINCIPAL VERNACULARS.

777. ***Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether the Post Office Manual has been translated into any and if so in what Indian vernaculars? Are Government prepared to consider the question of translating it into all the principal vernaculars and making copies of such translations available to postmen?

Sir Ganen Roy: The rules of the Post Office Manual intended for postmen and other officials who do not know English are translated into the principal vernaculars and copies of translations are made available to such officials.

TIME LIMIT FOR COMPLAINTS REGARDING NON-DELIVERY OF REGISTERED ARTICLES AND MONEY ORDERS.

778. ***Mr. Nirmal Chunder Chunder:** (a) Will the Government be pleased to state whether there is a time limit within which complaints for non-delivery of registered articles and money orders have to be made?

(b) Is it a fact that in Calcutta Offices action has been taken against postmen on complaints made after the expiry of two or three years from the date of despatch or delivery of registered articles or from the date of issue or payment of money orders?

(c) Do Government propose to create a time-bar against such complaints?

Sir Ganen Roy: (a) Yes.

(b) Government is not aware of any such case.

(c) As stated in reply to (a), a time limit already exists.

TOTAL ADVANCES OF THE IMPERIAL BANK BEFORE THE BANK RATE WAS RAISED TO 7 PER CENT., ETC.

779. ***Sir Purshotamdas Thakurdas:** Will Government be pleased to obtain from the Imperial Bank the following figures, and place them on the table of the House:

- (a) The total advances of the Imperial Bank before the Bank rate was raised to 7 per cent., and the total advances on corresponding dates, last three years?
- (b) The total advances of the Imperial Bank on Government securities on dates mentioned in (a) above?
- (c) Total advances of the Imperial Bank against British or foreign securities on the dates mentioned in (a) above?

The Honourable Sir Basil Blackett: The Honourable Member who is a member of the Central Board of the Imperial Bank will, I hope, recognise that the information asked for cannot be demanded by the Government from the Imperial Bank for purposes of publication.

Sir Purshotamdas Thakurdas: I fully recognise that, and I put that question with that knowledge; but I wish to ask whether when the Honourable the Finance Member contends here that the higher bank rate was justified under certain circumstances, this information is not necessary in order that the House may judge whether such circumstances have arisen?

The Honourable Sir Basil Blackett: In my opinion it is not necessary.

Sir Purshotamdas Thakurdas: How does the Honourable Member then expect this House to reconcile themselves to his contention that the conditions have changed this year from what they were in 1924?

Mr. President: The Honourable Member must address the question to Government and not to the Chair.

Sir Purshotamdas Thakurdas: How does the Honourable Member expect the House to be reconciled to his statement that the conditions today are different from what they were in 1924-25 when the Government of India wrote that letter to the Bengal Chamber of Commerce?

The Honourable Sir Basil Blackett: I believe that the Members of this House are in the habit of reading newspapers and are possessed of considerable intelligence in judging for themselves.

Sir Purshotamdas Thakurdas: The exercise of their intelligence does not warrant them to draw the conclusion that the Finance Member wants them to draw. May I put one more question, Sir? Can the Honourable Member give any other proof of his conclusion, Sir?

The Honourable Sir Basil Blackett: I do not propose to start a long speech on this point.

THE DEFENCE FORCE ORDINANCE IN KENYA.

780. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that a Bill, named the Defence Force Ordinance, is pending in the Legislature of Kenya, which makes a provision for enrolment in the Defence Force on a conscript basis of all the male European residents of Kenya, who are above the age of 16, and who had been in the Colony for a month? And the necessity for such an enactment is ascribed to a possible native insurrection?

(b) Why have the Indian settlers in Kenya been excluded?

Mr. J. W. Shore: (a) In regard to the first part the Honourable Member is referred to the provisions of the Bill as introduced which is available in the Library of the House. As regards the second part Government have no information.

(b) All non-Europeans including Indians are excluded from the purview of the Bill; Government are not aware of the reasons for the exclusion.

METHOD OF DEALING WITH APPEALS, PETITIONS AND MEMORIALS ADDRESSED TO THE GOVERNOR GENERAL IN COUNCIL.

781. ***Colonel J. D. Crawford:** Will the Government be pleased to describe the procedure they follow for the disposal of appeals, petitions and memorials addressed to the Governor General in Council, stating by whom these cases are considered and whether they are decided by a majority vote of His Excellency and His Excellency's Executive Council.

The Honourable Sir Alexander Muddiman: An appeal presented to the Governor General in Council under the Statutory Appeal Rules is referred, in the first instance, to the Public Service Commission for advice in regard to the orders to be passed on it. On receipt of the Commission's advice it is dealt with under the rules and orders made by the Governor General under section 40 (2) of the Government of India Act.

Memorials and petitions are dealt with under the rules and orders just mentioned. If the memorials are from an officer of an All-India or Central Service in regard to a service matter, the Governor General in Council may consult the Commission before passing orders.

EMPLOYMENT BY SHIPS ENGAGED ON THE COASTING TRADE OF WIRELESS OPERATORS.

782. ***Mr. Jamnadas M. Mehta:** Will Government be pleased to state if it is not a fact that ships of certain size plying on the coast of India are under an obligation to employ Marine Wireless Operators and that in view of the proposed amendments to the Wireless Telegraphy Rules such ships will have to carry a larger number of operators in the future?

The Honourable Sir Charles Innes: At present ships engaged in the coasting trade of India are generally exempted under the Indian Merchant Shipping Act from carrying a Wireless Telegraph equipment. But it is being considered whether this exemption should not be modified in future.

PROVISION OF FACILITIES IN INDIA FOR TRAINING MARINE WIRELESS OPERATORS.

783. ***Mr. Jamnadas M. Mehta:** (a) Will Government be pleased to state if any facilities exist in India for giving training in Marine Wireless

Telegraphy to enable those who receive the training to obtain the necessary certificate of competency as Marine Wireless Operators?

(b) If the reply to (a) be in the negative, will Government be pleased to state if they propose to take any steps for providing facilities for such training in this country?

The Honourable Sir Bhupendra Nath Mitra: (a) Government has no official information regarding private establishments; arrangements are however being made to afford facilities for such training at the Government wireless training establishment at Calcutta and the fees are under consideration.

(b) Does not arise.

PROVISION BY THE ROYAL INDIAN MARINE OF FACILITIES FOR
GAINING THE NECESSARY SEA EXPERIENCE TO PERSONS
QUALIFIED AS MARINE WIRELESS OPERATORS.

784. ***Mr. Jamnadas M. Mehta:** Will Government be pleased to state if the Royal Indian Marine will be prepared to give facilities for receiving the necessary sea experience to those who have received the certificate of competency as Marine Wireless Operators, to enable them to obtain the necessary grade certificate from the Government of India for handling the wireless instalment of ships of classes I and II?

Mr. G. M. Young: The answer is in the negative. The Wireless Telegraphy Rules permit operators to count previous experience in the Royal Navy or the Royal Indian Marine or in sea-planes of the Royal Air Force towards the total amount of experience at sea necessary to qualify them to act as commercial wireless operators in certain cases. But this concession is intended only to assist wireless operators who have gained their experience in one of the above forces and have subsequently retired from it. It was never intended, nor would it be feasible, for the Royal Indian Marine, any more than the Royal Navy or the Royal Air Force, to train wireless operators for a commercial career.

REVERSION OF RAI BAHADUR A. C. MUKHERJEE OF THE INDIAN
EDUCATIONAL SERVICE IN THE UNITED PROVINCES FROM
THE JUNIOR SELECTION GRADE.

785. ***Mr. Dwarka Prasad Misra:** (a) Has the attention of Government of India been drawn to the case of Rai Bahadur A. C. Mukherjee of the Indian Educational Service in the United Provinces, who after having been promoted to the junior selection grade, was reverted back two years after and his place given to an European member of the service?

(b) Is it a fact that the Secretary of State and the Government of India have put pressure upon the Educational Minister in the United Provinces in this matter?

(c) If so, do the Government promise not to interfere in future with the Transferred Departments?

Mr. J. W. Bhowe: (a) Yes.

(b) No. In making their selection of an Indian Educational Service officer to the selection grade post, the Government of the United Provinces calculated the seniority of Rai Bahadur A. C. Mukherji on the basis

of his total service in the Provincial and Indian Educational Services. The Government of India intimated to the Government of the United Provinces that an officer's seniority in the Indian Educational Service should, in accordance with settled practice, be reckoned from the date of his appointment to the Indian Educational Service. The Government of India, upon whom rests the duty of seeing that the claims of members of the all-India Services are treated fairly and equitably, invited the Government of the United Provinces to reconsider the case in the light of their remarks and asked to be informed of the result. The Government of the United Provinces thereupon reconsidered and altered their previous orders.

(c) The Government of India are unable to make any such promise consistently with their responsibility for seeing that the claims of Members of the all-India services are treated fairly and equitably.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether in regard to the appointment of Provincial Educational officers to the Indian Educational Service or to the promotion of Indian Educational Service officers, it is a question of seniority or of selection?

Mr. J. W. Bhore: I am very glad my Honourable friend has put me that question, because it will enable me to remove what might possibly be a source of misapprehension. He is quite right in suggesting that in the case of appointment to the selection grade merit is the first criterion. As in the present case, however, where merit is equal, the only possible criterion must be seniority.

Pandit Dwarka Prasad Misra: Is the Honourable Member aware that the Educational Minister in the United Provinces in the course of his speech said that the Government of India had put pressure upon him in this matter?

Mr. J. W. Bhore: I am not responsible for what he said, Sir. I have stated the facts of the case, and the facts of the case are as stated by me.

Mr. A. Rangaswami Iyengar: Am I to understand that the United Provinces Government definitely reported to the Government of India that the merits of these two officers were exactly equal?

Mr. J. W. Bhore: Yes, Sir, there was no question of superior merit.

SEPARATION OF THE OUDH AND AGRA PROVINCES IN THE UNITED PROVINCES.

786. ***Mr. Dwarka Prasad Misra:** Have Government a scheme under contemplation of separating Oudh and Agra Provinces in the United Provinces and joining the Hindi Districts of the Central Provinces with the Agra Province?

The Honourable Sir Alexander Muddiman: The answer is in the negative.

AMALGAMATION OF THE MEERUT DIVISION WITH THE DELHI PROVINCE.

787. ***Mr. Dwarka Prasad Misra:** Have Government under contemplation a scheme of separating Meerut division from the United Provinces and amalgamating it with the Delhi Province?

The Honourable Sir Alexander Muddiman: The answer is in the negative.

PROGRESS MADE ON THE RAIPUR-VIZIANAGRAM RAILWAY.

788. ***Mr. Dwarka Prasad Misra:** Will Government be pleased to state what progress has been made on the Raipur-Vizianagram line?

Mr. A. A. L. Parsons: The section from Vizianagram to Parvatipuram has been open for traffic since March, 1909. As regards the remaining section from Parvatipuram to Raipur, the Honourable Member is referred to the statement laid on the table in reply to Kumar Ganganand Sinha's question No. 166 on the same subject on 1st February, 1927.

DATE OF THE COMPLETION OF THE VIZAGAPATAM HARBOUR.

789. ***Mr. Dwarka Prasad Misra:** (a) Will Government be pleased to state when the Vizagapatam Harbour will be ready for use?

(b) What has been its total cost up to this time?

Mr. A. A. L. Parsons: (a) It is hoped that it will be possible to berth ships in the new harbour in about four years' time.

(b) About Rs. 67.44 lakhs had been spent on the construction of the harbour up to 30th November, 1926.

RELATION OF THE PROPOSED INDIAN NAVY TO THE BRITISH NAVY.

790. ***Mr. Dwarka Prasad Misra:** Will Government be pleased to state what the relation of the proposed Indian Navy will be to the British Navy in general?

Mr. G. M. Young: The Royal Indian Navy, like the Dominion Navies, will be independent of the Royal Navy, but it is intended to maintain close co-operation between the Royal Indian Navy and the East Indies Squadron of His Majesty's Navy. The Honourable Member's attention is invited to paragraph 13 of the Royal Indian Marine Departmental Committee's report.

PREVENTION BY THE BRITISH COLONIAL OFFICE OF THE PUBLICATION OF THE FIJI DEPUTATION REPORT.

791. ***Mr. Dwarka Prasad Misra:** (a) Will Government be pleased to state if it is a fact that the British Colonial Office has prevented the publication of the Fiji report?

(b) If so, did the Government of India protest against this interference?

(c) If not, why not?

Mr. J. W. Bhore: I would invite the attention of the Honourable Member to the reply given by me to Mr. Gaya Prasad Singh's question No. 245 and to the supplementary questions asked in connection with it. I can add nothing to what I said then.

PUBLICATION OF THE COTTON TEXTILE TARIFF BOARD'S REPORT.

792. ***Mr. Dwarka Prasad Misra:** Will Government be pleased to state (a) when the report of the Textile Tariff Board will be out, and (b) whether

any legislation will be introduced this Session for the relief of the Textile Industry?

The Honourable Sir Charles Innes: (a) and (b). I would refer the Honourable Member to the replies given in this House on the 25th February, 1927, to somewhat similar questions by Sir Victor Sassoon and Mr. Ghanshyam Das Birla.

SALE OF CERTAIN GOVERNMENT LAND TO NAWAB AHMED NAWAZ
KHAN OF DEHRA ISMAIL KHAN.

793. ***Mr. Ram Narayan Singh:** (1) Is it a fact that the Government have sold to Nawab Ahmad Nawaz Khan of Dera Ismail Khan about 24,000 odd Kanals of land in Rakh Bibi Wana in Dehra Ismail Khan District at about Rs. 8 per acre?

(2) Why was not the land put up to public auction?

Mr. E. B. Howell: (1) Yes, Sir.

(2) The land was sold at full market value under paragraph 7 of the rules in appendix IV to the Punjab Land Administration Manual which are followed in the North-West Frontier Province.

INCLUSION OF PERSIAN AS A COMPULSORY SUBJECT IN THE FOURTH
PRIMARY CLASS IN THE NORTH-WEST FRONTIER PROVINCE.

794. ***Mr. Ram Narayan Singh:** Is it a fact that Mr. Guyer, Principal, Church Mission High School, Dehra Ismail Khan, vehemently protested against the proposal of the Educational Conference held at Peshawar in December last making Persian a compulsory subject in the 4th Primary in the teeth of the Hindu opposition? Do Government propose to direct the Frontier Government to prescribe Hindi as well as a compulsory subject for the Hindu students in the fourth Primary?

Mr. J. W. Bhore: Mr. Guyer opposed the proposal, but it is not accurate to say that he protested vehemently. It has now been decided that Persian, Hindi and Punjabi shall be alternative subjects in the fourth primary class.

CONVEYANCE FROM TANK BY THE DECAUVILLE LIGHT RAILWAY OF PAS-
SENGERS BOUND FOR DEHRA ISMAIL KHAN.

795. ***Mr. Ram Narayan Singh:** (a) Is it a fact that the Decauville Light Railway used to take the passengers bound for Dehra Ismail Khan from Tank near the Tank Town but the system has been given up for some time. Has the Government noticed any decline in income thereby; if so, do the Government propose to renew the system for the convenience of the public?

(b) Is it a fact that the residents and traders of Tank have memorialized the Divisional Superintendent, Rawalpindi, on the subject because there are no tongas plying between the town and cantonment station and the public is put to great inconvenience?

(c) Is it a fact that the authorities of the said railway have recommended the reduction of fares; if so, when will these be introduced?

Mr. A. A. L. Parsons: (a) and (b). Government have no information and this appears to be a matter for the local railway authorities. A copy of the question will be sent to the Agent, North Western Railway.

(c) No recommendation for the reduction of fares has been received.

CONVERSION OF THE DERA ISMAIL KHAN-DECAUVILLE RAILWAY TO
2' 6" GAUGE.

796. ***Mr. Ram Narayan Singh:** Is it a fact that the necessary estimates for converting the Decauville Railway between Dehra Ismail Khan and Tank into the Lakki-Pezu-Tank gauge have been submitted to the Railway Board? If so, have these been passed in the Railway Budget for the next year?

Mr. A. A. L. Parsons: No; the question of converting the Dera Ismail Khan-Tank Decauville Railway to 2' 6" gauge has not been taken up yet.

WIDENING OF THE ROAD FROM FORT SANDEMAN TOWARDS DRABAND.

797. ***Mr. Ram Narayan Singh:** Is it a fact that the road from Daraban to Mughalkot is being widened by blasting in order that two motor cars might pass on that road to Fort Sandeman? Are any similar operations being made from Fort Sandeman side towards Daraban, if so, when is the road likely to be finished?

Mr. E. B. Howell: The road in question is only a track fit for pack animals. From Draband to a point a few miles beyond Mughalkot it lies in the North-West Frontier Province, beyond that in Baluchistan. This winter with the assistance of a company of Sappers and Miners lent by the military authorities, that portion of the road which lies in the North-West Frontier Province has been widened and improved and it is now fit for light motor traffic as far as Domanda, about half way between Draband and Mughalkot.

On the Baluchistan side nothing more has been done than some blasting at Dhanasar to make it more easily passable by camels. To make this section of the road fit for motor transport would be a work of some magnitude and it is not possible to say when this is likely to be done.

FATAL ACCIDENTS AT THE LEVEL CROSSING IN JAMALPUR, EAST
INDIAN RAILWAY.

798. ***Raja Raghunandan Prasad Singh:** (a) Are Government aware that due to constant shunting and re-shunting of trains and engines at the level crossing gate, Jamalpur, East Indian Railway (Loop Line), fatal accidents frequently occur at the spot in question? If so, will the Government be pleased to lay on the table a statement showing the number of accidents that have occurred since January, 1926?

(b) Do Government propose to open an underground bridge below the level crossing aforesaid for pedestrians and open a gate for vehicular traffic beyond the northern shunting limit, somewhere near the distance signal, so as to prevent such accidents from occurring in future at the spot in question?

Mr. A. A. L. Parsons: Two fatal accidents to pedestrians have occurred at the level-crossing in question since January, 1926, and a proposal for providing a sub-way for both vehicular and foot traffic at this level crossing is under examination by the Agent, East Indian Railway.

PROVISION OF A WAITING SHED AND LATRINES FOR THIRD CLASS PASSENGERS AT MONGHYR.

799. ***Raja Raghunandan Prasad Singh:** Do the Government propose to provide a waiting shed and latrines for the use of third class passengers at the railway station at Monghyr, East Indian Railway, whose number is always very large?

Mr. A. A. L. Parsons: Amenities of the kind in question are steadily being provided by the Railway Administration. It is quite impossible for Government to decide the relative urgency of the different schemes but they will send a copy of the question and answer to the Agent.

CONSTRUCTION OF A NEW STATION AT PURABSARAI ON THE EAST INDIAN RAILWAY.

800. ***Raja Raghunandan Prasad Singh:** Is it a fact that the plan and estimate of cost for a new station building at Purabsarai, East Indian Railway (Monghyr) with adequate accommodation for the booking and other necessary offices as well as for passengers has been sanctioned already? If so, when is the plan going to be given effect to?

Mr. A. A. L. Parsons: The reply to the first part of the question is in the negative, and the second does not arise.

GRANT OF ALLOWANCES FOR WORK ON SUNDAYS AND HOLIDAYS TO THE CLERICAL STAFF OF THE OFFICE OF THE DEPUTY MECHANICAL ENGINEER, JAMALPUR.

801. ***Raja Raghunandan Prasad Singh:** (a) Will the Government be pleased to say if it is a fact that the clerical staff in the office of Deputy Mechanical Engineer, Jamalpur, East Indian Railway, get no allowance for attendance, under orders, on Sundays and other holidays, as is the case in the Head offices at Calcutta and the Divisional Superintendent's office, etc., at Howrah?

(b) Is it a fact that Hindu clerks are not allowed to avail themselves of Muhammadan holidays, whereas Muhammadan clerks do avail themselves of Hindu holidays in the railway offices at Jamalpur, East Indian Railway?

(c) If the answer to (a) and (b) be in the affirmative, will the Government be pleased to say if they propose to take necessary action for the redress of the said grievances?

Mr. A. A. L. Parsons: Government are making enquiries and will communicate with the Honourable Member in due course.

RUNNING OF AN EXPRESS TRAIN BETWEEN HOWRAH AND DELHI VIA JAMALPUR.

802. ***Raja Raghunandan Prasad Singh:** Do the Government propose, for the convenience of passengers and travellers concerned, to run an

express or any other fast train between Howrah and Delhi *via* Jamalpur Junction, East Indian Railway (Loop Line)?

Mr. A. A. L. Parsons: An express train (No. 41 Up) has been introduced between Howrah and Agra *via* the East Indian Railway loop line with effect from the 1st March.

EXPORT OF COWS, OXEN AND BRAHMINI BULLS.

803. ***Raja Raghunandan Prasad Singh:** Will the Government be pleased to state how many cows, oxen and Brahmini bulls were exported during the year 1925-26 from each Province of India? Were there any such animals imported into the country from abroad during the said period? If so, what was their number and description?

The Honourable Sir Charles Innes: I am sorry that our sea-borne trade returns do not go into sufficient detail to enable me to answer the Honourable Member's question. In particular, they do not distinguish between Brahmini and other bulls. The only information we have on the subject is contained in the latest volume of the above returns, which will be found in the Library. I may mention, however, that since the total number of cattle in India has been estimated at a figure in the neighbourhood of 200 millions, I do not think that the Honourable Member need be unduly alarmed, for the exports of cattle in 1925-26 amounted only to 11,000 head.

Mr. K. Ahmed: In view of the fact that Brahmini bulls require in India nowadays to graze in the spacious fields, do Government propose to take steps or request landlords and zemindars of India to make allowance for leaving sufficient pasture ground before they in future import Brahmini bulls from abroad?

The Honourable Sir Charles Innes: No, Sir.

RELEASE OF POLITICAL DETENUS.

804. ***Raja Raghunandan Prasad Singh:** Will the Government be pleased to state when they propose to release or place on their trials the detenus under the Bengal Criminal Law Amendment Ordinance of 1925 and Regulation III of 1818?

The Honourable Sir Alexander Muddiman: I would refer the Honourable Member to the reply given by me to the short notice question by Pandit Motilal Nehru on this subject on the 9th February, and my supplementary reply this morning.

PENSIONARY CHARGES FOR THE POST OFFICE DEPARTMENT AND THE TELEGRAPH DEPARTMENT.

805. ***Mr. K. G. Neogy:** Will the Government be pleased to make a statement showing the actual amount expended for pensionary charges separately for the Post Office Department and the Telegraph Department for the years 1923-24, 1924-25, 1925-26 and 1926-27?

PENSIONARY CHARGES FOR THE POST OFFICE DEPARTMENT AND THE TELEGRAPH DEPARTMENT.

806. *Mr. K. O. Neogy: What were the amounts charged in the accounts as pensionary charges for the years 1923-24, 1924-25, 1925-26 and 1926-27 (a) for the Post Office Department, and (b) for the Telegraph Department?

Sir Ganen Roy: The information asked for in questions Nos. 805 and 806 is being collected and will be supplied to the Honourable Member.

APPORTIONMENT OF THE SHARES OF THE POST OFFICE DEPARTMENT, THE TELEGRAPH DEPARTMENT AND THE CIVIL DEPARTMENT OF THE REVENUE DERIVED FROM THE SALE OF POSTAGE STAMPS.

807. *Mr. K. O. Neogy: What is the method of the apportionment of the revenue derived from the sale of stamps among (a) the Post Office Department, (b) the Telegraph Department, and (c) the Civil Department?

CIVIL DEPARTMENT'S SHARE OF THE REVENUE FROM THE SALE OF POSTAGE STAMPS.

808. *Mr. K. O. Neogy: (a) What was the proportion of the Civil Department's share of the sale of postage stamps in the year 1924-25, to that of the Postal Department?

(b) How did the Government ascertain the amount of Civil Department's share of the sale of postage stamps?

The Honourable Sir Basil Blackett: I propose to answer questions 807 and 808 together. The Civil Department's share of the sale of postage stamps in 1924-25 was Rs. 47,39,000 and the Postal Department's share Rs. 6,57,69,000. The method of apportionment of the shares of the Civil and Postal Department is very complicated and cannot easily be explained in this answer but I shall be glad to arrange for the method to be explained to the Honourable Member. The method of apportionment of the Postal Department share between Posts and Telegraphs is given in footnote (a) on page 8 of the Detailed Statements in support of the Indian Posts and Telegraphs Department Demands for Grants which was circulated to the Honourable Members with the Budget papers.

POST OFFICE SHARE OF THE REVENUE FROM THE SALE OF POSTAGE STAMPS.

809. *Mr. K. O. Neogy: 1. (a) Is it not a fact that calculating at the minimum rate of half-anna for a postcard, one anna for a paid letter, three annas for a registered letter, four annas for a registered parcel, together with the sum of 22 lakhs of rupees realised as insurance fee, the sale of postage stamps on account of Post Office work would amount to Rs. 6,27,16,415, in the year 1924-25?

(b) Is it not a fact that a considerable number of postal articles require more than the minimum postage rates?

2. (a) Is it a fact that Rs. 5,87,26,000 was the amount credited to the Post Office accounts as its share of the sale of postage stamps in the year 1924-25?

(b) If so, how do the Government reconcile this figure with the figure in part 1 (a)?

Sir Ganen Roy: 1. (a) The Honourable Member's statement is approximately correct.

(b) Yes, though the number of postal articles requiring more than the minimum postage rates represents a comparatively small percentage of the total number dealt with.

2. (a) Yes.

(b) The difference between the two amounts is due to the fact that no postage is realised in India on the following classes of articles transmitted through the post which are included in the statistics of traffic:

- (1) Articles received from foreign countries,
- (2) Articles sent on postal and telegraph service, and
- (3) Articles that certain Indian States are entitled under their agreements with the Indian Postal and Telegraph Department to send on a frank without postage.

I would add for the information of the Honourable Member that the traffic statistics published in the Annual Report of the Postal and Telegraph Department are based on an actual count spread over two weeks only and must therefore be regarded merely as rough estimates.

COST OF MANAGING THE POST OFFICE SAVINGS BANK.

810. ***Mr. K. C. Neogy:** 1. (a) How do the Government calculate the cost of managing the Savings Bank Department?

(b) Is it a fact that the cost of managing the Savings Bank Department for 1923-24 was estimated at Rs. 21,87,000, and that the cost for 1926-27 was estimated at Rs. 22,12,000?

(c) Did the latter sum include an extraordinary expenditure of Rs. 1,61,000, being the purchase value of 40 Savings Bank Adding Machines?

(d) If answer to part (c) be in the affirmative, was not the normal expenditure for 1926-27 Rs. 20,51,000?

(e) Is it a fact that compared to the amount of Savings Bank work in 1923-24, there has been an increase of work in 1925-26? If so, what is the extent of this increase?

2. Do Government propose to consider the desirability of calculating the cost of the management of the Savings Bank work on the basis of a percentage of the total amount at credit? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: 1. (a) The cost of managing the Post Office Savings Banks has hitherto been calculated at 8 annas per account on the number of active accounts plus $\frac{3}{4}$ per cent. on the amount standing at the credit of depositors on 1st October. The question of revising the basis of adjustment is under the consideration of the Government of India.

(b) Yes.

(c) No.

(d) Does not arise.

(e) Yes. The number of accounts rose from 2,089,314 in 1923-24 to 2,317,390 in 1925-26 and the total deposit balances at the close of those years from Rs. 24,78,94,875 to Rs. 27,23,28,972.

2. Investigations into the actual cost of the work in question indicate that the basis of cost should be the number of transactions, and not the total amount at credit. As, however, the actual cost of the work done by the audit office in this connexion can be ascertained exactly the Government of India propose to base the assessment of cost on a transaction rate to cover the work in the Post Office, plus actual audit charges.

Mr. K. Ahmed: In view of the fact that the management of the post offices has got various sources of income, do Government propose to reduce the rates of postcards and envelopes in the Budget next week?

The Honourable Sir Bhupendra Nath Mitra: The Budget proposals of my Honourable colleague, the Finance Member, are already before the House.

DECREASE IN THE AMOUNT OF TELEGRAPH WORK DONE BY COMBINED OFFICES.

811. ***Mr. K. C. Neogy:** (a) What has been the increase of telegraph work done by combined offices in 1926-27 over that of 1925-26?

(b) What will be the increase of the cost of doing telegraph work by combined offices on account of increases of pay sanctioned?

Sir Ganen Roy: (a) A comparison of the figures for the first nine months of 1926-27 with those of the corresponding period of 1925-26 shows that there has been a decrease of about 1.9 and 1.7 per cent. in the number of telegrams sent and delivered from combined offices respectively.

(b) Information on the subject is being collected and will be furnished to the Honourable Member when compiled.

Mr. H. G. Cocks: Is the Honourable Member aware, Sir, that many of these questions in connection with Post Offices would not require to be asked if the Annual Report of that Department were issued regularly? The Report for the year ending on the 31st March, 1926, was not in the Library two or three days ago.

Mr. K. C. Neogy: Is the Honourable Member aware that most of the information asked for is not available in the Annual Report?

CREDIT GIVEN TO THE POST OFFICE UNDER (1) SHARE OF MARINE SUBSIDIES, AND (2) FREE SERVICES RENDERED TO INDIAN STATES.

812. ***Mr. K. C. Neogy:** (a) Is it a fact that up to the year 1923-24 credits were given to Post Office under (1) share of marine subsidies, and (2) free services rendered to Indian States?

(b) If the reply be in the affirmative, what was the reason for not giving credit to the Post Office under the said heads in subsequent years?

The Honourable Sir Bhupendra Nath Mitra: (a) and (b). I would invite the Honourable Member's attention to the relevant portion of my speech in this House on the 10th March, 1926, in connection with a motion by the Honourable Mr. Rama Aiyangar in which similar information was asked for.

CREDIT GIVEN TO THE POST OFFICE FOR THE COST OF WORK DONE
IN CONNECTION WITH GOVERNMENT SECURITIES.

813. ***Mr. K. C. Neogy**: Is any credit given to the Post Office for the cost of work done in connection with Government Securities? If not, why not?

Sir Ganen Roy: Yes. The latter part of the question does not arise.

NUMBER OF POST OFFICES MAINTAINED FOR POLITICAL OR MILITARY
PURPOSES.

814. ***Mr. K. C. Neogy**: (a) What is the number of post offices and the length of main lines maintained for political or military purposes?

(b) What is the estimated cost of maintaining the said post offices and main lines for the year 1926-27?

(c) What is the estimated income from the said Post offices?

The Honourable Sir Bhupendra Nath Mitra: (a), (b) and (c). My present information is that no post office of mail line is maintained solely for political or military purposes in respect of which the loss in working is not borne by the authorities concerned; but I am having the matter further examined.

THE CURRENCY BILL—*contd.*

Mr. President: The House will now proceed to consider the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, clause by clause.

Before we proceed further with this Bill, I think I should clear the air by making a short statement about the order in which the Chair proposes to take the various amendments. There are two main questions involved in the Bill and the amendments together: (1) the question of ratio and (2) the question of the introduction of a gold standard with gold currency in circulation. I am of opinion, and I am sure the House will agree with me, that both these questions should be dealt with independently of each other and separately as far as possible. The principal question raised by the Bill and which affects all clauses of the Bill alike is that of the rupee ratio, and it is but proper, therefore, that that question should be disposed of first. I find that clause 4 raises exclusively the question of ratio and amendments thereto are also confined to the same question, while clauses 2 and 3 and the amendments to them raise questions of the demonetisation of the sovereign and the introduction of a gold standard and gold currency along with the question of ratio. I propose, therefore, to take up clause 4 and the amendments to it first. These amendments will be taken up in the order of priority of notices, and I find that amendment No. 56 standing in the name of Mr. Jamnadas Mehta was received first. The question, therefore, before the House now is that clause 4 do stand part of the Bill.

Mr. H. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, I wish to get one point cleared up. Personally, I have no objection

[Mr. N. C. Kelkar.]

to the course suggested for anticipating a particular amendment, but after that is done and the amendment is disposed of one way or the other, what will be the position of the other amendments that are on the agenda? I wish to state that this anticipation of one particular later amendment should be made, if necessary, without prejudice to the other amendments that are already there.

Mr. President: As soon as the question of ratio is disposed of by the House, other amendments will be allowed to be moved, provided they are otherwise admissible. If the House decides in favour of 1s. 6d. as against 1s. 4d., that decision will have to be embodied in the other amendments and the Chair will permit necessary alterations in them for that purpose. But this is of course subject to the question of admissibility of those amendments.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): On a point of order, Sir. The question of the ratio is only a subsidiary matter. If the amendments which we have sent in in connection with the gold currency are adopted, the ratio becomes only a subsidiary matter and as such, if we take up clause 4 now, it will in a way block the way for the introduction of the gold standard with gold currency.

Mr. President: The question of the gold currency will not be blocked by the procedure I have suggested. The Honourable Member will be perfectly entitled to move his amendment on the gold currency and the gold standard if that amendment is otherwise in order.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, I beg to move:

“That in clause 4 for the words ‘twenty-one rupees three annas and ten pies’ the words ‘twenty-three rupees fourteen annas and four pies’ be substituted.”

Sir, this amendment grapples straight off with the question of the ratio; while the question of a gold standard and gold currency is accepted by all of us on this side of the House as a question of paramount importance, the fact remains that even at the time when the gold standard is introduced and a gold currency is put into active circulation, the existing contracts and existing obligations will have to be converted into gold at a certain ratio and the question of the ratio will all the same have to be decided at that time. In fact, I submit that the question of the ratio, though secondary in importance to the gold standard, has got to be settled first in order. Sir, I do not want to go at length into ancient history, but when we are about to decide a momentous issue it is but natural that we should feel it necessary to record one by one each step that has been taken in the immediate past by Government to arrive at the present position. I will not start with the history of 1879, but more recent history is certainly relevant, if we want to understand the issue involved in this question. I shall begin with the appointment of this Royal Commission. Sir, the appointment of a Commission was insisted upon by this side of the House long before the Government at last agreed to it, but the appointment was made quite regardless of the wishes and the sentiments of the House and in every way objectionable and unacceptable to the people of this country. On the 25th August 1925,—I think that was the date—we moved an adjournment of this House to show our disapproval of the personnel of the Commission. When the adjournment motion

in August 1925 was about to be put to the vote the Honourable the Finance Member and the Honourable the Home Member became very grave according to the report in the *Times of India* here. The *Times of India* report says: "Then he (that is, Sir Basil Blackett) became very grave". And it further says: "The Home Member was even graver." The gravity was due to the fact that they regarded it as a sacrilege for this part of the House to criticise the personnel of any Commission which Government had appointed. That any step which the Government had taken should be questioned by the House was a matter to them of very great gravity. And the Home Member anxiously told us that, if we did anything like this again, self-respecting and capable men would not undertake to join such Commissions. Now, Sir, I entirely repudiate that kind of argument. Any body who offers himself for public service, anyone who offers to serve on a Commission which is to decide finally or at any rate for years to come these important issues, his merits and his qualifications shall be publicly canvassed and we the representatives of the people had every right—indeed it was our duty—to tell the Government what we thought of their nominees. If these people have such thin skins that they cannot stand such criticisms, they must not join such Commissions. But it is preposterous to say that because Government—which simply means a coterie of foreigners—appoints certain people to a committee or a commission, this House must accept it without demur. I cannot accept this principle, and if these gentlemen will not serve on these Commissions, all the better for the country.

Sir, I must now go into the merits of the personnel itself. I do not want to analyse the merits of all the members because the Britishers who were there came to serve their country. Sir Henry Strakosch, of whom so much was made, had also muddled the currency of South Africa before he was appointed to the Commission. Mr. Samuel Evans, who I think is a member of the South African Parliament, wrote to me on November 1925 that "Sir Henry Strakosch, a member of the recently appointed Royal Commission on Indian Currency, was largely responsible for our currency troubles." So even in South Africa this gentleman, Sir Henry Strakosch, has created trouble and his currency excursions in South Africa have not been appreciated.

The Honourable Sir Basil Blackett (Finance Member): There are people like Mr. Jamnadas Mehta even in South Africa.

Mr. Jamnadas M. Mehta: I do not understand what that means. Here is an authority who says that Sir Henry Strakosch's labours were not appreciated in South Africa. The Chairman of that Commission was so enamoured of what he had done that soon after the report was out he did not hesitate to make rude references to a colleague of his, I mean my friend Sir Purshotamdas Thakurdas. Then Mr. Samuel Evans says:

"In the matter of currency investigations Governments and Parliamentary Committees often act like Kaffir tribes and some company promoters. They employ preferable experts who will support their own pet theories."

This is how Sir Henry Strakosch was spoken of by Mr. Samuel Evans.

Coming to the Indian portion of the personnel, Sir, I will only say that so far as Sir Maneckji Dadabhoj was concerned, we expressed our disapproval of his nomination in no uncertain terms and I emphasized that he did not represent anybody, that if he stood for any election he would be defeated, and within three months it was proved that nobody wanted him. I do not want to speak of Sir Rajendranath except that

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Mr. J. A. Wadia of Bombay described him as a gentleman who possessed crass ignorance about the subject on which he was talking. Then, Sir, I am sorry to say that Professor Coyajee also became part and parcel of this partnership. The emergence of learned men in the public arena for supporting the pet theories of Government is not a new factor in this country. When Lord Curzon wanted to undermine the foundations of higher education in this country, he also took advantage of a well-known professor, Dr. Bhandarkar; it is not for the first time that we have the misfortune of our own learned men lending themselves to the accomplishment of the aims of the bureaucracy. These gentlemen are appointed in the name of India; they become part and parcel of the bureaucratic system, accept the pre-conceived notions of Government, and in a word, I should say they sell their souls to Government. They deserve in my humble opinion the severest condemnation. The only member of that Commission who represented public opinion and who has deserved well of this country and who has devoted his great gifts and his great opportunity, and his time and energy for two solid years practically to this important question, is, as everybody knows, my Honourable friend, Sir Purshotamdas Thakurdas; and whatever the foreign expert opposite and his henchmen might say against him, however much they may scoff at him, when these gentlemen have gone to their homes, after these controversies are forgotten, the name of Sir Purshotamdas Thakurdas will be found enshrined in the hearts of his countrymen whose cause he has tried so ably to protect.

Sir, we cannot accept the ratio under which for obtaining currency we are to give one tola of gold and get in return Rs. 21-8-10, but we must have the old ratio under which for a tola of gold we can get Rs. 23-14-4. We do not accept the conclusions of this Commission which are based on two statements. One is that prices have adjusted approximately to the new ratio, and secondly, that whatever may be the methods by which this adjustment was arrived at, it is the *de facto* ratio and the methods by which it was arrived at were immaterial. If that was the only reason for the appointment of a Commission, namely, that the *de facto* ratio must be accepted regardless of the method by which it was arrived at, then, what is the use of appointing a Commission at all? I find that a sum of Rs. 3,31,000 was spent on this Commission and if they were simply to register the decree of Government, I do not see why a Commission should have been appointed for the investigation of a thing which had already been done. If the Commission was simply to write a report accepting as a matter of course the *de facto* ratio it could have been written even by my Honourable friend, Mr. Sham Narayan Singh.

Mr. N. M. Joshi (Nominated: Labour Interests): May I ask the Honourable Member one question, whether if he goes to the right place by a wrong method he will again go back and walk to the right place by the right method?

Mr. Jamnadas M. Mehta: While there is time, I will, and I maintain there is ample time. I say that if the fact that the *de facto* ratio exists is the only justification, then I repeat that my Honourable friend, Rai Bahadur Sham Narayan Singh could well have been posted on this Commission and he would have written this report.

The Honourable Sir Basil Blackett: Or even Mr. Jamnadas Mehta.

Mr. Jamnadas M. Mehta: I would not have written it. Then, that being the case, we cannot accept this conclusion that because the *de facto* ratio is there we must accept it. That proposition has only to be stated to demonstrate its absurdity.

Then, Sir, the other question whether prices have adjusted themselves is, of course, the right test; if prices have adjusted themselves substantially and approximately, though not completely, then the stabilisation must take place at that rate. This may be accepted but it is perfectly clear that it is a platitude and does not require any contradiction. (Hear, hear.) But the whole question is whether the prices have adjusted themselves and it is quite clear that they have not. (*Some Honourable Members:* "No, no.") I am going to establish beyond a shadow of doubt that the prices have not adjusted themselves, that they cannot adjust and that they will not adjust themselves at the sweet will even of a great Finance Member. With great enthusiasm the Honourable the Finance Member quoted Professor Vakil's book yesterday. I think it was the last book to which he should have resorted. The prices to which Professor Vakil's book refers are the prices only of those commodities which enter into our export trade and the internal prices of those commodities. That is not the point at issue. The question is whether the prices not merely in the narrow sense of prices of foodstuffs which figure in our export trade but prices in the wider and economic and scientific sense—the prices of money, the prices of leases, the prices of debt, the prices of public service—in fact, all things for which we have to pay money—whether the prices of them have adjusted themselves, whether the rents of leases, whether the rates of interest on mortgage debts, whether the salaries of public servants, whether wages have adjusted themselves to the new ratio. All these are prices in the economic sense, and I want to tell the Honourable Member quite clearly that even if he wishes it, they will not respond to his desire, they cannot adjust themselves all within the same time. Here is the statement of Professor J. M. Keynes. What does he say? He only refers to the 10 per cent. appreciation of the pound sterling and says that prices do not adjust themselves so easily. He says that if everybody accepted 10 per cent. less when you accelerate the sterling by 10 per cent. adjustment would be complete. Similarly, we say that if all of us accepted 12½ per cent. less the moment 1s. 6d. is put into force, the adjustment would be complete. But it is impossible to have a state of things in which an adjustment of 12½ per cent. will take place automatically simultaneously in all these matters. This is what Mr. Keynes says:

"But, in practice . . . this does not happen, some prices of which the wholesale prices of raw materials entering into international trade are typical, adjust themselves rapidly."

—this is the only case in which prices adjust themselves rapidly—

"Others, of which the cost of living is typical, are stickier and move more slowly."

—the cost of living does not adjust itself so quickly as my Honourable friend would desire—

"Others, of which wages are typical, are stickier still. Others, of which interest on the national debt and a number of other budgetary commitments are typical, being contractual and only alterable by something, in the nature of repudiation, do not move at all."

[Mr. Jamnadas M. Mehta.]

These are the facts of economic conditions, that there are four kinds of prices and only one set of the prices adjusts itself quickly in response to this change in the ratio. The others are sticky and do not respond to the adjustment so quickly. I will take only one case. We pay nearly Rs. 70 crores of rupees every year on our civil and military establishments including railways. I want to ask Government whether the prices of these services—a public servant is one who has sold his time and energy to Government and the salary is the price we pay for it—have the salaries of these officers adjusted themselves to the new ratio? If they have, instead of Rs. 70 crores paid on these establishments we would be paying about Rs. 60 crores to-day. I think the House is entitled to an answer whether a Rs. 10 crores reduction in the salaries of the permanent establishments of the Government of India alone has been accomplished. If not, where is the adjustment all round, of which the Commission is talking? The only gentleman whose salary could not be reduced because he arrived after the ratio had become 1s. 6d. gold is His Excellency the Viceroy and so his salary need not be reduced. But the rest of these establishments who are trying to have 1s. 6d. for the purpose of their own personal benefit—their salaries should be reduced by 12½ per cent. and I ask these Benches opposite whether any one of them is prepared to part with a single copper coin out of the huge salaries which they are getting every month. If they want the adjustment to be complete, they must rise from their seats and say 'We give up 12½ per cent. of our salaries'. I know "they are stickier still" in the words of Professor Keynes. They will not accept the 12½ per cent. reduction. Until they accept it is no use talking about the existence of an adjustment all round. The same is the case about the interest on our rupee debt. Until the adjustments have taken place, and these can never take place during the period of the currency of these loans, this country will have to pay interest at the old rate when the rupee was at 1s. 4d.; to-day every rupee contains 8.47 grains of gold as against 7.58 grains of gold, so that every rupee that we pay by way of interest is a higher rupee, more valuable rupee in terms of gold than the rupee at which the debt was contracted. (*An Honourable Member*: "Question.") You may question the fact that it is broad day light now.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Would you reduce your Rs. 20 allowance?

Mr. Jamnadas M. Mehta: If these adjustments have to take place I am willing to have these personal allowances and travelling allowances cut down by 12½ per cent. Then only will the adjustment be complete. I have already risen from my seat and made that statement but the other side is not going to make that statement.

Mr. K. Ahmed: Are your party men willing to reduce it? (*Honourable Members*: "All are willing.")

Mr. Jamnadas M. Mehta: Interest on debt cannot be adjusted. The repayment of the capital cannot be adjusted by 12½ per cent. reduction. Rents on long-term leases cannot adjust themselves. Similarly, the liabilities of the ryot by way of land revenue continue at the old rate when the rupee was 7.58 grains of gold; he has to pay for every rupee of land revenue, not 7.58 grains of gold but 8.47 grains of gold. These are colossal losses. These are the sacrifices which are being made day after

day and they cannot be adjusted in terms of the new ratio at the dictation of a Royal Commission and, until they have adjusted themselves, the sacrifice for this non-adjustment will have to be made by the people of this country, by the tiller of the soil, by the manufacturer and by everybody who is a producer in this country. Everybody who lives by the sweat of his brow is made to toil and moil more and more in order that the Finance Member's new fangled ratio may come into force. Then, Sir, it is said "Oh, it is no use complaining; we have arrived at the new ratio by natural processes and therefore the tax-payer should not be deprived of the benefits which he has got by natural forces". The Finance Member in a speech which he made in 1923 and also in 1925 has been at some pains to show that this rise in the ratio owing to monetary stringency has been due to a natural cause. In his budget speech, paragraph 46, of 1925-26, he said:

"Natural causes connected with the world movements of exchange and prices have recently tended to raise exchange and the tax-payer ought not to be arbitrarily deprived of the advantage which had come to him from natural causes."

Then again he said on the 11th July 1924, when opening the new building of the Central Bank of India at Calcutta, "stringency in the money market has its root in the facts of nature." Now, Sir, let us turn to these 'natural' facts about which the Finance Member has been so eloquent. These natural facts would be found depicted in Appendix No. 98, in the proceedings of the Royal Commission, and will show how nature has worked to bring about both stringency and the rise in the ratio. This Appendix No. 98 contains the exchange of various telegrams between the Secretary of State and the Government of India. While we are told in public speeches that the rise in the ratio and the money stringency is due to natural causes and the movements of world prices, here is the admission of the Government of India themselves as to how this stringency has been brought about. The telegram says "It is beginning to be realised generally (the implication being that no body could even understand it till now) that the stringency in the money market is the direct outcome of Government action." So, the so-called nature is the Government action which has led to the monetary stringency and the admission is "We have done it secretly enough till now, nobody has been able to understand it" but "it is now beginning to be realised generally that the stringency in the money market is the direct outcome of Government action. in contracting currency or in placing strict limits on the possibility of expansion." In private they admit what they are doing, and but for the publication of Appendix No. 98, the world would not have known what a great divergence exists between the professions of the Government in public and their secret actions. The Government have been caught red handed raising the rupee by manipulation and no more damaging telegrams were published to condemn this Government for what they were doing against the interests of this country. The statement that it is now beginning to be realised generally that the stringency in the money market is the direct outcome of Government action in contracting currency flies in the face of the statement that the stringency is due to the natural causes of the world movements of prices. But that is not all. There is also the admission in these telegrams that they had already made up their mind that the ratio should be maintained at 1s. 6d.; they only wanted somebody to say formally that it was right. The word "formally" is actually used. Here are the words:

"The general policy which we have tentatively in mind would be to fix in our own mind on 1s. 6d. sterling as the figure at which we desire to stabilise the rupee."

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so long as this primary purpose is not endangered which is only likely in the event of renewed falling in gold value of sterling and to wait until gold and sterling are on a par before fixing the rupee by Statute."

This telegram is dated the 8th October, 1924. It is clear from this that they had already made up their mind on the subject. If you fix it at 1s. 6d. sterling to-day the moment sterling reaches par with gold it will become automatically 1s. 6d. gold. This admission in the telegram of the 8th October, 1924, condemns this Government as one which was secretly conspiring to force up the ratio, while saying publicly that it was due to natural causes. This document will remain on record to prove that this Government cannot be trusted with the public finances or of the welfare of the people of this country. This is the history of how this ratio was raised. Neither prices have adjusted themselves nor has this so-called natural appreciation been due to any natural causes. This House must therefore refuse to accept the *de facto* ratio which has been achieved by doubtful methods and also because the adjustment of economic conditions in India to the new ratio has scarcely yet begun. That being the case the results of the non-adjustments must be borne by the remaining section of the people. I will tell you, Sir, who gets the benefit of this non-adjustment until the process is complete. Mr. Findlay Shirras on behalf of the Government of India has prepared "a national memorandum of the balance of payments of all nations," and we can glance from it who gets the benefit of the higher value of the rupee. I may say that it is a statement made on pages 19—22 of Mr. Findlay Shirras' National Memorandum of Balances of Payments, 1910 to 1923, a copy of which I think is in the Library. Sir, there Mr. Shirras says that the profits of foreign companies and of foreign investors and banking and insurance companies who operate in India, are 26 crores of the first and 9 crores of the second, namely, 25 crores in all. They must have increased considerably since 1923 but we will take that figure of 35 crores as the profits of these foreign investors and capitalists in this country, and when they remit these profits to their homes they will get every pound cheaper by the difference between 15 and 18 rupees. Therefore, these foreign investors, in remitting their profits home make a profit of 4 to 5 crores of rupees a year on account of the higher ratio. The Government themselves admit that they make exchange profits of from 3 to 4 crores. Then, Sir, the rest of the profits are made by the importers of foreign articles. It is known that the importers of foreign goods are mainly rich people. 93 per cent. of these imports, according to us, are used by the better classes, the rich classes, and when you total up the four crores in the case of the foreign investors, the 3 to 4 crores which Government is making, and then the profits on imported luxury articles, you can understand the loss which the producer and manufacturer in this country has to suffer. All these 40 crores of profits are made by the importers and users of foreign imports, by foreigners who are operating in this country, including the Government, and the total of 40 crores thus comes from the pockets of the people of this country.

Mr. K. Ahmed: What about the capitalists?

Mr. Jannadas M. Mehta: Well, if the capitalists are able to lose 40 crores in a year then even Sir Victor Sassoon with all his boasted crores would not be able to meet these losses for a long time. But it is the poor people of this country who are mulcted of the 40 crores every year in order to make up these profits of the foreign importers, the foreign Government and the foreign capitalists.

Then, Sir, we have the question of this debt. My friend Sir Victor Sassoon explained the other day that if we go to 1s. 6d. we will have to increase our rupee debt by 4 crores of sovereigns; for every rupee both of capital and of interest we will have to pay more grains of gold when the time for payment comes if we go to 1s. 6d. in place of 1s. 4d. Now, Sir, that statement was challenged by the Finance Member and my friend Dr. Macphail also tried to say something which nobody understood here.

The Honourable Sir Basil Blackett: Sir Victor Sassoon and other intelligent people understood it.

Mr. Jamnadas M. Mehta: Sir, that intelligence is welcome to the Honourable the Finance Member. I hope he will have the intelligence to follow this, namely, that when I pay one grain of gold more for every rupee that I am bound to pay, I am paying more than I am obliged to. (The Honourable the Finance Member shook his head.) Your arithmetic is at fault. If I am obliged to pay 8 instead of 7 then certainly I am losing one grain on every rupee I pay.

The Revd. Dr. E. M. Macphail (Madras: European): And you borrowed at 1s. 6d. and 2s.

Mr. Jamnadas M. Mehta: In the words of Dr. Moonje, I am very glad you raised that point. I want here to understand from the Government and from Dr. Macphail whether they insist that the debt which we have incurred has to be paid at the exact ratio at which it was raised. I want to understand it. I know that they cannot say so.

The Revd. Dr. E. M. Macphail: May I simply point out to Mr. Jamnadas Mehta that Sir Victor Sassoon himself seemed to think that it should be paid at that rate, because he deducted the money which we borrowed at 1s. 4d.

Mr. Jamnadas M. Mehta: I would ask you whether it is possible for anybody 30 or 60 years later to pay a debt in the identical ratio at which he raised that debt. It will be either 120 for a bond of 100 or it will be 80. Will the creditor take one rupee less when the bond matures? I ask Dr. Macphail how he is going to teach his students in the Christian College. When the bond is presented for a debt incurred 60 years ago will he turn to the ratio at which the debt was incurred and will he pay more or less according to that ratio, or only the 100? I wait for an answer.

The Revd. Dr. E. M. Macphail: My answer to the Honourable Member is this, that of course if you are a business person naturally you pay at the market rate. But I understood we were talking about the moral question, the inequity of saddling the country with a debt which it had not incurred.

Mr. Jamnadas M. Mehta: I am glad the Honourable Member admits that it is absurd to contend that the rate at which the debt was raised ought to be the rate at which it should be paid.

An Honourable Member: Why does the country make that very proposition in regard to the agricultural debt?

Mr. Jamnadas M. Mehta: You had better ask the Agricultural Commission. I cannot see any sense in that.

An Honourable Member: Mr. Jamnadas Mehta belongs to the Currency League. He puts forward that argument.

Mr. Jamnadas M. Mehta: I do not belong to the Currency League; the Currency League belongs to me.

The Honourable Sir Basil Blackett: The best statement of its value that we have yet heard.

Mr. Jamnadas M. Mehta: Therefore, Sir, I maintain that it is not possible for anybody to consider the rate of exchange at which the debt was raised, and one of the important points which the Honourable the Finance Member made when replying to the general budget debate therefore absolutely disappears in the light of these facts. It is absurd and preposterous. Then he went into the question of payment in terms of commodity value. I want to expose another absurdity in the matter of this debt question which the Honourable the Finance Member has tried to impose on this House. He says, what of the commodity value of the debt? I want to ask him whether he proposes to pay the debt as it matures on the basis of the commodity value of that debt when raised. In that case I will ask him to answer this question. He will find from the index numbers of wholesale prices in India and in foreign countries that the index number for India in 1918 was 236 as compared with 100 for 1914. Well, Sir, we have raised some crores of rupees of debt in the years 1917, 1918 and 1919, when the commodity value or the price level, which is the same thing, was 236 as against 100 in 1914. Supposing some of this debt matured to-day. The commodity value to-day is 146 as against 100 for 1914 and 236 for 1918.

The Honourable Sir Basil Blackett: In order to correct this, may I just point out that the commodity number of prices in 1918 as compared with 1914 was 178 and not 236.

Mr. Jamnadas M. Mehta: Well, Sir, I have here the Labour Gazette published by the Government of Bombay. It is the number for January 1927, the latest. It gives the price levels as 236 for 1918.

The Honourable Sir Basil Blackett: What does that compare with? It is not 100 for 1914 but something a great deal higher. That is a comparison with 1870 or thereabouts.

Mr. Jamnadas M. Mehta: No, Sir, it is 1914. It is mentioned here at page 468 of this Gazette that 100 was the figure for 1914 and 236 in 1918 and 146 in 1926. I ask the Honourable the Finance Member whether he contends that he must pay the debt in terms of commodity value, whether the debt which was raised when the commodity value was 236 will, when the time comes for payment, be paid in terms of 146; this is the other preposterous fallacy to which the Honourable the Finance Member lent himself. You can neither pay your debt at the rate of exchange at which it was raised, nor in the commodity value of the time it was raised. You have to pay the bond in terms of the bond as it matures, and the point which we have been making is this,—that you are now settling the ratio of this country; when the time of repayment comes, you will have to consider whether, when that time comes, you will pay it at 1s. 4d. or at 1s. 6d. That is the only question. Rs. 100 must be paid—there is no question of commodity value, there is no question of the rate of exchange!

Rs. 100 must be paid, and the question before the House is not the ratio, not the commodity value, but whether you will repay it at 1s. 4d. or 1s. 6d.: and in that case we maintain, Sir, in spite of anything that has been said from the Government Benches, in spite of anything that anybody can say, we maintain that we lose four crores of pounds for our rupee debt if we go to 1s. 6d. to-day. Well, Sir, that is the question of the principal. The same applies to the interest. In the meantime under the 18d. ratio we will have to pay interest at the higher level.

Sir, we have tried to point out in the statement which was issued yesterday to the Press and to the public in general that it is the higher ratio of the rupee which enables the Finance Member to boast of the so-called surpluses. And here I must not omit to pay my most reverential tribute of praise to that great Parsi, Mr. B. F. Madon, whose unrivalled mastery has not only (An Honourable Member on the Government Benches laughed)—why do you laugh? You are one of his servants.

Mr. President: Order, order.

Mr. Jamnadas M. Mehta: The Honourable gentleman is a servant of Mr. Madon's it is not for him to laugh when Mr. Madon's services are appreciated. I challenge anybody to show that Mr. Madon's statements are wrong—to prove, not merely to assert—the whole speech of the Finance Member is full of assertions. Mr. Madon has shown in the statement I am referring to that nominally the rupee expenditure of the Government of India has gone down; but in terms of gold, the expenditure of the Government of India has increased, which implies a concealed burden on the people of this country. The year of grace 1924-25 was the year in which the full effects of the Retrenchment Committee's labours were reflected, and we had a gold expenditure of 78 millions at that time. That represented, at the rate of exchange prevailing at that time, 1s. 2 $\frac{9}{16}$ gold, 129 crores of rupees. In the subsequent year, 1925-26, from 78 millions in gold the expenditure of this country rose to 98 millions in terms of gold, which means that it rose by nearly 20 millions in terms of gold, although the figure remained 130 crores in place of 129 because in the meantime the ratio had risen from 1s. 2 $\frac{9}{16}$ to 1s. 5 $\frac{7}{8}$. The rates of exchange are taken from the memorandum on Currency in the proceedings of the Royal Commission in which these figures are worked out, so that their authenticity is beyond doubt. So 20 millions of sovereigns were mulcted from the people of this country in 1925-26 more than in 1924-25 which represented the high-water mark of retrenchment—in the second year the expenditure was 95 millions, that is, 17 millions more than the high-water mark of retrenchment in 1924-25; and in the current year it is 93 millions, i.e., 15 millions gold sovereign in excess over 1924-25. This 93 millions do not complete the whole story. You will have to add the provincial contributions, as they are in the Budget remitted only conditionally; therefore, if you want really to understand the position, you must add those things, and the figure would stand

The Honourable Sir Basil Blackett: What have the provincial contributions got to do with our expenditure?

Mr. Jamnadas M. Mehta: I am simply telling you for the purposes of the account that the provincial contributions were there.

The Honourable Sir Basil Blackett: They were not our expenditure, they were part of our revenue.

Mr. Jamnadas M. Mehta: But they were included in order to enable you to incur this expenditure.

The Honourable Sir Basil Blackett: The expenditure is not altered by the fact that the provincial contributions are received or remitted.

Mr. Jamnadas M. Mehta: What I am saying is that it was the existence of these provincial contributions which enabled you to spend 98 crores. It is their absence which enables you to spend 93 millions only.

The Honourable Sir Basil Blackett: No. It is reduction of expenditure.

Mr. Jamnadas M. Mehta: These quibbles will not help you. (*The Honourable Sir Basil Blackett:* "Hear, hear.") But I say, Sir, that 93 millions for 78 millions, represents a difference of 15 millions: so in the course of three years, 20 millions, 17 millions and 15 millions which come to 52 millions of gold, additional expenditure in the course of three years' time has been taken from the people of this country: and yet we are told that our rupee expenditure is going down and that we are having surpluses and giving remissions of taxation. Sir, the late Mr. Gokhale told Government in 1902—and the present time is a repetition of the conditions which prevailed between 1899-1902—an exact parallel—it does not matter who the Finance Member is, whether a gentleman with an international reputation or no reputation at all, the parallel exists—the late Mr. Gokhale said, if you conceal taxation, you take more from the people without their knowing it, and no genius is required to create surpluses under such conditions: I find the late Mr. Gokhale complained on the floor of the Imperial Legislative Council in 1902 that, having taken your level of taxation to the highest pitch possible on account of the fall in the price of silver in 1892, you closed the mints, you maintained your taxation at the same high level and you wanted yet more to spend, and finding it impossible openly to take more, you resorted to this subterfuge of appreciating the rupee, until in the year 1901 and in the year which preceded it, you had bloated surpluses; and Mr. Gokhale said that it was a double wrong to the people of this country to take more from the tax-payer than is necessary and then claim that the country was prosperous. It leads to the extraordinary optimism of the Secretary of State—said Mr. Gokhale—that this country was prosperous. You take by way of taxation more than the people can bear; you take much more in a concealed manner, and at the end of it you come and say that it is a prosperous country.

Now, Sir, as against these 52 millions gold of additional expenditure, what is the remission of taxation that is given to us? Some remission of taxation this year is given, while the provincial contributions are suspended for one year. In the previous year some partial suspension took place, and in the years previous no suspension took place except in the case of Bengal: and for this paltry benefit of a few crores, the Legislature and the country have been made to pay through this dodge of a higher rupee these additional crores which I defy anybody to contradict.

The Honourable Sir Basil Blackett: I have contradicted them.

Mr. Jamnadas M. Mehta: You have to prove it. Your assertion cannot be taken; the Honourable Member has to prove that these facts and figures are not correct.

The Honourable Sir Basil Blackett: I have.

Mr. Jamnadas M. Mehta: I challenge him to place these facts and figures before independent experts from outside India, and the Finance Member will stand condemned before that court. Sir, I hope the House will not accept this higher rupee, and I hope the House will unceremoniously condemn the Government attempt to mulct us to the extent of 40 crores by taxation of the kind I have mentioned. Even before the ghost of this Currency Bill was laid low, one Honourable nominated Member from Bombay was mourning over it. I do not find him, my Honourable friend Mr. Haigh, present now. He was almost performing the funeral oration on this Bill. I had not yet said it low but he assumed the role of a mock Mark Antony, and he almost began to address the Members of this House as Mark Antony addressed the Romans—"Friends, Romans, countrymen." Then the Honourable Member also did not hesitate to compare me—although I did not deserve that—to Brutus. The only thing I can say is that with all his autocracy, the Finance Member is not Julius Cæsar, with all my opposition to him I am not Brutus, and with all his enthusiasm, my friend, Mr. Haigh, is not Mark Antony. Therefore it was no use for him to become a mock Mark Antony even before Cæsar was dead, to shed his tears before they had become due.

Turning to the question of higher exchange its evils were mentioned by an important witness before the Currency Commission and after quoting them, I shall leave the House to their judgment on this Bill. The Currency Commission asked that witness what were the relative merits of higher and lower exchange, whether 2d. appreciation of the rupee would make any difference or not or whether it would leave matters as they stood. That important witness stated that 2d. higher exchange meant as follows:

"It means from the point of view of the debtor that his existing money debt becomes a larger one in terms of commodities."

—I come to the admission of this important witness—

"that his existing money debt becomes a larger one in terms of commodities. It means in the case of the creditor that his credit is worth more in terms of commodities than it was before. From the point of view of the wage-earner it is equivalent to an increase in real wages by means that are not as obvious either to him or to his employer as perhaps a direct increase would be. It would probably lead—almost certainly at the present time in view of the recent fall in Indian prices—it would lead to a considerable pressure in some industries, to an actual reduction in wages and possibly a strike. On the other hand it would mean that all those on fixed salaries or those who received customary wages—a great many wage-earners—would be better off in terms of real wages. Its effect, I think, would be worse on the Indian industrialist who is in competition with foreign imports, particularly such industries as the steel industry and the engineering industries generally, which are comparatively a new feature in India, and on the cotton mill industry. It would probably mean a considerable increase in the demand for protection already given and in our protective tariffs—though the effect, of course, would be presumably only temporary, and you may assume that within a comparatively short period of time most of the readjustments would take place; but there are some which take a long time, such as, for example, the rates for postage stamps or railway fares. They are not always brought down or brought up very quickly following on a change of this sort. Then there is the land revenue. There of course one really wants to take a very long view because it changes very slowly."

These are the evils of a higher exchange mentioned by a very important witness and that very important witness was the Honourable the Finance Member himself. Sir, you will find that evidence reproduced in this important document, the publication by the Currency League.

[Mr. Jamnadas M. Mehta.]

the value of which the Finance Member admitted the other day. These important admissions of the effects of a higher exchange are admitted not by a member of the Currency League; they are admitted by the Honourable the Finance Member of the Government of India on page 13 of this valuable document. He will now appreciate the object with which this was printed. And there you find in paragraph 61 the evils of a higher rate of exchange told and written in words of blood. Sir, when the admission of the Finance Member is there in paragraph 61, page 13, of this publication of the Currency League, the evils of a higher exchange need not be proved by an agitator. They stand proved on the official testimony.

(At this stage Rai Bahadur Shyam Narayan Singh, M.L.A., was seized with a fit and Members from all parts of the House ran to his assistance.)

Mr. President: I adjourn the House for ten minutes.

The Assembly re-assembled at Twenty-Five Minutes to One of the Clock, Mr. President in the Chair.

The Honourable Sir Alexander Muddiman (Leader of the House): Before the Honourable Member resumes his speech it may reassure him to know that our unfortunate colleague is under medical treatment and is likely to be better in a short time.

Mr. Jamnadas M. Mehta: Now, Sir, everyone will feel relieved that our Honourable friend is improving and, I hope, as the Honourable the Home Member has said, he will soon return to this House.

Resuming the thread of debate, I only want to make two more points. One is that this Bill can be described as a short cut to surplus budgets. This Bill is merely a short cut to surpluses; these are not the methods by which surpluses should be raised. Surpluses are the result of growing prosperity, of great trade, of great productive and manufacturing activity in the land. These surpluses ought not to be surpluses due to exchange; the Commission has said exchange should not be used as a lever for lowering wages; nor should it be used for increasing taxation and expenditure. You will find if you refer to the cost of civil administration and military services that the cost of civil administration has gone up with prices going down. Since 1924-25 prices have on the whole steadily shown a downward trend, and yet what do we find? We find that the civil administration in 1924-25 cost us 59 millions; to-day, in 1926, it costs us 80 millions. With prices going down civil administration costs us 20 millions more. In the next year it will cost us 26 millions more, with prices going down, so that the prices going down it threatens to cost us 86 millions against 60 millions. Yet in the rupee figure you find that the civil and military expenditure is shown as having decreased. In military expenditure you find a reduction of nearly 7 crores as against that in 1924-25, and the House becomes jubilant and the Honourable the Finance Member congratulates himself that he has reduced military expenditure. If you measure the cost of military establishment now, you will find that though the rupee cost remains the same in gold military expenditure has risen from 88 millions to 42 millions, and that is why the exchange is required to be high. The costs in gold are growing; civil expenditure and military expenditure, the

cost of establishments is growing, and therefore it is only by the lever of exchange they can show it to be lower in terms of rupees, while in reality it is millions and millions above what it was in 1924-25. The Honourable the Finance Member, in replying to one of my points in the general debate, said, "Oh it is no use comparing the figures of 1916-17 with the present figures because prices have risen." What is his answer to this? Prices may have risen since 1916-17; but in the last three years, with prices steadily going down, what is the explanation of the going up of the military expenditure from £38 millions in 1925-26 to £44 millions in 1926-27 and £42 millions in the budget year? These are the reasons why the exchange is being kept high for the purpose of concealing the expenditure all round and meeting higher expenditure all round. Although in rupees it appears to be low, in gold, which is the international value of commodities, it is rising. And after all this heavy expenditure is incurred through concealed taxation we are given a crumb here, relief of taxation there, and we are expected to be grateful. When I remember that all this nominal reduction of expenditure and even the remission of the provincial contributions is coming out of the pockets of the poor agriculturists and the manufacturer in India; when I find that the only method for the remission of the provincial contributions is that the agriculturist will be mulcted by 40 crores a year for years and years more, then I say, Sir, I shall have nothing to do with these remissions which are dipped in the blood of the agriculturist and the producer. I make a present of them to the Honourable the Finance Member and I hope the House will make a present of it too and reject the 1s. 6d. ratio.

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, Mr. Jamnadas Mehta has spoken for about 57 minutes, during which time he made several points, and as I do not propose to occupy the time of the House to anything like that length, I shall be unable to deal with all of them. But I do propose to attack a few.

Sir, I have not addressed the House before on the question of currency. I know it has been debated on the floor of this House times out of number. It has been discussed by the mathematicians of Bombay on the Railway Budget on the General Budget and on every possible occasion, and I am fairly pleased that at last, in discussing clause 4 of this Bill, we have come to grips with the question. Now I propose to discuss this matter, taking as my text some words which my Honourable friend Sir Purshotamdas Thakurdas concurred with:

"The Commissioners say in paragraph 77: We are unanimous in holding the view, and indeed it is a proposition which it would be difficult to controvert, that if it can be shown that prices have to a preponderant degree adjusted themselves to the existing *de facto* ratio, then that ratio must be adhered to."

The logical conclusion of that is that Sir Purshotamdas himself agrees with us that whether 1s. 4d. or 1s. 6d. is decided upon as the theoretical rate is a matter of purely academic interest. It would be all the same to India in the long run whatever the rate may be.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Perhaps the Honourable Member will read paragraph 65 of my Minute of Dissent which refers to this. It is a very short paragraph.

Sir Walter Willson: Sir Purshotamdas has addressed this House in the currency debates a great many times. I have never interrupted him and

{Sir Walter Willson.}

I hope he will not interrupt me. The statement in which he concurred is quite definite and it is capable of the interpretation which I have put upon it.

Sir Purshotamdas Thakurdas: Not at all.

Sir Walter Willson: It is generally admitted, at all events by others that, in the long run, at the ultimate conclusion, it is of no consequence whether the rate is fixed at 1s. 4d. or 1s. 6d. or something else, as in the end all prices and everything else must adjust themselves to the rate. That is common ground, if there is any common ground at all in this debate. So that, although some may regret that the 1s. 4d. rate was ever, I will not say abandoned, but lost, it is a matter of no consequence.

Now here let me digress for just a few moments. Sir Purshotamdas accused the Government of India of having confronted the Royal Commission with a "*fait accompli*," to quote his own words: of "not having hesitated by manipulation to keep up the rate even while we were in session." Now what would Sir Purshotamdas Thakurdas have wished the Government to do? Would he have wished the Government to wait until the rate was stable within 3/16ths of 1s. 6d. and then, while the Commission were sitting, suddenly cast it loose? Would a crew of a ship, having just grasped the ends of a storm-tossed sail, immediately let it go again while they were seeking for ropes with which to peg it down?

Now as to the main question, has the cost of living adjusted itself to the new rate? I admit frankly that the reasons which satisfied nine-tenths of the Royal Commission, Sir Stanley Reed, Mr. Shroff and a great many other authorities are sufficient to satisfy me, but not without examination. Sir Victor Sassoon made a speech the other day in which he tried to show that the fall in prices concurrent with the rise in the value of the rate from 1s. 4d. gold—Sir Victor Sassoon invariably speaks in terms of gold so we may as well recognise that—amounted to only 1.333 per cent. That speech was so plausible and it summarised so well the general position of those who favour the 1s. 4d. ratio that I should like to make some remarks upon it. It is true that the cost of living has not appreciably fallen since the rupee rose to 1s. 6d., but my Honourable friend, if he wishes to cite statistics, must look into the calculations and not be merely satisfied to jump to the answer which he may read. Take the "Index number of wholesale prices in Calcutta" given at page 330 of the Indian Trade Journal. If we take the case of food alone—and that is fair to my friend because food is really grown in the country and therefore should be the strongest evidence for the case he has tried to make out,—food prices in October 1924, when the rate was at 1s. 4d. were relatively low, that is for post-war prices. This was partly due to successive good harvests and partly to the known fact that after a war in all countries agricultural produce is low compared with other articles. Mr. McWatters says in his Memorandum, Volume II, page 40, paragraph 1:

"It may be said that the level of food prices is admittedly below the general average, . . . though certain other agricultural produce, e.g., raw cotton, are standing at a much higher level."

I shall take the index figures of wholesale prices in Calcutta, given at page 330 of the Indian Trade Journal of February 17th, 1927. I will cite the Bombay figures later to my friend if he wishes, but the fact is the

Calcutta figures are more reliable, and the Currency Commission themselves at page 69 of their Report reported it so, because they include a wider range of articles. They have included 71 as against the 42 which appear in the Bombay list. Taking these figures Mr. McWatters' statement, his evidence, is strikingly confirmed and verified by comparing wholesale prices in October, 1924, and January, 1927, the latest figures obtainable.

Generally speaking, about half the cost of living of the cooly is made up of cereals and pulses and about half of other foodstuffs, oils, tea, etc. Now the price of cereals and pulses was unusually low in October, 1924, as a result partly of the stimulus to production given by the War and partly of favourable monsoons. The explanation is supported by the figures which I propose to put before the House. Cereals and pulses have risen considerably in price—especially pulses. Cereals have risen from 138 to 143, pulses from 118 to 155. But for the rise in the value of the rupee, it is fair to assume that the rise in prices would have been greater. On the other hand, every other article of food has fallen:

sugar from 222 to 184,
 tea from 218 to 140,
 other foods from 217 to 165,
 oil seeds from 155 to 141,
 oil mustard from 115 to 114.

The same table I may mention shows a fall in every other item except teakwood, but so far as I know only the Honourable Sir Charles Innes lives on wood eating a pencil a day. (Laughter.)

The result is that owing to the specially low prices of cereals and pulses in 1924 the index numbers do not show a greater fall in general prices than 30 points from 146 to 116 or 17 per cent. The same seems to be still further confirmed by the Bombay wholesale index figures; but here I can only make a comparison between October, 1924, and December, 1926 (the January figures were not ready). I find that:

cereals rose from 141 to 143,
 pulses from 95 to 131,
 sugar fell from 196 to 156,
 and other foods from 263 to 144,

a general fall for food above of 27 points, and general wholesale prices from 181 to 146 or 19·3 per cent. Now these are of course wholesale figures. I want to make that plain because Sir Victor Sassoon quoted I believe retail figures. I wanted to show in the first place that 1924 was a year in which cereals and pulses were exceptionally cheap.

The second point I wish to make is more important. By showing that the prices of cereals and pulses have risen and the prices of all other foods gone down I have adduced some considerable evidence that prices have adjusted themselves to the existing ratio and that was the point I was engaged upon.

Sir Victor in that speech of his appeared before this House in the white raiment of the penitent. He had been right in telling the Commission

[Sir Walter Willson.]

what the losses to his pocket were, but he was wrong in telling the House what the gains to the stomach of the millhand were. He thought it was $12\frac{1}{2}$ per cent. in both cases, but now he knew he lost $12\frac{1}{2}$ per cent., but the millhand had only gained $1\frac{1}{2}$ per cent. So when he put down a rupee it was 1s. 4d. plus $12\frac{1}{2}$ per cent. but when the millhand picked it up he only picked up 1s. 4d. plus $1\frac{1}{2}$ per cent. That is a very strange phenomenon, the House will agree!

At the moment I must not overlook the question of "lag". I am not concerned to deny the existence of lag. It is a slow and laborious process and I only mention it here to show that I have not overlooked it. But while there is a lag I do not for a minute admit, as it is apparently attempted to be shown by the other side, that that lag is permanent. This brings me to the question of the ryot in relation to the ratio. We are accused of wishing to deprive the ryot of the improvement which, it is admitted, has taken place in his lot since 1914. The gold price for crops has risen since 1914 by between 40 and 50 per cent. The rise in wages has gone up even in the last five years in, say the tea gardens, by 30 per cent.

Sir Victor Sassoon in answer to question No. 5059 appears to admit that he could not see why "any advantage which came fortuitously was not to be taken away. We are taking away the advance they got by luck and never expected". Sir Purshotamdas Thakurdas himself devotes fifteen paragraphs in his Minute to proving that millhands are getting too much and he said in the House the other day that their wages will have to be reduced. So a fortuitous gain by ryots is fit and proper; by Bombay millhands it is wrong, iniquitous.

Sir Purshotamdas Thakurdas: Your whole reasoning is wrong.

Sir Walter Willson: But I do not for one moment admit that the ryot will be unjustly treated. It is said that the price which the agriculturist gets for his crops is fixed by the world prices and that, I think, is almost incontrovertible—at any rate it is true to a very large extent. The argument then goes on to show that he practically does not benefit by a fall in prices. That has been dealt with, by other speakers I think, but we must not forget that the prices of home-produced articles are influenced and indeed controlled by the prices of foreign articles. Is not that the very complaint now, that Bombay cloth is affected, driven down in price by the imported cloth? Even if the ryot does not benefit immediately directly—and again I do not deny that there is such a thing as lag—he gets his benefit indirectly as has been fully dealt with already by other speakers in the course of different debates; and I do not propose to go over the same ground again.

There is in my opinion an economic fallacy implicit in many of the arguments used by the other side. They seem to assume that it is harder to maintain exchange at one rate than another. No doubt it is harder to instal a higher rate or a lower rate; but once a rate is established, it seems to me to make very little difference in resources to maintain it.

Now, Sir, another argument which was used yesterday by Sir Purshotamdas Thakurdas was that the rise in exchange had adversely affected the purchasing power of the cultivator. I think I am right in saying that this is the main argument on which Sir Victor Sassoon and other millowners rest their claim, that a reversion to 1s. 4d. will result in a benefit to the cotton industry. They say "Let the cultivator have more rupees for his produce and then he will be able to pay higher prices to us for our cotton manufactures." In other words, the more rupees he will get for his surplus produce the more rupees he will pay out for what he has to buy. As I understand this argument it amounts to this: drop the rate of exchange from 1s. 6d. to 1s. 4d. and the cultivator will get 11 per cent. more rupees for his produce. Now, whom is the cultivator to get these extra rupees from? Only a small proportion of India's total crops is exported. Therefore only a small proportion of these extra rupees are received from outside India. Take rice, for example. Only 8 per cent. of the total rice crop is exported. Who will pay the extra price for the other 92 per cent.—the total consumed in the country? Take wheat, of which only some 7 per cent. of the total crop is exported. Now who will pay the extra price for the other 93 per cent? I say, the wage-earners, the middle classes, the clerks in offices and other consumers of that description; they are the people who will have to pay these extra prices to cultivators in order that they may pay higher prices to cotton mills for their manufactures.

Now, what are the cotton mills to do with the extra rupees they are to get from the millowners? The optimistic millowners say "Convert our manufacturing losses into profits; these extra rupees having come to us, do not go any further". The millowners and the cultivators are to shake hands and be very thankful that exchange has been reduced from 1s. 6d. to 1s. 4d. to provide more rupees to the cultivator to pass on to the millowners. But does the simple-minded millowner imagine that this is all that happens? Is he not aware that the wage-earners and other classes of consumers from whom these cultivators get these extra rupees are likewise consumers of the mills' manufactures? They also consume the mills' manufactures, and as such, they are also expected to pay higher prices for their cotton clothes. But unlike the cultivator they have not got any extra rupees with which to pay the higher prices. What happens? The wage-earner goes to his employer, he goes to the millowner and says, "If I must pay higher prices for my rice or other foodstuffs, I want higher wages to enable me to meet the increased cost". Obviously the vicious circle goes on.

Sir, opinions are very greatly divided as to whether it is advisable now to fix the ratio at 1s. 4d. or at 1s. 6d. The advocates of 1s. 4d. have been extremely vociferous, but what is the calm and considered opinion of the various Chambers of Commerce? They trade; they are the exporters and the importers of the trade of this country. They are also the greatest debtors and the greatest creditors (or amongst them) in the country, and with a single exception where the decision is not unanimous, they are all in favour of 1s. 6d.

In a nutshell, it comes to this. As I said in the beginning, over a given period, it matters nothing whatever. But when you are trying to take a step to fix exchange, it is better to fix it in the neighbourhood of what it is, than make any drastic upheaval and put it upon another basis with all the dislocation that it is bound to bring about.

[Sir Walter Willson.]

So much has been said about the interests of the ryot that I should like the House to consider it even from the point of view, the tea companies. Surely, tea is an agricultural industry first and foremost. Nevertheless, the Indian Tea Association are definitely in favour of fixing the exchange at 1s. 6d. I want to be clearly understood on that point, because reference has been made to the fact that my Honourable friend Mr. Chalmers here who represents the planters of Assam is in favour of 1s. 4d. He is of course at liberty, as every other Member of this House, to hold what views he likes, but the view of the Tea Association, the view of the producing companies who have to sell their tea abroad, is definitely in favour of fixing the exchange at 1s. 6d. They know the argument that has been made here that the agriculturist will receive more rupees for their produce at the 1s. 4d. rate is fallacious. They know that they are paid for their commodities in terms of gold, and that it is of no consequences to them to reduce the ratio as wages and charges would have to go up, even though from the point of view of the labourer there is a lag.

Well, Sir, I have just one further remark to make. I read in the Indian News Agency Telegram this morning the following telegram :

"New Delhi, 7th March. Following telegram been received from Secretary of the Bengal Chamber of Commerce. Considering exchange moving round 1s. 6d. for the last four years in view of interest of vast population using cloth and other imported commodities also vast majority of wage-earners being buyers of surplus agricultural produce and importers machinery for growing industries as also to exclude possibility of re-instituting provincial contributions and enhanced taxation, Chamber supports the ratio of 1s. 6d."

Sir, that telegram is not from the Bengal Chamber of Commerce who, since they gave their evidence in favour of 1s. 6d. before the Royal Commission, have steadily adhered to it, but from the Bengal National Chamber of Commerce who have now come round to this way of thinking.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I rise to support the amendment which has been moved by my friend, Mr. Jamnadas Mehta. I do so on behalf of a constituency, which is mainly agriculturist, and which I have the honour to represent in this House. Besides this, Sir, I support this amendment on behalf of the Indian Chamber of Commerce of Calcutta of which I happen to be President and which is representative of almost all forms of interests such as of importers, exporters, bankers, industrialists, insurance companies, and shipping companies. (*Mr. K. Ahmed*: "And the cultivators?") I am representing the cultivators in this House. I represent a constituency which, as I have already mentioned, is mainly an agriculturist constituency. (*Mr. K. Ahmed*: "They can be bought over.") Being myself a zemindar, Sir, I can claim to speak on behalf of the agriculturists, of the 8,000 poor tenants who live in my zemindar. Sir, before I proceed to meet the arguments advanced by the supporters of the 1s. 6d. ratio, I would like to address a few words through you, Sir, to the Honourable Members of this House. Sir, when Sir (then Mr.) Dadiba Dalal made his recommendation in favour of 1s. 4d., and appended his minute of dissent to the Babington Smith Committee Report the whole country lodged its strong protest against fixing the ratio at an artificial rate of two shillings. Unfortunately, in the Legislature of that time we had not an elected majority, and therefore with an autocratic bureaucracy, the Government was in a position to put on the Statute-book the ratio of two shillings. Now, Sir, things are quite different to-day. Fortunately,

we have got a Legislature which consists of a majority of elected Members and therefore, Sir, our responsibilities are very great. Sir, it is well known that the entire country has sent its protest against the artificial ratio of 1s. 6d. which is proposed to be put on the Statute-book by the Government. Sir, thousands of telegrams and petitions signed by thousands of people all over the country have been sent in to the Members of this House. (Mr. K. Ahmed: "They are interested persons.") All the Indian Chambers—my Honourable friend, Sir Walter Willson, when he was referring to the Chambers of Commerce probably had in mind only the European Chambers of Commerce (Sir Walter Willson: "The Bengal National.")—all the Indian Chambers of Commerce have unanimously protested against the ratio of 1s. 6d. (Sir Walter Willson: "Not the Bengal National.") Sir, even the Bengal National put forward their views before the Currency Commission in favour of 1s. 4d. (Sir Walter Willson: "But they have now changed their minds.") And it would have been better, Sir, if Sir Walter Willson had inquired of the Bengal National Chamber of Commerce whether this telegram which is received just now is a telegram sent by the Chamber after carefully reconsidering the question at its general meeting, or whether it is only a telegram sent by the Secretary or President as the case may be without consulting the other members. Sir, I am myself a member of the Bengal National Chamber of Commerce and I can tell the House that never in my presence, or to my knowledge has this question been reconsidered or re-opened at a general meeting of the Bengal National Chamber of Commerce, and therefore it is unfair on the part of the Secretary of the Bengal National Chamber of Commerce to circulate such telegrams among the Members of this House.

Sir Walter Willson: On a point of personal explanation, Sir. I trust that the Honourable Member did not understand that that telegram was sent to me. I was careful enough to say that it appeared in the "Indian News Agency" telegrams.

Mr. Ghanshyam Das Birla: But it does not make any difference. Anyhow, the duty of this House and particularly of the elected Members is very clear. It is rather significant, Sir, here that even some of the Provincial Governments have not been able to give their wholehearted support to this ratio of 1s. 6d. The Punjab Government says:

"In regard to the rate at which the rupee should be stabilised there is some difference of opinion. On the understanding that the rupee can be maintained at a rate corresponding to an exchange ratio of 1s. 6d. the Governor in Council accepts by a majority the arguments of the Currency Commission in favour of that rate."

It is to be noted here that the Punjab Government—the Government of a province which is entirely agriculturist—find it impossible to give their wholehearted support in favour of 1s. 6d. and extend their support only on a certain condition. That condition is, only if the ratio can be maintained at 1s. 6d. Then and then alone can they support this ratio. Even then, they support it only by a majority and not unanimously. Sir Malcolm Hailey knows very well what it means to maintain an artificial ratio and having regard to his past experience I may take it, Sir, that he has thrown a friendly hint to Sir Basil Blackett, "Think twice before you launch on this new wild project." The Bombay Government has been wise enough not to express any opinion on this matter. Mr. Thompson, the Dean of the Faculty of Commerce and Economics in the Allahabad University, can not support 1s. 6d. and says:

"In the United Provinces there are now many settlements which were made before 1914 when the ratio was 1s. 4d. and it would seem unjust that this should be increased in terms of agricultural produce by 12½ per cent."

[Mr. Ghanshyam Das Birla.]

He says that "there should be something sacred about the standard of value," and his conclusion is: "Therefore, on the whole, I favour keeping the old rate of 1s. 4d."

Mr. Darling, Commissioner of Income-tax in the Punjab, a province which is almost entirely an agriculturist province, submits this opinion:

"The rate proposed has the obvious advantage of approximating to that which has been more or less in force for the last two years. Its drawback is that in benefitting the consumer, the importer and creditor at the expense of the producer, the exporter and the debtor, it is likely to operate to the disadvantage of the agricultural community, that is to say, to the disadvantage of the majority of this country."

I have deliberately cited the opinions of these gentlemen because these are authorities who can claim to represent the agriculturists' opinion and they go clearly to prove that 1s. 6d. is not in the interest of the agriculturists. As I have stated, Sir, apart from the agricultural interests we have been receiving strong protests from all parts of the country against fixing the ratio at the rate of 1s. 6d. I wish to say to the Members of this House that their duty is very clear. It is quite possible that the Government may be able to carry this measure through, with the support of nominated Members, mysterious brokers, reputed contractors and pampered professors, but I may say, Sir, that even if we are defeated, our defeat will be glorious and if the Government are victorious, their victory will be the victory of wrong over right. I again beg to appeal to this House to vote solidly against the 1s. 6d. ratio with one will and one voice. I wish to address a few words to the European Members of this House. Unfortunately during the days of the Reverse Councils policy they played a "rather sorry" part by supporting the Government in favour of 2s. I am sure they must be rather regretful to-day that they extended their support to the Government and I hope that if they are capable of learning anything from the bitter experiences of the past they will pause to reconsider their attitude before blindly following the Government and going into the wrong lobby. I wish to tell my European friends in this House, that although they were not all of them born and bred in this country, they have eaten the salt of India and I hope they will not be untrue to the salt. I will also remind them of the message of His Majesty the King Emperor in which His Majesty said:

"I earnestly pray that in the Council House about to be opened wisdom and justice may find their dwelling place."

I have not the least doubt about their sense of wisdom, but I hope, Sir, that they will also prove to the Indian Members that they are not without a sense of justice.

To come to the main point, I should like to say, Sir, that for the last six months the Honourable the Finance Member has made great attempts to canvas opinion in the country in favour of 1s. 6d. I have had the honour of listening to his speeches and of reading his speeches. I also had the honour at the Indian Chamber of Commerce, of listening to his 11 points, which is one more than the well known Ten Commandments and three less than the famous 14 points of President Wilson. The Finance Member makes a complaint that we did not reply to his eleven points. I beg to submit, Sir, to this House that the Honourable the Finance Member was our distinguished guest and we did not desire to put him to any inconvenience as he definitely told us then that the time at his disposal

was very short. But we did not fail to discuss these 11 points in the press. Not only that. I personally after replying to his 11 points put him 9 questions in the press which have not up to this time been replied to by the Finance Member.

The Honourable Sir Basil Blackett: If the Honourable Member will permit me, I said no serious reply had been made to my 11 points.

Sir Purshotamdas Thakurdas: That is a question of opinion then.

Mr. Ghanshyam Das Birla: Our serious reply or question is not taken as such by the Honourable the Finance Member. He did not care to reply to the nine points we put to him and as I know my friend Sir Purshotamdas is going to reply to his 11 points in detail, I need not detain the House on that point. Sir, what did we find in the speech of the Honourable the Finance Member which he delivered yesterday. He began with the word "stability" and ended with the same. Sir, I do not at all disagree with the Finance Member that we ought to achieve stability. I am at one with him there, but it all depends on the sacrifice we have to make to achieve that stability. I cannot understand why the Honourable the Finance Member forgot all the charms of stability when Sir Purshotamdas Thakurdas wanted to bring in a Bill in the last Legislature to stabilise the rupee at 1s. 4d. I wish, Sir, that he had shown the same love for stability which he is now showing. I again wish to assure the Honourable the Finance Member that I want stability but I want it at the proper rate, at the natural rate and not an artificial rate. Sir, we all know that during the abnormal period of the War almost every currency was driven away from its moorings. Now, Sir, if three years back any one in England had suggested that sterling ought to be stabilised at its depreciated value I know what reply he would have got from Englishmen; and yet, Sir, in India the Government have the courage to discuss a measure which violates the sanctity of the standard of value.

Now, Sir, the Finance Member has repeated in all his speeches two arguments in favour of 1s. 6d. One is that the 1s. 6d. is the *de facto* ratio, and the other is that prices have adjusted themselves to the new ratio. Now, Sir, I do not think the Honourable the Finance Member means to say that it takes a very long time for those commodities which are either exported or imported from foreign countries to adjust themselves to any new ratio. I agree that it does not take even longer than a week for commodities which are imported or exported to adjust themselves to any ratio, whether it be 1s., or 2s. or 10s. But the real question is, whether the prices of those commodities, which are produced internally and consumed internally, have adjusted themselves to the new ratio. I want to ask the Honourable the Finance Member to prove by figures whether the general level of prices is adjusted to the new ratio of 1s. 6d. And, Sir, it ought to be borne in mind that after all our foreign trade is only about 5 to 10 per cent. of our total internal trade. Therefore, until he can prove that the general level of prices has been adjusted, it does not lie in his mouth to say simply arbitrarily that the prices have adjusted themselves. Sir, I feel great regret that this question of adjustment was not properly tackled even by the Currency Commission. Index figures have been cited from time to time. They tell quite a different tale. Yet those who were determined to give their verdict in favour of 1s. 6d. did not want to see what the figures showed and did not want to

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listen to what the figures said. Sir, I would again like to place the index figures before this House, because they have only just now been cited by my Honourable friend Sir Walter Willson. Now, Sir, at present the Calcutta index figure is 146, the United Kingdom figure is 152 and the United States figure is 148. That is, the average of the world stands to-day at 150 as compared with 146 of Calcutta. Now, Sir, these index figures are based on 100 for a period of time when the exchange ruled at 1s. 4d. Therefore, in order to bring a proper equation between these two index figures, the Indian index figure ought to be 11 per cent. lower than the world index figure; that is, at the world index of 150 the index figure should be 134½ or something like that. Sir, I want to put this question to the Honourable the Finance Member—whether I am correct or not in assuming that, in order to bring about an equation between the Indian index and the world index, on the basis of the new ratio, the Indian index figure ought to be about 11 per cent. or something like that lower than the world index figure. The Honourable the Finance Member might say that since then a lot of new tariffs have been imposed. I quite agree with him. Let him find out what those new tariffs are. These index figures are based on the average of prices of nearly 70 articles. Out of them only about 10 or 12, whatever that may be are imported articles. Let him find out what was the tariff as it stood in pre-war days, and how the duties on imports have increased since then. I of course have found it out, and I can say with all the emphasis at my command that he will be able to find out from the index figures that prices have adjusted themselves only to the extent of four per cent. and still 7 per cent. or more has to be adjusted. If he finds that I am wrong in my figures, let him come forward and prove to the satisfaction of this House that I am wrong and he is right.

The Honourable Sir Basil Blackett: I want to be able to follow the Honourable Member. What do 4 per cent. and 7 per cent. mean? That makes 11 out of 100. The Honourable Member says that prices have adjusted themselves to the extent of 4 per cent. and still 7 per cent. have to come; that makes 11.

Mr. Ghanshyam Das Birla: To the extent of 11 per cent.

The Honourable Sir Basil Blackett: I see the 11 per cent.

Mr. Ghanshyam Das Birla: Now, Sir, so far about the index figures. He may say that the index figures are not reliable, but then I would suggest to him, is it right to use the index figures when it suits his purpose and to say that they are not reliable when it does not suit him? Either he has to rely on the figures or find out some new method of proving that the prices have adjusted themselves. But, Sir, as I said just now, it is quite possible that 5 or 10 or 15 years hence prices may adjust themselves to the new ratio but they are not adjusted to-day. But what happens after this? I ask, what happens after the prices are adjusted fully? Then begins, Sir, a new era of trouble. The debtor begins to lose to the extent of 12½ per cent. to the advantage of the creditor, to the advantage of the Shahukar, to the advantage of the Government. When the prices are fully adjusted, every public servant who is in receipt of a salary gets it increased by 12½ per cent. Similarly, all taxation is increased by 12½ per cent. Sir, this has been admitted even by the Right

Honourable Hilton Young, who was the Chairman of the Currency Commission, and he said it in so many words in his paper *The Financial News* that if the Government was going to adopt a ratio of 1s. 6d., the land revenue ought to be reduced by 12½ per cent. Sir, Mr. Kisch in a note which he submitted to the Currency Commission said:

"It should be noted in this connection that an important part of their (i.e., Local Governments') income is derived from land revenue, which is either permanently fixed or only capable of slow expansion over an extended period."

And now, Sir, simply by a stroke of the pen the Finance Member wants to unsettle the settlement of land revenue, he wants to increase taxation, he wants to increase the capitalist's capital to the disadvantage of the agriculturist, the tax-payer, the debtor, and so on. Now, Sir, let him say whether it is correct or not that after the adjustment the debtor begins to lose to the advantage of the creditor and that the Government revenues are increased automatically to the extent of 12½ per cent. I maintain, Sir, that before the prices are adjusted, we have got one kind of sufferings. Until the prices are adjusted, the foreign importer is encouraged to the disadvantage of the native exporter, and when the prices are adjusted, the debtor, the tax-payer, begins to lose to the advantage of the creditor, the Government.

Now, Sir, the other argument of the Honourable the Finance Member is that this is the *de facto* ratio. Now, Sir, the history of this *de facto* ratio is very interesting. We all know, Sir, that India is in a peculiar position of exporting or selling more than of importing or purchasing. She has to receive a large surplus from the foreign countries and in order to get that surplus converted into local currency the Indian exporter has to depend upon the mercies of the Government. If the Government refuses to supply any new currency, the consequence is that the rupee must rise. This is the position in which we are situated. Mr. Kisch of the India Office provided a statement to the Currency Commission in which he said that in pre-war days the annual absorption of currency amounted to about 22½ crores of rupees. Now, Sir, if we accepted that figure as correct—and I do not know, Sir, what the Honourable the Finance Member thinks to be the correct figure for the present time—there should have been an expansion of currency to the extent of about 140 crores during the last 6 or 7 years. Instead of that, what do we find? Sir, the Finance Member contracted currency to the extent of about 45 crores up to August 1924, and since then he effected a further contraction of about 16 or 17 crores up to February 1927. During the last seven years he effected contraction to the extent of about 60 crores, while we should have had in this period an expansion of about 140 crores. Now, Sir, he might say I am not correct, that he is correct. But he ought to justify the ground or grounds on which he contracted the currency. If we take the figures of our exports, of the balance of trade in favour of India, of general production for the last seven years as compared with 1914 or 1913, we find that in every direction there has been an increase. We find that while the average crop of rice in 1911 to 1915 was about 283 lakhs tons, the average from 1921 to 1926 was 313 lakhs tons. Similarly the crop of tea increased from 29 crores lbs. to 34 crores lbs. So with regard to cotton yarn, piece-goods, jute manufacture, coal, petroleum, raw sugar, ground-nuts, in every direction, production has increased in India as compared with 1913 or 1914. Again, the population as compared with 1913 has increased. The balance of trade in favour of India has increased and the prices stand 75 per cent. higher than in

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pre-war times. Therefore, it will be rather enlightening to know, how with an increased price, with increased production, with an increased trade balance, with an increased population and with increased internal trade the Honourable the Finance Member could justify the contractions which he has effected during the last six years. He might say, Sir, that the currency was redundant. But even the man in the street can understand that when there is scarcity of a commodity, its price goes up; when there is excess supply as compared with the demand, the price of the commodity goes down. And what do we find, Sir, to-day? Has the price of the rupee increased or decreased? We find to-day the price of the rupee is ruling at 1s. 6d. instead of at 1s. 4d. And what is it due to? It is due solely to the reason, that the demand is more than the supply. This very fact that the rupee is dear goes to prove that we require more currency in the country than the amount existing at present, and therefore there is no ground for justification of this huge contraction which the Honourable the Finance Member has effected during the last seven years.

I hope, Sir, when the Honourable the Finance Member gets up to reply to all the arguments which have been advanced from this side he will take the trouble to explain to us on what ground he has contracted this huge amount of currency during the last seven years, while an expansion was rightly due. I think it is his duty to explain this to the Members of this House and I hope he will take the opportunity of doing so.

Mr. President: If the Honourable Member desires to continue longer than five minutes, I think he had better continue his speech after the recess.

Mr. Ghanshyam Das Birla: I don't think, Sir, that I will take more than ten minutes.

Now, Sir, it could be proved further by the telegrams which passed between the Secretary of State and the Finance Department as to whether this is a natural or an artificially puffed-up ratio. Mr. Jamnadas Mehta has already read part of the correspondence which was exchanged between the Secretary of State and the Government of India, but this is so very interesting that I propose to read some more extracts from the same. Sir, after effecting a large contraction in currency the Finance Department decided that the exchange should be stabilised at 1s. 6d., but unfortunately the Secretary of State wanted that exchange ought to be allowed to go higher than even 1s. 6d., and this explains this protracted correspondence between the Secretary of State and the Government of India.

The Finance Member wired to the Secretary of State in October 1924:

"It is now beginning to be realised generally that the stringency in the market is the direct outcome of Government action in contracting currency, or rather in placing strict limits on possibilities of expansion."

He stated further:

"There is a serious risk of a financial crisis if we keep the screw on too tight."

And he then proceeded to say:

"The general policy which we have tentatively in mind would be . . . to fix in our own mind on 1s. 6d. sterling as the figure at which we desire to stabilise the rupee so long as this primary purpose is not endangered, which is only likely in the event of renewed falling in gold value of sterling; and to wait until gold and sterling are on a par before fixing the rupee by Statute."

This was a telegram which the Finance Member sent to the Secretary of State in October 1924, which shows that it was long before this the Government of India had made up its mind to fix exchange at 1s. 6d. But, Sir, at the same time the Government of India realised the difficulty of fixing exchange at 1s. 6d. in the teeth of strong opposition, and therefore they wired to the Secretary of State:

"But we realise that questions of such fundamental importance should not be decided without a formal inquiry by some kind of Committee."

"Formal enquiry by some kind of committee" is a phrase the significance of which I think will interest the House. I am sure after reading these telegrams some of the Members like Sir Maneckji Dadabhoj, will not feel proud of having served on a Commission which in the words of the Government was to conduct just a "formal enquiry".

Mr. Jamnadas Mehta in his speech on the 5th August stated that he had been asked by a knight moderate, a member of the Council of State, whether he had seen the Report of the Currency Commission. When asked to explain what he meant, the knight member remarked that the report had already been written out and that it required only to be signed. We can now see that Mr. Jamnadas was not far wrong in his reading of the situation. However the Finance Member sent a further wire to the Secretary of State:

"Increase in the rate beyond sixteen pence is to be deprecated in the best interests of the country and that both Indian exports and industries would be adversely affected by any higher rate."

The telegram went on further to say:

"We believe that an opportunity which may not recur is offered at the present moment of obtaining general acquiescence even in Bombay in a policy which will give us a permanently higher rate than 1s. 4d. gold. We regard it as of great importance, politically, quite apart from financial merits, to take commercial opinion along with us in this matter."

To which, Sir, the Secretary of State replied by wire, and his reply practically amounted to "Well done, Blakett!" He said:

"I appreciate vigour and skill with which case for postponing this issue has been expounded on numerous occasions by Finance Member despite strong pressure from certain quarters for attempting forthwith permanent solution."

I am afraid those "certain quarters" were none other than the Indian Chambers of Commerce. Now, Sir, this goes to show that the Government of India had made up their mind long ago that the rate ought to be fixed at 1s. 6d. Therefore, it is not fair now to say that having got a *de facto* ratio we are doing only what we cannot help. I do not wish, Sir, to take up any more time of this House, although I wanted to touch on a few other points. I can quite see the time for lunch is arrived and therefore we must adjourn. I will therefore conclude my remarks with an appeal to the House. The statement by the Government that 1s. 6d. is not a rate brought about by manipulation is not correct, as can be seen from facts and figures, especially the telegrams which have passed between the Secretary of State and the Government of India; the prices have not adjusted themselves to 1s. 6d. And therefore all of us, at least all the elected Members, ought to oppose the Bill. Whatever happens, whether we win

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or are defeated, I hope all the Members who realise their duty and responsibility will vote in favour of the amendment moved by my friend Mr. Jamnadas Mehta. (Applause.)

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

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

Mr. Kikabhai Premchand (Bombay: Nominated Non-Official): May I request of the Chair to let me come up as my voice is not very strong.

Mr. President: The Chair is prepared to make an exception in the case of Mr. Kikabhai Premchand as he says his voice is low.

Mr. Kikabhai Premchand: Sir, so much has been said and written on this issue—the ratio at which the rupee shall be stabilized in relation to gold—that there is little which can be profitably added to the discussion. I do not pose as a "currency expert", nor am I a theorist, nor an economist; but in the capacity of a plain business man I wish to express my conviction, which is not a new one, but is based on the close study of industrial and commercial conditions, and has been held from the commencement of this controversy, that the rate of stabilization should be one shilling six pence to the rupee, which is the best in the interest of India as a whole. If it were sought to make a lower ratio effective, the result would exercise a seriously detrimental effect on the prosperity of the country.

Sir, the Royal Commission, which investigated with such patience and completeness the Indian currency question, held before it one firm objective, the stabilization of the rupee in relation to gold on a basis which would cause the least possible disturbance to Indian economic conditions. After this close and careful study, it decided, by a large majority, that the *de facto* rate of one shilling six pence was the ratio which would best attain this end. With that recommendation, and the reasons which led to it, I am in entire agreement. Although it may be true to argue that exchange stability is a convenience rather than a necessity, it is such an immense convenience to all industry and commerce that it is almost worshipped by practical business men. It enables them to conduct their operations with confidence; it eliminates the extra charges, which are inevitable with a fluctuating exchange, and which constitute a tax on all commercial operations. Exchange stability is therefore a direct and invaluable benefit to all classes, and particularly to the great agricultural community, which is the backbone of the country. The rate which the Commission recommended has been in existence for over two years. Inevitably there has been an immense volume of adjustment to it. Any artificial disturbance of this rate therefore would violently disturb all these adjustments, and force upon us a further painful state of disturbance, and of readjustment to the fresh rate. I cannot think that this would be for the good of India; I am absolutely certain that it would set up forces prejudicial to our commerce and industry, and that if the attempt were made we should bitterly rue the day.

But, Sir, it has been argued that this stability, firmly assured over a period of two years, has been attained by Government manipulation of the currency system. May I direct the attention of this House to what is the outstanding merit of the whole scheme of currency reform? Under the currency system as it exists, and as it has existed since the closing of the Mints in 1893, an element of "management" was essential. If this task has been discharged, as it is in all other great countries by Note Issue Banks, which conduct their operations exactly as Government "manages" our currency, it would have passed unnoticed. It would not even have excited comment much less acid political attack. There has been so much din and heat over the ratio that the other and greater reforms have slipped into the background. What we are offered is nothing less than the transfer of the control of the currency from Government to a Note Issue Bank, with a financial governing board, and the full statutory control of the Note Issue and the Exchange system. Those, Sir, are immense and far-reaching reforms, pregnant of good for India, which we should keep in mind in considering that part of them reflected in this Bill.

It has also been argued that Government might have maintained the stability of exchange when the rupee reached one shilling four pence sterling early in 1923. The answer to that criticism is conclusive. In 1923 nothing was stable. Great Britain had not returned to the Gold Standard. The exchanges of nearly all the great countries were in a state of flux. Gold prices all over the world were seeking a stable basis. In my view it would have been impossible for the Government of India to maintain the rupee at one shilling and four pence, in view of the uncertainty which existed in all the important countries of the world in regard to exchange stabilization. That line of criticism is therefore wide of the mark.

Much has been said of the adverse effect of an eighteen penny rupee on the economic condition of the agricultural population, which forms the large majority of our people. What are the facts? Those of our agriculturists who have a regular surplus to dispose of have been selling it, and buying their own requirements, on the eighteen penny basis for the past two years. Their position has therefore been adjusted to the *de facto* rate. Were this rate to be lowered, the agriculturist would obtain a larger number of rupees for his surplus produce. But he would have to pay a larger number of rupees for all his requirements, in goods, labour, and service. Thus his position would be ultimately unaltered; he would receive for his surplus produce the same purchasing power in rupees, and purchasing power is the only thing that matters. Why therefore disturb the stability which we enjoy, introduce a period of fresh disturbance and painful adjustment, when the net result would be to leave the agriculturist exactly where he is to-day? There is another and most material point. The wage-earner and the salaried man would undoubtedly suffer concealed wage reductions arising from the higher rupee prices which would prevail if exchange were lowered. I am no believer in low wages; I do not think our wage standard is such that it can be reduced without causing great hardship to the wage-earning classes. I admit, of course, that in time the cost of living would adjust itself to this new level of rupee prices; but why penalise these large classes of the community during the period of adjustment? Prices rise very rapidly, but fall with painful slowness. I have referred, in considering the higher charges which would arise under a lower ratio, to the charges for service. In this I include the cost of Government. It is clear from the financial statement placed before the House that with a

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lower ratio there would have to be either higher taxation and higher railway rates, or a reduction in the standard of expenditure, especially on the nation-building departments in the Provinces, or both. Whilst that is not a dominant issue in considering exchange, it is one which this House must take into account.

There is another question. Assuming it were desirable to reduce the ratio to 1s. 4d., how should it be done? In all this discussion I have failed to discover one single sound plan for reducing the ratio, though it has been said it can be done in a night by issuing an official communiqué. Sir, I am afraid of these and other nocturnal adventures. They are too chilly, too dark, too mysterious to commend themselves to plain business men.

For all these reasons, then, I am convinced that the *de facto* ratio of 18d. to the rupee is best suited to India and is the best, the safest and the surest to adopt. I therefore give my complete support to the eighteen penny ratio. When this is out of the way, we can give our undivided attention to the important, and greater issues, associated with the reform of our currency and exchange system—a gold bullion standard leading in the fulness of time to a gold currency in circulation; the statutory control of currency and exchange, and final evolution of a Reserve Bank.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, the only justification for me to intervene in this debate is that, as a Member of this House, I have got to form my opinion, not as an expert, not as a merchant, not as an exporter or importer, nor as an agriculturist or a wage-earner, perhaps I come under no category whatsoever of the various interests that may conflict with each other.

Mr. K. Ahmed: You have shares, have you not?

Mr. M. A. Jinnah: My friend, Mr. Kabeer-ud-Din Ahmed who has, I think, already made up his mind on this question need not interrupt me. I am not addressing him at all. I am addressing only those Members of the House who are still going to exercise their judgment conscientiously and honestly, and come to a decision upon an issue which is of the most paramount importance and interest to India. I can quite understand, Sir, that there is a great difference of opinion on this question. But, Sir, I will only read one passage to this House before I proceed to address the House on the merits of this issue, and that passage which I am going to quote, Honourable Members will be surprised to see, is from Taylor on Evidence, and I think it is worth knowing, although there may be differences of opinion, that the experience of centuries, of great lawyers, is that experts are a body of men who cannot generally be relied upon. This is what Taylor says:

“Perhaps the testimony which least deserves credit with a jury is that of *skilled witnesses*. These gentlemen are required to speak, not to facts, but to *opinions*; and when this is the case, it is often quite surprising to see with what facility, and to what an extent, their views can be made to correspond with the wishes or the interests of the parties who call them. They do not, indeed, willfully misrepresent what they think; but their judgments become so warped by regarding the subject in one point of view, that, even when conscientiously disposed, they are incapable of forming an independent opinion. Being zealous partisans, their Belief becomes synonymous with Faith as defined by the Apostle, and too often is but ‘the substance of things hoped for, the evidence of things not seen’. To adopt the language of Lord Campbell, ‘skilled witnesses come with such a bias on their minds to support the cause in which they have embarked, that hardly any weight should be given to their evidence.’”

Now, Sir, I am here in the position of a juror, and as a Member of this House, I have to make up my mind. Let me deal with this vexed question, this great controversy that has been raging for a long time. Sir, the past history of the policy of the Government of India with regard to exchange and currency requires the strongest denunciation. It has been nurtured in absolute inequity and immorality. You have appointed Commissions after Commissions; India has witnessed numerous Commissions, and she has seen what your policy has been in regard to currency and exchange. But I am not going into that. Let me tell the House that I am one of those who is not carried away, however black the past may be historically and morally. I am willing to stand on the floor of this House and examine this question, divested of its past.

Now, let us see, Sir. In the first instance, in 1920, the Government of India adopted a policy and fixed the ratio at two shillings. They tried to maintain that ratio, and it is now admitted that it was an absolute failure and has cost India crores of rupees. That is admitted. Now, Sir, those very experts, those very men whom you called your Commission, deliberately recommended that policy and that policy was given effect to. You have found that it was a colossal mistake and it has cost India crores of rupees. To-day, we are told that we have got another genius in the Finance Member. He is, we are told, a forcible Finance Member. But, Sir, am I not entitled to say that he might be misguided? Am I not entitled to say that he is in the same category as the Finance Member of the Government of India who acted on the recommendations of the previous Commission and fixed the ratio at two shillings? Well, the Finance Member will say: "Oh, the last was a mistake; but why do you say that this is a mistake?" Now, Sir, let us examine the point. We know the short history of this question. The short history is this, that there was an opinion in this country which urged the Government to appoint a Committee to make inquiries whether the exchange should be stabilised or not. We were told by the Government of India and the Finance Member that the time had not come. Why? Because the world prices had not sufficiently adjusted themselves or preponderatingly adjusted themselves, and therefore an inquiry would be futile. Yet, what do we find? We find that in 1923 the exchange in India was in the neighbourhood of 1s. 4d. We find that this ratio again recovered to 1s. 4d. after fluctuations in October 1924. When my Honourable friend, Sir Purshotamdas Thakurdas, was urging on the floor of this House for an inquiry, for the appointment of a Committee, we were told the time had not arrived. Sir, then we proceeded and my Honourable friend, Sir Purshotamdas Thakurdas, actually brought in a Bill, after having obtained the leave of the Governor General in Council to its introduction. It was when the Government realised that this Bill would be forced upon this House, that we were told that a Committee would be appointed for the purpose of making inquiry into the exchange and currency policy with a view to stabilising exchange. What happened then? They said they would appoint that Committee without avoidable delay. I think that was the word. And we were told in the first instance—this House was very anxious that the President of that Commission or Committee should be an Indian, and that the majority should be Indians,—but we were told then by the Finance Member that adequate and effective Indian representation would be secured on that Commission or that Committee. Sir, what do we find? We find suddenly a Royal Commission is announced. And what do we find? We find—and I say this deliberately—that it was a packed Commission. Mind

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you, I am not attributing any motives to a single member of that Commission. It is not the question of dishonesty. But you packed that Commission. You can always pack a Commission because you know what their inclinations are. You know what their views are, and you choose from men who are prepossessed, who have predilections for a particular ratio. You packed that Commission. What do we find then? This House protested against it. This House carried a motion of adjournment as a vote of censure on the Government, and what do we find? The overbearing Finance Minister—what does he say? He told us that he did not even consult the leaders of any of the parties, and he says, "I have never heard of such a thing as that." But even with that vote of censure did the Government have the slightest respect for the expression of opinion of this House and say, "We will add at least one or two more men who will carry the confidence of the people of this country, or who will command the trust and confidence of the representatives in this House"? Did you make any attempt? No, you did not.

Now, we are told by the Finance Minister over and over again and I know that every other person who would follow him on that bench would say the same—and I was surprised that even Sir Walter Willson with certain reservation qualified it but even he said "But, oh, the Commission has recommended this. It is the last word on the subject. What are we to do? A body of experts, eminent men—I attribute no motives to them—but they have recommended this. What shall we do now?" This is how Government proceeded with regard to this most paramount question, and remember that whatever decision we may take to-day is going to be a decision of the gravest character which will affect the future generations of India. And we are told now, "Here is a Commission and it has made this recommendation. What can we do?" I am glad at least that Sir Walter Willson said that although the Commission is entitled to weight we must examine whether their recommendations are right or whether they are wrong. Now, Sir, what is the position? The position is this, that with regard to the recommendations of the Commission the very bedrock—as far as I can understand, and I speak subject to correction,—but so far as I can understand, the very bedrock, the very basis of the recommendations of the Commission is that the prices have preponderantly adjusted themselves. That is the basic principle on which the whole of these recommendations hangs. The first proposition is this. Is it that the exchange has adjusted itself to the prices, or have the prices adjusted themselves to the ratio which the Government maintain by means of artificial methods? The very authority from whose book the Honourable Sir Basil Blakett quoted—I will read that passage, he read it himself but he did it in a very great hurry—says:

"The question is of an essentially different kind. The whole process has been reversed, and therefore attention is directed to the wrong point of view which reduces itself to a truism as shown above. Instead of prices determining exchange, exchange has been made to determine prices through conscious control."

He calls it conscious control, but the Honourable the Finance Member prefers the word "management". Some other Honourable Members preferred the word "manipulation" and others who wanted to be still stronger in their expression called it "Jugglery." But, Sir, the question is this. Have the prices really adjusted themselves substantially to this ratio? What does the Royal Commission

say on this point? The Royal Commission admit they have not got the materials, and yet for some reason or other they have to come to some conclusion and I do not know how they jumped to this conclusion. This is what they themselves admit. Here I may point out to the House that Sir Basil Blackett put a great deal of emphasis on this and he even went to the extent of saying that he could not understand why Sir Purshotamdas stood here and argued against this ratio when he admitted that the prices had preponderantly adjusted themselves to this ratio. I do not know where he got this from. I have tried to look at Sir Purshotamdas Thakurdas's Minute of Dissent; he said nothing of the kind. In paragraph 177 of their Report the Royal Commission say this:

"We are unanimous in holding the view, and indeed it is a proposition which it would be difficult to controvert, that if it can be shown that the prices have to a preponderant degree adjusted themselves to the existing *de facto* rate, then that rate must be adhered to."

What is the proposition here? They say "if prices have adjusted themselves to a preponderant degree to the existing rate". Now, if that can be proved to the satisfaction of this House, I concede that you have to a very large extent established your case. That is where the difficulty comes in.

Mr. H. C. Greenfield (Central Provinces: Nominated Official): Will the Honourable Member please read the next sentence after the one he has just read?

Mr. M. A. Jinnah: I am not going to be dictated to as to what I am to read. If the Honourable Member has got a question to put to me I shall be very pleased to give way, but I decline to be told by any Member as to what passage I am to read. It contains a disgraceful insinuation and I therefore repel it. If you want me to answer any question, I shall answer it.

Mr. President: The Honourable Member will please address the Chair.

Mr. M. A. Jinnah: This is what the Royal Commission say in paragraph 178:

"It would be difficult if not impossible to pursue any argument on the subject of the movement of price levels without making use of index figures in some form. We recognise that index figures are not an infallible guide and that there are many directions in which it might lead one astray. Special caution is necessary in using them for the purpose of comparing the range of price levels in two or more countries over a particular period because the figures are necessarily computed in different ways in different countries."

Then they proceed further and say this:

"In India there are special difficulties in the way of compiling a representative index figure owing on the one hand to the great size of the country and to the cost of inland transport and on the other to defects of the statistics on which the compilation is based, defects which have been pointed out in the report of the recent Indian Economic Inquiry Committee."

Then they further say:

"We desire to take this opportunity of recommending that a serious and sustained attempt should be made to remedy these defects and to lay the basis of sound economic deductions by the collection of accurate statistics not only of prices but also of wages, a subject which in India presents even greater difficulty."

Now, Sir, having said that so far as the materials available to them are concerned, they suddenly on one or two cursory data come to the conclusion . . . (*An Honourable Member:* "No.") I maintain, Sir, most

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cursory and most perfunctory, and I say that if any judge based his finding on such data in a court of law his judgment would be reversed in five minutes. And you trot out the sacred name of your experts, the Royal Commission of eminent economists and experts. Well, if that is your argument, that they are experts, that they are eminent men, then it is no use arguing or discussing it. Adopt it and have no debate. Why have this Legislature wasting its time for hours? Sir, I say it is most perfunctory data.

Now this is with regard to the adjustment of the price level. What do they say further with regard to other important matters upon which they base their recommendations? This is your Royal Commission; I am not going by anything else. What do they say about wages? This is what they say:

"We turn now to the question whether wages in India are in adjustment with the present level of prices and exchange. The material available is even less extensive and reliable than that relating to prices."

And yet what do we find? The conclusion is that it will be good for the wage-earner to have the ratio at 1s. 6d. and not 1s. 4d. Then what do we find with regard to the effect on contracts?

"In addition to prices and wages it is relevant to consider how outstanding contracts will be affected by the rate at which it is proposed to stabilise exchange."

And then what do they say?

"It is true that many of the current land revenue settlements were made during that period"

—that is the period of 1s. 4d.—

"because generally speaking the normal terms of these settlements is 30 years. But in view of the great rise in prices since 1914 the real incidence of land revenue measured in terms of commodities has been very materially lightened, and we cannot regard the 1s. 6d. rate as constituting a hardship in this respect."

Well, Sir, these are the three main grounds—there are others—but these are the principal grounds on which we are told that the ratio of 1s. 6d. is beneficial and 1s. 4d. is harmful to India. Now, Sir, let me proceed further and let me examine this proposition. I think all the experts, as far as I have been able to get hold of their opinions, agree to this, that it does not matter a bit, after a certain period, whether you have 1s. 6d. or whether you have 1s. 4d. On that point there seems to be a general agreement, and for the purposes of my argument, here again, as a jurymen who has got to deliver his verdict, I say I will accept this because there is a consensus of opinion that it would not matter after some years whether it is 1s. 6d. or 1s. 4d. Then says Sir Basil Blackett, "Oh, but if you disturb the *de facto* ratio now, it will not benefit anybody, and it will cause dislocation and certainly it will cause a great deal of disorganization", if I may use that word. Very well. What is the issue then? The issue is this, that it is agreed that it will matter at least for a short period, take it at five years, take it at ten years, take it at fifteen years. But the one issue is that during that period it does matter and it is a matter of vital importance. If it is not, then I do not know what we are doing here or what we are fighting

for. If you say, it does not matter even to-day, well, then there is no argument. But it is admitted that it does matter for a certain period—call that period if you like X, five years, ten years, fifteen years, whatever it may be—then, if it does matter, and if it is of vital importance, are we or are we not to consider whether we should not have 1s. 4d. in preference to 1s. 6d.? And if we are, then, are we not entitled to say that 1s. 4d. even during that period is going to be of paramount and vital importance to India? Now, Sir, as for the advocates of 1s. 6d., what is their answer? "It will cause dislocation." Well, of course it will cause dislocation. You have, according to the case on this side, artificially maintained this ratio. Sir, it may seem that on this side we always attribute motives to the other side; but, Sir, facts sometimes speak eloquently. It is not that we desire to attribute motives, it is not that we want to go out of our way and abuse the Finance Member. I pity the Finance Member very much. (*The Honourable Sir Basil Blackett*: "No.") I feel very sorry for him. (*The Honourable Sir Basil Blackett*: "He is very happy.") He has got to do his duty, he has got to carry on his job, and he does his best. (*Mr. K. Ahmed*: "Does he do his best?") He is doing his best; he is doing better than Mr. Kabeer-ud-Din Ahmed would ever do in his place. (Laughter). I certainly will not take my ratio from Mr. Kabeer-ud-Din Ahmed. (*An Honourable Member*: "Why not?") (*Mr. K. Ahmed*: "Did you sell your shares?") Now, Sir, let us see what happened to the Finance Minister. We had the Secretary of State for India trying to pull him up, and we know that even strong Secretaries of State for India have been handled by the vested British interests—even Lord Morley—not to say anything more about that immoral duty, the excise duty, which was only repealed the other day. I told the House not long ago that one Secretary of State for India had to change his speech within 4 weeks as he knew that his Government was threatened and that he would be kicked out of office, and as a politician to maintain his Government in office he sold India and imposed the excise duty 30 years ago. That is what you can say about your Secretary of State for India. It is a historical fact. And what do we find to-day? We find the Secretary of State for India goading, bullying our Finance Minister, bullying him. Be it said to his credit—and here I say give the devil his due (laughter and applause)—be it said to his credit that his conscience rebelled against it and he has saved poor India by artificially manipulating the exchange only to 1s. 6d. and not further. To that extent India owes a debt of gratitude to Sir Basil Blackett, and we shall remember him. But only to that extent. (Laughter). Sir, it is very interesting. The telegram which was sent by the Secretary of State for India to the Government of India is dated the 24th September, 1925. That was the time when the Royal Commission was appointed. This is what it says:

"I cannot commit myself, therefore, in present circumstances, to view that exchange should in no circumstances be permitted to rise this winter to, say, above 1s. 6 3/16d. or 1s. 6 7/32d. . . . I therefore suggest, if market conditions point that way, rate for remittances might be allowed to move shortly to 1s. 6 7/32d."

What was the answer sent from the Viceroy?

"We do deprecate, however, proposal to allow exchange to move to 1s. 6 7/32d. This figure is somewhat above the actual gold point, and we are convinced that our action would be misunderstood by market and would be regarded as a change of policy, and the effect almost certainly would be an avalanche of sterling sales in anticipation."

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Sir, this is the position. Now, I therefore ask, is 1s. 4d. the ratio that is going to create that dislocation, that disorganisation in the country, which would be detrimental to the interests of India? That is the first question that I have to consider. Will it have compensating advantages or will it not? Sir, I will look at it from this point of view. The Government and the advocates of 1s. 6d. have dragged in the poor man, the agriculturist, the labourer and the wage-earner, and we are told that if you do this, namely, support 1s. 4d., all the money will go into the pockets of the Honourable Baronet, Sir Victor Sassoon

Sir Victor Sassoon: No such luck!

Mr. M. A. Jinnah: I mean as one of the mill-owners, and it is the mill-owners who will take over all the crores, and that it will be at the cost of the poor man, the agriculturist, the wage-earner. Sir, I very often think whether this argument is really an honest argument. I question the *bona fides* of this argument. I am used to this argument whenever any question is raised by us. It is not the first time. When no argument is left, the poor masses are trotted out, whose trustees and whose benefactors sit only on the Treasury Bench, and that we are the enemies, the sworn enemies of our own people, and the poor man gets no sympathy from us and we have no feeling for him. There is the monopoly of all the feeling and all the benefits that can be conferred upon the poor with the Treasury Bench. I cannot understand why this solicitude to this extent for the poor man exists. It may be it is a very difficult question and I am not competent. I confess I have not got the materials even to come to a conclusion as to what will be the exact position of the poor man. We had from the well known broker from Bombay, who just spoke, a statement to the effect that probably it will make no difference, but if it makes no difference to him, let us examine that argument, if it makes no difference to the agriculturist, the labourer and the poor man, and he will be quits in his budget because on the one hand he will have to pay a little more and on the other receive a little more. If he is quits, then why trot that argument out?

The Honourable Sir Basil Blackett: No ultimate difference, the same argument that the Honourable Member himself is using.

Mr. M. A. Jinnah: "Ultimate" after how many years?

The Honourable Sir Basil Blackett: Sir Purshotamdas said seven years.

Mr. M. A. Jinnah: I am not dealing with Sir Purshotamdas, I am now dealing with the Honourable the Finance Member.

The Honourable Sir Basil Blackett: I am just asking the Honourable Member not to misquote him.

Mr. M. A. Jinnah: I do not know why the Finance Member is defending him. Is not the Honourable Member here, and cannot he speak for himself, considering the prominent position he occupies in the mercantile world? (*An Honourable Member:* "He is not an expert advocate.") Nor is he a schoolmaster. I thought I would leave my Honourable friend alone, but if he provokes me I think I will have to speak about him also. The Honourable Member thought he made a wonderful point in this House because he pointed out in the most ungenerous manner

one or two inaccuracies which the Honourable Baronet, Sir Victor Sassoon, made. The Honourable Baronet had the grace at once to say yes, that is incorrect. If the Honourable Member is puffed up and keeps interrupting me, I would say that he is used to teaching schoolboys and can teach economics to them only.

Sir, if it does not make any substantial difference, then I say, to whom is it going to make a difference? Now, Sir, I put it to you in this way, I put it to you and to those Honourable Members who are the champions of labour, and I assure you that no man would stand by you more independently than I would to help forward the amelioration and the welfare of the poor. I am not a capitalist, I am not an exporter, I am not an importer, and I say I shall certainly stand every time on the side of the poor man. I want his lot to be better. I know his lot is bad; it cannot be worse than it is; and it is a disgrace not only to all of us, but to the Government that is in charge of this country; but I appeal to you and say, do not bring in this dispute about capital and labour. I even concede if you like, for the purpose of argument, that it has to a certain extent hit the wage-earner and the labourer; I concede that to a certain extent. But, Sir, am I right or am I wrong in this proposition that, if you want to build up India, if you want to make India a strong, modern, living nation, can you do that without building up your commerce, your capital and your industries? Can you do that? What is the good of trying to get blood out of a stone? Where is your capital in India? What capital have you got? One man in America, Mr. Ford, can buy up the whole of Bombay, including the Honourable Sir Victor Sassoon. What is your capital? Your industries, your commerce are in their infancy and are struggling and you want to fall a prey to that bait which is so often given to you to pull down whatever there is in this country in the way of commerce and industry. I ask this House, what is England? England is one huge factory, nothing else than a factory, which only requires food and luxuries and the necessaries of life from other countries. It works in its shops for the rest of the world and sends its produce outside. It is that corporation of a nation that has got to find its market and keep its market. It is the most vital interest they have. Now even Mr. Geddes, the Chairman of the Millowners' Association, made it clear on his recent speech. It is no use saying "Oh they are capitalists; they are mill owners." Yes they are; you are not going to get rid of your capitalists; if you have no capitalists you will get no wages; ask for more wages, fight for more wages if you like; every time I am with Mr. Joshi, but do not kill the goose that lays the golden egg. And what did Mr. Geddes say? It will hit the mill industry very severely if you adopt 1s. 6d.

The Honourable Sir Basil Blackett: Is he the goose?

Mr. M. A. Jinnah: That is what you are trying to do because your goose across the water might suffer. That is what you are trying to do, and I say, Sir, to the Finance Minister, through you, that I am sorry for him. I pity him; he is only one of the instruments in the hands of a very powerful vested interest in Great Britain.

But, Sir, let this House not go wrong and I will only make one more appeal before I sit down and my appeal to the House is this. I appeal to every Member here to consider only one thing. I know what intrigues, what manipulations, what considerations are offered and are going on. (*The Honourable Sir Basil Blackett:* "We all know that!") I know how the

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 lobby is busy, and I say to you "If you remember only one thing I will leave it to you and that one thing is this, that every one of you has come here."

Mr. President: Will the Honourable Member please address the Chair?

Mr. M. A. Jinnah: Sir, I am entitled to address the House.

Mr. President: Through the Chair.

Mr. M. A. Jinnah: Sir, I cannot possibly be heard in every part of the House unless I turn.

Mr. President: The Honourable Member may turn as many times as he likes and in any direction, but I would request him to address the House through the Chair.

Mr. M. A. Jinnah: Sir, I do not for a moment suggest that I am not to observe the sanctity of the Chair, but I think, Sir, you might leave it to us occasionally to turn this way or that way when we think fit. I was addressing the House and I appeal to every Member and I say: First of all your duty is this, you have been returned

Mr. K. Ahmed: Again! You have to address the Chair.

Mr. M. A. Jinnah: I am certainly not going to be dictated to by Mr. Kabeer-ud-Din Ahmed. I say you have been returned by your electorates and you have undertaken this sacred duty.

Mr. K. Ahmed: What duty, Sir?

Mr. M. A. Jinnah: Your interests are next to their interests and I ask you as honourable men, as representatives of your people, as you are pledged by every constitutional doctrine and by every moral consideration, to put the interests of your country above your own interests. If you have got to make sacrifices, if you have got to suffer, do so; if you have got to give up titles or jobs (*A Swarajist Member: "Or nominated seats!"*), give them up but don't sell India, and if you do, you will be degrading the representative character of this House.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, I do not propose to detain the House very long, but I was very much impressed by the Honourable Member who spoke yesterday. Mr. Moore appealed to us to confine our attention to realities, and I propose in what I have got to say to confine my attention, and as far as I may, the attention of the House to the realities of the situation. Sir, I do not say that I am in agreement with all the bye-ways and with all the digressive arguments that have been advanced by all those who have spoken either outside or here in favour of the 1s. 4d. ratio. But I am in perfect agreement with the main-lines of argument that have been advanced in favour of the 1s. 4d. ratio as against the 1s. 6d. ratio. It is not necessary for a person to be an expert or to be a profound economist to examine this question because we have known that at any rate there is no exact economic science yet. The body of knowledge is inexact and it grows with experience; it is really evolving; and it is no use, therefore, crediting people as experts when really very few are entitled to be called experts in this field of growing knowledge. We have known that no precise general formulæ in the nature of scientific laws can be laid down in it. Every statement has to be overridden by many riders, has to be surrounded by many exceptions and safeguards. It is not possible therefore to postulate, as the Honourable the Finance Member did, certain things as axiomatic

truths in economics. I do not know that there is any single truth in this field of knowledge which can be regarded as axiomatic. Every one knows that those who have had anything to do with it are more or less groping in the dark. I would therefore beg of them to confine themselves to the realities and not to repeat the assertions which have been made both in his budget speech and yesterday by the Honourable the Finance Member when he moved that the Bill be taken into consideration. For instance, he said that his eleven propositions remain without any serious contradiction. I think the very book, which he referred to, of Mr. Vakil states those propositions categorically and attempts a serious and to a great extent an acute and clear answer to every one of these eleven propositions. That is my opinion. I have seen absolutely no ground for taking every one of the eleven propositions as a relevant proposition upon this particular question. What does it matter what the natural value of the silver rupee is when we are discussing the fixing of the ratio at 1s. 4d. or 1s. 6d.? Similarly there are many other statements in this batch of propositions which have no bearing upon this particular matter.

Then, again, we are told that it does not matter, if it is permanently adjusted, whether it is 1s. 6d. or 1s. 4d. But is there any such thing as a permanent adjustment, I wonder? I do not, Sir, believe in stabilising in the sense in which the word has been used and played about by those who have spoken on the other side. In the nature of things we know that these economic phenomena cannot, like water or air, permeate all the interstices, and you cannot get perfect adjustment throughout the world or even in any one country; and you must necessarily have regard to the fluctuating condition of things. Now, what is the present condition of India as to which only we must see whether the ratio which is proposed by the Government is the best ratio in the totality of Indian circumstances? The present position of India is that she is, as was pointed out by Mr. Birla and by the Honourable the Finance Member himself when he referred to it in his budget speech, a great exporting country. The balance of trade is usually favourable and largely favourable to India. We found, as Professor Kale points out in his book on Economics, when the last great manipulation took place as a result of the Babington Smith Committee's recommendations, that there was in 1920-21 a heavy surplus of imports over exports; and similarly we find in the speech of the Honourable the Finance Member that during the last ten months, if I remember aright, he said the visible balance of trade including private imports of treasure was only about Rs. 27 crores as against, I think he said, Rs 85 crores odd during the corresponding period of the last year. That shows that in a country like India we must have paramount regard to the exports from India; we must have full value, I mean as many rupees for the pound as we can get for exports. And it is impossible for us, for the purpose of making it convenient for importers, either Indian or English, or to suit the convenience of manufacturers in England, to accept a rate of exchange which will profit them. I have known some of my friends, and those who claim to identify themselves with the interests of the country, Europeans or Indians, maintain that the 1s. 6d. ratio is best suited to the interests of India. I am tempted to wonder whether for the first time in the history of British India that English and Indian interests are found to be absolutely identical. I rather think, Sir, that English interests are certainly served by 1s. 6d. and Indian interests, I would say totality of them, the larger Indian interests certainly are served by the 1s. 4d.

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ratio. I am not saying anything as to the permanency of this ratio, because I do not believe, no matter what all the experts in the world may say, that this ratio is going to be stabilised for an endless series of years. There was the statutory ratio of 2s. which was broken into in the very year in which the Statute was passed, and it remained a dead letter. We have seen the skill and the experience, doctrinaire and practical, and the world-wide knowledge which the other Currency Committee had brought to bear upon the economic phenomena of India, and we found what a terrible catastrophe they involved India in. I do not think it was due merely to their ignorance. My own belief is, as it was the belief generally at the time, that those conclusions were deliberately arrived at by that Committee. Similarly, the conclusions of this present Commission cannot be put before this House as if their recommendations are entitled to be treated as gospel, as the last word in economics.

Mr. Jinnah referred to the value of expert testimony in courts of law, but if expert testimony in courts of law is not to be relied upon, then expert testimony in economics, particularly the testimony of those who have themselves failed in making successful currency experiments in the transactions of the world, can hardly be regarded as entitled to any weight. Therefore, Sir, we must bring to this subject our own common sense. What are the interests which are benefited by this 1s. 6d. ratio, and what are the interests which are benefited by the 1s. 4d. ratio? The Babington Smith Committee attempted to unravel this and professed to point out which interests would be benefited by the higher rate of exchange and which would be benefited by the lower rate of exchange, and much of it was really inaccurate, and subsequent experience has exposed the hollowness of those conclusions. I was carefully listening to Sir Basil Blackett's speech, and I found that it was more or less a repetition of all the arguments which were contained in those paragraphs, classical for their tragedy, classical for their futility, in the Report of the Babington Smith Committee, and I have no faith in being asked by Finance Member after Finance Member to sink Indian interests for the purpose of advancing British interests. I bring to this subject as unbiassed a knowledge as I possess—it is limited perhaps—and as much of attention and industry as I can bestow. But I confess I am biassed in one respect, for I am biassed in favour of my own country, I am biassed in favour of Indian interests. That bias there is, and I cannot help having that bias. If I am asked to look at this question as if I was not an Indian, I say I cannot look at it from any point of view except the Indian. If I am asked to look at it as to what is in the interests of two countries, between England and India or between the rest of the world and India, I cannot look at it in that way. Naturally the producer, the exporter, the manufacturer here, wants to gain at the expense of other countries. It is so, and therefore, it is impossible that we can do justice to the rest of the world. We are here first to be just to ourselves before we can be generous to England and to English importers, and it appears to me, Sir, that there can be no gainsaying that, neither theoretical economists nor practical business men, neither the Finance Member nor the Currency Commission, not one has contradicted the clear fact, which is the only fact which is admitted on all hands, that exporters and producers will get more benefit by the 1s. 4d. ratio, as also the Indian manufacturers and Indian industrialists. If my

Honourable friend the Finance Member contradicts it, then I cannot help him: I thought at least some part of it will be conceded

The Honourable Sir Basil Blackett: Temporarily.

Mr. S. Srinivasa Iyengar: That is exactly what I am saying. I did not imagine that he would agree with the Revd. Dr. Macphail who referred to my speaking in terms of awe of the great financial masterpiece of Sir Victor Sassoon's. I listened to Sir Victor's speech with admiration, not in awe, but I certainly listened to the Revd. Dr. Macphail in awe and trembled for his students who had to be under him listening to him. For, if I remember aright, he attempted to correct Mr. Jamnadas Mehta's reference to the Australian wheat competing in the Calcutta market, and he got up and seriously and earnestly pressed upon the House his view that a higher rate of exchange means higher prices. I think somebody pulled him up and his whole argument collapsed. I do not profess to be an economic pundit, and I do not desire to be drawn into controversies which are not relevant. But surely Mr. Jamnadas Mehta's motion to-day should have shown the House how much ability, how much integrity and how much industry are to be seen on the side of those who fight not only for the freedom of the country but for its economic emancipation. I therefore suggest, Sir, that the Indian point of view should be kept in view by all the Members of the House, whatever community they may belong to. I was glad on this occasion to notice that the non-official European block was also divided for there were those who looked at the question more from the Indian point of view rather than from the point of view of their own country, and I must congratulate them and express my gratitude to them for showing that at least on an occasion like this they could get rid of those limitations which make it impossible for us to co-operate one with another.

Sir, I suggest that when Sir Basil Blackett wanted that this 1s. 6d. ratio should be accepted by the House, he really looked, I suggest, more to the convenience of the Government, more to the fact that he would have to keep the present level of expenditure though he did not want to increase the taxation. We are not for the Government keeping the present level of expenditure; we are certainly in favour of reduction of expenditure. We certainly, those of us who advocate 1s. 4d., do not desire that the Government should increase taxation. Our object is that the taxation should not increase, but that the expenditure should be reduced. Similarly, we are not against labour. On the other hand, when first the Currency Commission's recommendations were published, I was somewhat sceptical and I tried to look at this question with as unbiassed an eye as possible and with a certain amount of hostility to the capitalist's interests particularly on the Bombay side. But I have come to the conclusion after the most anxious consideration that the total interests of India require that we should not divide ourselves as capitalists and labour, as industrialists, as producers, as agriculturists, because what can the mills do without cotton and what can the cotton growers do without the mills and without the rich? What can labour do without the success and prosperity of these various mills and of the various other industries in this country, at a time like this, when there is severe depression in this country. Whatever Mr. Shroff may have said and however much he may have been vouched for by the high authority of the Finance Member, there is no gain-saying the fact that we are as everybody feels in a period of

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depression, and I do not imagine the visible balance of trade is any indication of great prosperity, when he himself admits that it is only 27 crores for the current year as against 85 odd crores of rupees for the last year. Therefore, Sir, it is quite clear to my mind as it ought to be clear to everyone's mind here that there is a very real depression in trade and industry and it is a disastrous depression, and if a similar state of things happened in England, why then they would do everything possible to put their industries, their manufactures and so on on a sound footing. And why are Indians to be ashamed of their capitalist friends? We are going to compel the capitalists in this country to be the poor man's friends and we are going to get capital and labour to work together on just terms. It is not to be supposed that those of us who advocate 1s. 4d. are unmindful of the claims of labour. I particularly am for 1s. 4d. because I love labour more than capital. But they must get food, they must get work. What labour can there be unless industries are revived and manufacturers are benefited? Of course, the distribution between the manufacturer and labourer, the distribution between commercial magnates, the industrial captains, and the labouring population is a matter which concerns us and it need not concern this present Government. It is seldom indeed I have found that the Government is very anxious for labour. It is an irony that they should profess in the interests of labour to maintain the 1s. 6d. ratio as against 1s. 4d. I am not, therefore, in the least ashamed of having to support our millowners, our merchants, our traders, our producers, and all those who will be benefited by the 1s. 4d. ratio. I do admit that this will benefit them only for a few years. I agree with the Honourable the Finance Member that it will be temporary, but that is exactly what I want. I want that our trade and industries should be revived. There will after years be a natural reaction and there will be a readjustment, though I do not agree with the Honourable Member or the other Pandits who think that in economics action and reaction are equal and opposite. Reaction is not always to the same extent as action. The pendulum may swing back, but it does not swing back to quite the same extent as it is said to do; for there are so many other causes which it is impossible to estimate beforehand. Therefore, I believe that the 16d. ratio is vitally necessary for the interests of all these classes. It is unnecessary for me to go into this question of agricultural indebtedness, but I cannot part with this subject without referring to Mr. McWatter's Memorandum which was placed before the Currency Commission. He stated:

"In respect of long term contracts expressed in rupees which are unalterable to changes in prices, the result of the rise in prices, broadly speaking, has been to benefit the debtor at the expense of the creditor, especially in so far as the former is a producer and the bulk of the debtor classes in India are agriculturists."

It has been said cheaply here as if the agriculturists would not be benefited by a rise in prices but the memorandum submitted by Mr. McWatters who was Secretary to the Government of India in the Finance Department admits the fact on which we rely. The agriculturists would be benefited undoubtedly by a rise in prices and the whole argument was that there was a rise in prices after the War and therefore they must submit themselves to a reduction in prices and there is no harm done.—the same argument which some of my capitalist friends advanced as against labour, that labour got very much more than it was entitled to and therefore it did not matter if as a result of 1s. 4d. it got a little less wages. These

arguments from the one side and the other do not appeal to me. Labour will certainly agitate and ought to agitate and get more money wages when this 1s. 4d. is accepted. Then Mr. McWatters says:

"The agriculturists, in so far as money debts are concerned, are benefited by the rise in prices since agricultural produce will bring in more rupees now than in 1904. The lowering of exchange to 1s. 4d. would give him a further additional advantage."

After this I cannot understand how the Honourable the Finance Member or others who support him,—I found an Honourable Member from Bombay supported him in a written speech—I really cannot understand how they can say that the lowering of the exchange to 1s. 4d. would not give the agriculturist an additional advantage.

"The rise to the 1s. 6d. rate is, broadly speaking, at the expense of the debtor class, but it may be considered to some extent readjustment of the inequality caused by the rise in prices."

Therefore, there is to be compensation in the opposite direction—because they have benefited some years ago, let them suffer the loss now. That is the compensation which is proposed by the Government in this memorandum. Then again he refers to the land revenue and there also he points out that tax-payers would certainly be benefited by the 1s. 4d. ratio and would be hurt by the 1s. 6d. ratio. Therefore, I consider it is superfluous to prove what is evident, what was admitted by Mr. McWatters, that the producer so far as he is not handicapped by any special conditions of his position and tenure will, if exchange is lowered, tend to gain in the period of readjustment. The period of readjustment will take 3 years, possibly more. Sir Basil Blackett in his evidence before the Currency Commission stated that it will be all over in 18 months or two years, but he did say that in the case of customary prices and other things it will be very much longer. Nobody can attempt to prophesy in this matter. Assuming that the adjustment of prices takes place—and I dispute it can ever take place for scientific and theoretical purposes—assuming that it takes place, it will take some considerable number of years before it can be regarded as a fairly complete adjustment. Then again, Sir, as regards the raising of exchange to a higher level Mr. McWatters says:

"The 1s. 6d. ratio would during the period of adjustment operate to the disadvantage of producers and those engaged in industry and there is no reason to expect that this temporary disadvantage would be offset as it was when exchange was rising. It is largely owing to the special difficulties with which industries in certain parts of India are faced that the Government of India took the view that a rise in exchange above 1s. 6d. was undesirable. This view has received added strength in recent months in consequence of the downward tendency of Indian prices, since the fixation of exchange above 1s. 6d. would have the result of a further lowering of prices and might necessitate a further readjustment of wages."

Therefore I agree with the reasons stated by Mr. McWatters in the memorandum and insist on a 1s. 6d. ratio. I agree with Mr. Jinnah, when he stated that the Government are proposing 1s. 6d. ratio as a compromise. The Government at home wanted probably more than 1s. 6d., they probably wanted 1s. 8d. and the Government here was quite willing to have it at 1s. 4d. or 1s. 6d. They would not certainly have put up the stout fight that they have put up if they had been given a free hand. They would have been quite content with 1s. 4d. but as a compromise they had to agree to 1s. 6d. The very reasons which are advanced both by

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Sir Basil Blackett on pages 12 and 18 of his evidence before the Commission and the reasons which are so powerfully and lucidly given by Mr. McWatters in his official memorandum submitted to the Currency Commission for saying that a rise in exchange is prejudicial would apply equally to the rise in exchange above 1s. 4d. I really do not wish to go into this question whether 1s. 4d. is a natural ratio or not. That is largely an academic question. All that is meant when it is said to be a natural rate is that it has been in existence for a period of years, 20 years, and long-term contracts and transactions have been entered into on the basis of 1s. 4d. and therefore it will not do to confiscate the benefit of contracts and other transactions and to interfere with the standard of value. It is not a sentimental objection but it is a real and practical objection. As the learned authors of the book on Currency and Prices in India, Mr. Vakil and Mr. Moranjan, put it acutely, the unit of value was fixed in terms of gold and the authorities proclaimed to the world that the Indian unit of value was not the rupee but a fraction of the sovereign of about 7.53 grains of gold. That is the way in which we are to look at it. The more we talk about the 16d. and 18d. ratio, the more we get switched on to the realms of metaphysics and economic theology. But we must really look at it as a question of the unit of value. What was the unit of value? It was 7.53 grains of gold. Contracts were fixed on that basis. Government operations were fixed upon that basis and people have entered into various transactions on that footing. The question is, why should that standard of value be changed? At page 514 of that book which Sir Basil Blackett himself quoted, it says:

"This question is important because, as already explained, it raises the fundamental question of changing the standard unit of value for measurement of goods. A change in the standard unit of value must percolate through all transactions, and affect all relations of debtor and creditor, which in modern society are most complicated. The fact that manipulation of the exchange by conscious control in the above manner results in such fundamental changes in social and economic relations, amounting to a revolution, is not noticed because too much attention is paid in determining currency problems to the foreign trade and foreign exchange point of view, which is much less in volume and importance to the internal trade and economy of the people."

Sir, I would certainly have agreed to 1s. 6d. if it would have benefited the vast majority of the Indian population. What do I find? I have made some inquiries and as far as I can make out it is only about 7 per cent. of the total expenditure of the vast bulk of the Indian population which is spent upon foreign imports. A large proportion of the expenditure of wealthy men living in towns may be on foreign imports, but so far as the vast bulk of the Indian population is concerned their expenditure on foreign imports does not exceed 7 per cent. of the total. Therefore, Sir, the benefit to the consumer of imported articles is not really a great benefit compared to the great benefit which will be conferred by the higher prices our exports will get and there will be more rupees in India. That of course is the main consideration. Therefore, I think that this question must be looked at purely from the point of view of the exporter, the agricultural producer, the manufacturer and the persons who depend upon them, that is, the labouring classes who can be benefited by the gain of those upon whom they are dependent. The question cannot be looked at purely from the point of view of Home charges, or from the point of view of those who have to make remittances to England, or

from the point of view of those companies in India who have to send their dividends to England, or from the point of view of those who draw allowances according to the Lee Commission's proposals, or from the point of view of the foreign importer and the foreign manufacturer. Therefore, Sir, mine is a plain commonsense position. The question is not one of theoretical perfection, because nobody suggests, and Sir Basil Blackett himself admits, that no one ratio is permanently more beneficial than any other ratio. Therefore for the present, in this period of depression, in this period of disaster, when trade and industry in India are in a depressed state, when prices in India are low, a little rise in prices will stimulate trade and industry and will be of great benefit. That is the position upon which we have set our hearts. No doubt Sir Basil Blackett said in his budget speech of 1925 that it was a hoary fallacy, and he denounced that. But after all it cannot be a hoary fallacy to take money from foreign buyers and put more rupees into your own pocket. And my Honourable friend would not fight with the keenness with which he does fight if it were simply an academic question. But it is a question of taking away more Indian money and putting it in English pockets and therefore shrewd business men fight tooth and nail for this 1s. 6d. ratio. I only wish that those on this side of the House will feel that the attitude of some of the European Members in the House shows that really the 1s. 4d. ratio is the best for the Indian business man.

(At this stage Mr. Arthur Moore stood up in his place and continued standing.)

Mr. President: The Honourable Member is not in order in keeping standing.

Mr. Arthur Moore (Bengal: European): May I ask on a point of order

Mr. President (Addressing Mr. Srinivasa Iyengar): Does the Honourable Member wish to give way?

Mr. S. Srinivasa Iyengar: No, no, Sir. I never subject myself to deflation. I leave deflation to the Honourable the Finance Member. (*The Honourable Sir Basil Blackett:* "And remain inflated.") We do want some little inflation, though I do suggest that my speech is not one-tenth as inflated as the speech which I have to answer. Sir, I therefore suggest that the point of view which I place before the House should be accepted, and that there should be no division, as if in India we can afford to divide ourselves, as if one section here is representing the capitalists and the industrialists and the other section is representing the labour people, as if one section is representing the producers and another section is representing the consumers. We are all both consumers and producers. We are all labourers and capitalists, and there is really nothing whatever to divide us, till we get the full economic autonomy. Let us get all the things that we can by this 1s. 4d. ratio, and let us redistribute it afterwards according to principles of justice between the various sections of Indian interests. With these words, Sir, I heartily support the very able motion which my friend, Mr. Jamnadas Mehta, has moved.

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

Khan Bahadur Mian Abdul Aziz (Punjab: Nominated Official): Sir, the Honourable Pandit Madan Mohan Malaviya referred us yesterday to

[Mian Abdul Asiz.]

what may be called ancient history, and we are all, I am sure, obliged to him for taking us back to the beginning of this controversy. But he forgot to tell us, Sir, that up to and prior to 1873 the Indian rupee was always equivalent roughly to two shillings. He also forgot to tell us as to why after that date a sudden change took place. That is a matter of history. A change in the monetary systems of France and of Germany, due to causes that I need not explain, led to considerable fluctuations in the gold value of silver, and that is the reason why this currency problem originally started in India and assumed such importance. Dr. Macphail yesterday told us about the fluctuations. But the Honourable Pandit did not tell us one other important thing which at least he should have told us, and that is that when these fluctuations came in, India was being continually haunted by that grim spectre, a recurring deficit, and he never suggested what the Government of India should have done when year in and year out there was this recurring deficit. Why did he not allude to it? Did he not know it, or did he not wish to know it? There was a recurring deficit and if this spectre had not been laid the only result would have been that the poor Indian tax-payer would have been greatly burdened. Sir, the Government of India tried their very best for India and in the interests of India, but for some reason they were overruled. (Hear, hear.) But the gratitude of the whole of India is due to Government, because ultimately by stabilizing the rupee, then, they brought about a policy by which they were able to go on with constructive works after 1898. Before that we were in a terrible position, and now again we are in that position; and as I shall come later on to the question of the recurring deficit, I shall leave it at that point. Now I wish to pass on, because I have received instructions (laughter), I wish to pass on to one simple point. Sir, when we were in the midst of the steel debate, every Honourable Member on the other side was referring to the poor consumer and his steel trunks, iron safes, as if the really poor had anything to do with these articles. During this debate, however, not even one Honourable Member on the opposite Benches had the courage to refer to the poor consumer. No matter how poor a man may be, he does occasionally consume a rupee and we have to look into the poor man's case first. A 1s. 4d. ratio means telling every poor man in this country, "when you go out to the bazaar, even if you have only one rupee to spend, you will only get 14 annas worth for your rupee." That is what a 1s. 4d. ratio means. Then, Sir, reference has been made to the agriculturist. The agriculturists often, in the words of Sir Visvesharaya, sell to men in the villages at very low prices, below market prices, and Sir Visvesharaya whose sentence I quote, has said that the middleman derives greater benefits than the producer from the export of agricultural products because the trade organization of the country is not adequate to the producer's needs. All the benefits which it is supposed that the producers will get will go not to the producer but to the middleman and all the land owners, who have their rents in cash—and they are more than 10 or 20 per cent.—their income will be automatically reduced. With these remarks, Sir, I oppose the amendment.

Mr. T. Gavin-Jones (United Provinces: European): Sir, it is unfortunate that the consideration of this Bill is being taken at the same time as the Budget. I am quite sure that the Honourable Member for Finance, appreciating as I do his ability and capacity, had no intention to treat us like a lot of children and say to us "If you will only take this nasty 1s. 6d.

medicine, I will give you a fine lump of sugar in the shape of the remission of provincial contributions." This question, Sir, must be considered quite apart from the Budget. I quite understand that it affects the Budget. But it affects not only this Budget but many Budgets. What is more important, it affects the transactions between man and man in this country, and we must consider the Bill without any prejudice about the present Budget.

My friend Sir Walter Willson has told us that the Bengal National Chamber, since the publication of the Budget, have changed their opinion and are now in favour of 1s. 6d. I have also information from the United Provinces, from the Upper India Chamber of Commerce that they have now come down, after seeing the Budget, in entire favour of the 1s. 4d. ratio. The voting was 7 to 1 and 3 did not vote. However, Sir, I hope that Honourable Members in this House will not be prejudiced by the Budget.

The trouble over this controversy is that there is too much theorising and too little application of practical knowledge and common sense. I will, therefore, endeavour to confine myself to a few facts and the deductions we can make from them.

In the first place, you cannot create wealth for a country by juggling with the exchange value of the currency. It is merely a question of taking money out of one man's pocket and putting into another. Now, Sir, the Honourable Member for Finance told us that by reducing the ratio from 1s. 6d. to 1s. 4d. the Treasury will lose Rs. 5 crores and 26 lakhs. Conversely then, when he raised the ratio . . .

The Honourable Sir Basil Blackett: No.

Mr. T. Gavin-Jones: The Honourable Member says 'No.'

Sir Purshotamdas Thakurdas: The converse must follow.

The Honourable Sir Basil Blackett: No.

Mr. T. Gavin-Jones: Conversely, I say, when he raised the ratio in 1924 to 1s. 6d. he must have saved Rs. 5 crores and 26 lakhs.

The Honourable Sir Basil Blackett: No; it is quite wrong.

Sir Purshotamdas Thakurdas: The converse must follow.

Mr. T. Gavin-Jones: What does the Honourable Member mean? Does the Honourable Member deny that he raised the ratio?

The Honourable Sir Basil Blackett: A large part of the loss is due to the dislocation that will be due by the change.

Mr. T. Gavin-Jones: If you lose in one direction you must save in the converse direction. There must be a converse.

Now, Sir, if that 5.26 lakhs has been saved, where did he get it from? He did not get it from the manufacturers in foreign countries. The only place he can get it is from the producers in India. Now, Sir, the first effect of raising the ratio is to lower the price of exports and imports, and since the producer in foreign countries does not pay for the drop in prices of imports, therefore it must be the producer of exports who pays for the Government saving. Now, Sir, 75 per cent. of our exports are agricultural

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products and another 20 per cent. are exports of textiles, the raw products for the manufacture of which are supplied by the agriculturist at the reduced price, because the internal prices are governed by the export prices; therefore, Sir, it is the agriculturist who provides the savings that the Treasurer makes.

That is not the only thing, because he also pays for the reduced price in imports, a very small part of the benefits of which reaches the agriculturist for we all know that the number of agriculturist as consumers of imports is not very great in proportion to their numbers. A few cotton goods and a few trinkets and amenities which he purchases from the importers is all that he gets; therefore the benefit that he gets from cheaper imports is very small indeed compared with what he loses in the drop in prices of the crops for export. This is not all, for he also pays for the enhanced sterling value of all remittances abroad, all remittances for dividends and personal remittances. This is a considerable amount. It comes to this then that it is mainly the agriculturist who pays for the savings of the Government, for the reduced price of imports by which the rich mostly benefits, and for foreign investors in the enhanced value of his investments in Indian securities. Some people may say that the imports for railway work, irrigation, P.W.D. etc., are part of the benefits which the agriculturist may get; but I submit, Sir, that it takes a very long time for this to reach the agriculturist and it does not benefit him directly, whereas the drop in value of his exports hits him at once.

This is only the beginning of this adjustment. The next part of the adjustment is the drop in internal prices. This, I understand, takes a considerable time. I find that the price of *bajra* and other internal crops are not affected very much and the drop in retail prices are still further delayed. This is the stage to which we have got in the adjustment of the 1s. 6d. rupee. The wholesale internal prices and retail prices have only just begun to be affected. As soon as this adjustment has taken place we must have a drop in wages. Now, Sir, it must not be imagined that the wage-earner can be left out. If prices drop all round, wages must of necessity drop. It is an economic impossibility to keep up wages and drop the prices of your products. You cannot fight against economic facts. Honourable Members sitting on the Government Benches, and unfortunately some Members on this Bench, seem to think that the wage-earner is something apart from the producer. The wage-earner is a producer, and if you hit the industry he serves, you must also hit the wage-earner. The wage-earner cannot be left out of the picture. Surely if the cultivator has to drop the price 12½ per cent. in all the crops he sells, he must eventually have to reduce the wages he pays. He probably has begun to do so already. Now we know, Sir, that wages have not changed a great deal. Therefore the adjustment to 1s. 6d. has not reached that point.

The coal-miners in Great Britain when coal prices were forced down owing to reducing the value of the currency found out to their cost that they could not fight against economic facts and had to reduce their wages in order to meet the reduced value of the exports of coal. Coal is an exporting industry to a great extent and imports very little, merely a few wood props. Therefore, coal was the first industry to be hit in Great Britain and the wage-earner in the coal mines was the first to reduce his wages and now those men have to wait till other wage-earners in Great

Britain have reduced their wages and the cost of living comes down before they can return to their old standard of living. This is a very painful process and it is the process which it seems to me the school of the one and six penny ratio want to force India through. Sir, the exact counterpart of the coal industry in Great Britain is the agricultural industry in India, for it is our main exporting industry and imports very little. The next process of the adjustment, and this process takes a great deal longer, is the repayment of debts, long-term contracts, rents, debentures, mortgages. This House has heard a lot about this, and I will not repeat it; but we all know that the higher ratio favours the creditor and the lower ratio favours the debtor, and the Government, by forcing up the rate to 1s. 6d. are putting money into the pockets of the financier, the capitalist and the moneylender, at the expense of the producer. Now, Sir, it may be thought by some that I have overemphasized the sad lot of the agriculturist, but I have taken the trouble to inquire into this matter. It may be thought that this loss does not get down to the agriculturist, that it is suffered by the so-called capitalist exporter. I went to the Director of Agriculture in the United Provinces and I said, "Now you are very interested in the agriculturist, will you tell me if the agriculturist is hit by the rise in exchange?" He said, "Certainly, there is no question about it," and he produced a graph in which he showed that the prices of wheat in the Punjab and the United Provinces for the last three years followed closely behind London prices. It was evident from that graph that the prices of wheat in the market at places like Lyallpur, Cawnpore or Delhi where the small agriculturist brings his cart of grain from the country to sell in the bazaar was directly effected by the London price. There is no question of the middleman coming in here. I know as a matter of fact that the great exporters work on a very fine margin; they buy mostly on commission by cable from their country and they have to work on a very fine margin, and the world market price gets directly down to the producer.

Now, Sir, I would like to look at this matter fairly and squarely and I have endeavoured to see both sides of the question; and it seems to me that both schools look upon it from a different angle of vision. The 1s. 6d. school says that the rupee rose naturally to the 1s. 6d. point and that prices have now adjusted themselves to this figure and that it would be a mistake to return to 1s. 4d. The 1s. 4d. school says that in 1924 the rupee could have been stabilised at 1s. 4d. but was arbitrarily raised to 1s. 6d., and that as it was arbitrarily raised to 1s. 6d. and money was taken out of the pocket of the producer and placed into the pockets of other individuals whom I have just described, it is only right that we should now put it back again into the pocket of the producer. The other argument of the 1s. 6d. school says that the adjustment has taken place; and the 1s. 4d. school says it has not begun to take place except in the matter of exports and imports. I have described how the stages of adjustment are reached, and I think all Honourable Members here will agree with me that we certainly have not adjusted our debts and our rents, and wages have not begun to be adjusted. Moreover, internal prices are only partially adjusted, special retail prices; and therefore I see no reason why we should not return to the 1s. 4d. ratio. I think the Government have made a great mistake in having allowed the Honourable the Finance Member, in his enthusiasm in the interests of the Treasury only without having fully considered the interests of the people, to fix the rupee at a higher ratio than was necessary. They have placed in the hands of Honourable Members

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opposite a formidable weapon. They have enabled them to say that you Honourable Members sitting on the Government Benches who always say that you sympathise with the ryot, who say that you represent the interests of the ryot, you are the men who now let him down. I do not say that Honourable Members have done this deliberately but they have been blind to what has been happening and unfortunately in statesmanship sins of omission are as disastrous as sins of commission.

Finally, Sir, I would like to mention the psychological aspect of the question. Credit, confidence and goodwill are essential to any financial policy. When the return to the gold standard was being considered in Great Britain, when the sovereign value was being raised by about 10 per cent., the Right Honourable Mr. Mackenna said in one of his speeches that if nine-tenths of the people wanted this policy, for that reason only it was the right policy to adopt. Can the Honourable the Finance Member say that nine-tenths of the people of India want the policy of fixing the ratio at 1s. 6d.? Can he say that even fifty per cent. of the people want his policy? He knows he cannot; and, Sir, if only the people understood what it meant, I believe that 99 per cent. of them would say "We will have none of it." For these reasons, Sir, I support the amendment.

(Several Honourable Members moved that the question be put.)

Sir Purshotamdas Thakurdas: Sir, in the first place I propose to give my replies to the eleven questions of the Honourable the Finance Member which I promised yesterday I would give him at the first opportunity. I will read out the questions and the answers and I expect that if they do not meet with the approval of the Honourable the Finance Member they would at least appeal to him as being another side to the question from the one that he persists in looking at.

His first question was:

The silver rupee has no natural value other than the value of the silver bullion which it contains. Any other value than this for the silver rupee must be artificial.

My reply is: The silver rupee in the days before the closing of the Mint was a full value coin but since those days, as frequently stated by the Finance Member himself, it is merely a note printed on silver and therefore, like the ordinary paper currency note, its value depends not on the value of the material of which it is made, but on the amount of gold that it represents by law.

Question No. 2: No one ratio for the rupee can possibly be permanently more advantageous for India than another. The question is not, and never can be, whether one particular ratio, say, 1s. 6d. is permanently more advantageous for India than some other ratio, say, 1s. 4d. or 2s.

My answer is: The question is misleading because it is not a question of whether the one ratio or the other is advantageous or disadvantageous to India, but whether it is more advantageous or less advantageous to particular sections of the people of the country. The question then to be really examined is which section would be adversely affected by a particular ratio and if that section happens to be the most numerous and the poorest in the country, there is no justification for fixing a ratio that adversely affects that numerous section.

Question No. 3: All arguments based on the belief that the fixing of one ratio is definitely and permanently advantageous or disadvantageous to this or that interest are entirely irrelevant.

My reply is: There is no question of relevancy or otherwise in this argument. The real question is that all long-term contracts like debts, mortgages, etc. cannot be adjusted to the altered ratio, i.e., reduced by 12½ per cent. The burden on the debtor class is permanent and is incapable of being readjusted in a country like India with an indebted peasantry forming the bulk of the population carrying the debt from father to son. The argument therefore deserves the most serious consideration and is certainly not irrelevant.

Question No. 4: A rising rate of exchange tends temporarily to assist imports and discourage exports. This tendency is often counteracted in whole or in part by movements in world prices as happened in the case of India from 1922 to 1925. I shall also read question No. 5 because I propose to give a common reply to both.

Question No. 5: A falling rate of exchange has the opposite tendency. But this again is often counteracted by external causes affecting the level of prices.

My reply is that, both rising and falling exchanges give temporary advantages or disadvantages as stated in the questions. But in the case of exports from India, which are in the major part raw materials, the actual grower of the raw material would be put to a severe loss by a permanently higher rate of exchange until his other charges, such as land revenue assessment, labour charges, rents and interest on debts are also adjusted to the appreciated value of the rupee, that is, until these are reduced by 12½ per cent. Until this adjustment comes about, the grower must continue to be robbed to the extent of non-adjustment in these charges, that is to the extent of 12½ per cent. difference made by the higher value of the rupee.

Question No. 6. A fluctuating rate of exchange restricts the volume of trade and commerce and subjects both the producer and the consumer to losses without necessarily profiting the middleman who is often unwillingly made a speculator when he would prefer to do safe business.

Question No. 7. A stable exchange is what everybody wants and is to everybody's interests.

Sir, my reply to questions Nos. 6 and 7 is: It is undoubted that a stable exchange is desirable. The middleman in particular is anxious to avoid fluctuations of exchange. But the stability that the Government now propose to give the country at 1s. 6d. may be dearly bought at the expense of the largest but poorest section of the population and at the expense of the country's gold resources. On the other hand, stabilisation at 1s. 4d. involves a question of temporary inconvenience at the worst, and that too only to a microscopic section of the commercial community in India who elect not to cover their exchange simultaneously with their contracts for import business. The question is whether such persons who

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choose to take such a speculative risk in exchange deserve any consideration when it is borne in mind that exchange could have been covered for months ahead.

Question No. 8. In considering the fixing of the ratio at the present time, the first question must be "Is the time ripe for fixing the ratio"? The Currency Commission are unanimous in saying that it is.

My reply to this is. There is no difference of opinion in regard to this. In fact, Indian commercial opinion thought the time was ripe even in the monsoon months of 1924. It was then that the Finance Member wanted time.

Question No. 9. The only other relevant question is: "At what ratio can stability of exchange be most easily and quickly secured"? The Commission are unanimous on this point also.

My reply is: The question at what rate stability could be most easily and quickly obtained is not the only other relevant question as suggested. The real issue is at what rate stability should be achieved so as to do justice to the people as a whole. A further consideration in the selection of the rate to be stabilised is the question of maintainability of the rate of exchange selected, and experience during the current year, that is the financial year I mean, has conclusively proved that 1s. 6d. can only be maintained at heavy sacrifice of Indian gold resources and with heavy deflation of gold currency.

Questions Nos. 10 and 11. The Commission are unanimous in saying that if prices have adjusted themselves in a preponderant degree to the ratio of 1s. 6d. it is in the interests of India that the ratio should be fixed at 1s. 6d.

No. 11 runs as follows: If it is accepted that the time is ripe for stabilising the rupee, the only point open to argument is whether prices have adjusted themselves in a preponderant degree to the 1s. 6d. ratio. This is a question of fact to be examined as such.

My reply is this: The Commission themselves admitted that the index numbers available in India were so poor as could be relied upon only with serious reservations. In spite of this, they laid emphasis on this set of prices, namely, that the wholesale index numbers, principally of import and export commodities, entirely overlook the other sets of prices which, in the correct scientific sense, must also be adjusted if price adjustments are to be complete. This would necessitate a 12½ per cent. reduction in cost of living, i.e. wages, in land revenue and other fixed payments, mortgage and other long term debts and interest rates. It has not been claimed that any of these have so far been adjusted or that their adjustment has commenced at all. Indeed, some of the latter, according to Prof. Keynes, are not capable of adjustment to the appreciation in the currency. The 1s. 4d. ratio is natural in the sense that economic conditions in India had adjusted themselves to it in the last thirty years.

The Honourable Sir Basil Blackett: Thirty?

Sir Purshotamdas Thakurdas: About 30: it is 28.

The Honourable Sir Basil Blackett: Twenty years.

Sir Purshotamdas Thakurdas: Thirty,—1898-1926—28 years.

The Honourable Sir Basil Blackett: It has not been at 1s. 4d. for all that time.

Sir Purshotamdas Thakurdas: It has been at 1s. 4d. gold all through except a very short period, I submit to the Finance Member. He can look at the official figures.

The Honourable Sir Basil Blackett: The figures deny the statement.

Sir Purshotamdas Thakurdas: Very well, let us compare them on the floor of the House. He is thinking of 1s. 4d. sterling; that is the difference, Sir.

Now, to go on, the proof of this is that in spite of the extraordinary amount of deflation of as much as Rs. 30·77 crores in the short space of ten months during the current financial year (1926-27), it has been found impossible to keep the rupee at 1s. 6d., and it constantly tends to go lower. How great this deflation is may be better understood from the evidence of the Finance Member himself before the Currency Commission. He there said, (Reply 283), that he put the maximum that can be deflated at 25 crores, while Sir Norcott Warren had suggested 10 crores as the maximum, (Replies 258 to 260). In another question No. 258, Sir Basil Blackett put it and showed more clearly that he was giving what seemed to be an over-estimate even at 25 crores as the amount of contraction of the circulating medium that was feasible.

When it is remembered that the present contraction of about Rs. 31 crores in the circulating medium has come on the top of previous deflation from 1920 onwards and the effect of such deflation must be cumulative and when we further remember that it has not been possible to keep the rupee above 1s. 6d. in spite of this, it will be easily seen that 1s. 6d. is not a "natural" ratio, that is, economic conditions in India have not yet adjusted themselves to it.

If the object of the questions is to get merely the admission that no ratio is natural and that therefore it can be varied by Government, the answer is that it can be so varied like any other standard measure provided Government also provide when making such a change on the Statute that all contracts in terms of the unit to be discarded are recast in terms of the new unit as otherwise it would operate as a fraud.

I have, Sir, given my replies which I consider to be full replies to the Finance Member's 11 questions. I shall now await replies from the Finance Member to the questions which I put to him yesterday and which are questions more relating to facts and figures than of opinion.

And, Sir, I wish to take up this debate in a few points only, and I hope I will not take a very long time in my observations this afternoon. My

[Sir Pushotamdas Thakurdas.]

Honourable friend from Bombay, Mr. Kikabhai Premchand, delivered his maiden speech to-day. Mr. Kikabhai and I have been personal friends, Sir, and I have the highest respect for the name that Mr. Kikabhai's firm bears and the name of Premchand Roychand is a name to conjure with in Bombay even to-day. To me as a personal friend of Mr. Kikabhai's it has been a matter of personal pain that he should have lent his assistance to the Government of India in what may not be a return to the normal ratio of 1s. 4d. by a nocturnal adventure as Mr. Kikabhai called it, but what certainly to the mind of most and myself here is a broad daylight loot of India under the guise of exchange. I cannot sufficiently deplore that my Honourable friend who kept to business till now should have taken to politics for the first time for a purpose which, I am afraid, will long rankle in the minds of Indians as being deplorable as connected with the house and family of the late and respected Seth Premchand Roychand.

The Honourable Sir Basil Blackett: Shame!

Sir Purshotamdas Thakurdas: Great shame, if I may say so. I did not want to use the word; but I only repeat the word used by the Finance Member.

Turning, Sir, to my Honourable friend, Sir Walter Willson, I wish to reply to a few points that he sought to make out, and in order that the House may be able to follow the difference between my outlook and his, I may tell Sir Walter Willson that I propose to give way every time that he seeks any opportunity to correct me or to complete any quotation which I may make in regard to what he said. Sir Walter Willson began or rather ended with a reference to a telegram which some friend of Sir Walter Willson I understand may have . . . (*Some Honourable Members:* "Newspaper report.")

Sir Walter Willson: I made it perfectly clear that I saw it in the "Indian News Agency" telegrams.

Sir Purshotamdas Thakurdas: As soon as my Honourable friends, Sir Victor Sassoon and Mr. Jinnah said so, I was going to correct it myself. Sir, I have the highest respect for the Bengal National Chamber of Commerce and I do not wish in the slightest degree to criticise that body. Every commercial body is at liberty to take whatever attitude it may like. But I think it is only fair even to the Bengal National Chamber of Commerce that I should put before the House a few facts as they stand. That body submitted a written memorandum to the Royal Commission, and, unless my memory fails me very much, that was in favour of 1s. 4d. They sent a representative of theirs to give evidence before the Royal Commission and he also favoured 1s. 4d. The said Bengal National Chamber was represented at the Federation of Indian Commercial Bodies at their meeting at Calcutta last December and no representative of the Bengal National Chamber opposed the resolution passed at the Federation meeting in Calcutta last December in favour of 1s. 4d. It is quite possible that the Bengal National Chamber, their Committee and even their members in general meeting assembled may have changed their opinion. I have no information about it. But until I have definite

information about it, I may be excused if I say that this is one more proof of the activity of certain interests in the direction of getting support to the 1s. 6d. ratio at this significant juncture.

Now, regarding the Tea Association and their opinion, Sir Walter Willson reminded us that even though my esteemed friend, Mr. Chalmers may vote for 1s. 4d. he warned the House that that must not be taken as representing the opinion of the Tea Association. I always thought that my Honourable friend, Mr. Chalmers, very creditably represented the opinions and the best requirements of the Tea Association. It is a pity that Mr. Chalmers and the Tea Association differ on this question. I think it is a great thing to be said in favour of Mr. Chalmers that he will stand out for the real interests of India and refuse to be carried away by the opinion of even the Tea Association. I now propose to give not my own opinion, but I propose to read from a letter that I received from a person whom I did not know and whom I still do not know. And that letter, when I have read it, will tell the rest of the story. It is a letter which I received on the 22nd November, 1926. It runs as follows:

"I am a complete stranger to you, but I feel it to be my duty to write and thank you for your splendid services to India and to all permanent residents in it, who owe you a debt of gratitude for the strenuous fight you are conducting against the efforts of Government to permanently fix the rupee at 18 pence, to the great detriment of all agriculturists, in fact to all producers in India."

Mr. K. Ahmed: Who is he?

Sir Purshotamdas Thakurdas: If my friend will have patience, he will know who the writer is.

"I belong to the European community, but am settled in this country, where I expect in due course to end my days, and in this respect I differ from most Europeans who are out in this country to make money and take it out of the country with them; under these circumstances I regret that you can receive but little sympathy from Europeans in general, the 18d. ratio being distinctly more favourable for sending money out of the country. A European friend of mine, also a permanent resident in this country, who is a coffee estate owner, also sends you his best wishes; his position shows very plainly the great loss the agriculturist suffers through the 18d. exchange. If he sells £100 worth of coffee in London he would get Rs. 1,500 at the 16d. ratio and only 1,337 at the 18d. ratio, and surely it is more to the advantage of India to encourage money coming into the country than to give good facilities for it to leave India. I am a retired planter."

(An Honourable Member: "I should like to know his name"). I can pass on the correspondence to you. (Sir Darcy Lindsay: "What is his name"). Sir, the Finance Member when he read from a broker's circular the other day declined to give the name of the broker.

The Honourable Sir Basil Blackett: It is not fair to ask us to give the names.

Sir Purshotamdas Thakurdas: After all in one matter at least I quite agree with the Finance Member. I am quite willing to pass on this correspondence to anybody who wants to see it. There is nothing confidential about it. I have the consent of the courageous and righteous writer of this letter to show his letter to anybody. All that he says is that he does not seek advertisement, and therefore I am anxious that his name should not appear in the Press.

[Sir Purshotamdas Thakurdas.]

Now, Sir, what this planter writes so frankly is what the Lords of the Treasury said in that minute which the Honourable Pandit Madan Mohan Malaviya read yesterday, that the higher exchange would benefit Englishmen who have money to remit to England. Therefore it is to the lasting credit of my esteemed friend Mr. Chalmers if he is supporting the 1s. 4d. ratio. And we are waiting for the day when the Tea Association and, if I may say so, the Associated Chambers of Commerce representative in this House would similarly stand up and support measures which are expected to benefit India.

Sir, my friend Sir Walter Willson asked for the calm and considered opinion of Chambers of Commerce, but then he seemed to forget that there are bodies like Indian Chambers of Commerce. He said that all except the one represented by Mr. Gavin-Jones were in favour of 18d. What about the Indian Chamber of Commerce? Does my Honourable friend suggest that the Indian Chambers of Commerce do not deserve consideration?

Sir Walter Willson: Does not the Honourable Member know that I represent the "Associated Chambers of Commerce of India" in this House, and when I speak for them I speak for that precise body and not for my Honourable friend's Chamber of Commerce as he very well knows?

Sir Purshotamdas Thakurdas: If my Honourable friend had only said the "European Chambers of Commerce" I, Sir, would not have raised this question. Now that he has made it clear I have no quarrel with him at all. I accept it subject to the correction which has been supplied by Mr. Gavin-Jones. It is not one but two European commercial bodies. That is what I understood Mr. Gavin-Jones to say.

Sir Walter Willson: The one I referred to was also the one referred to by Mr. Gavin-Jones. Sir Purshotamdas Thakurdas may safely leave it to me, when I speak representing the Chambers of Commerce, to be perfectly sure of the number of the Chambers I am representing.

Sir Purshotamdas Thakurdas: Yes, Sir, subject to any correction that Mr. Gavin-Jones may have given. (Laughter) I am sorry. I apologise. But it must be remembered that my friend would not give way to me when I wanted to quote to him paragraph 65 of my Minute in order to explain paragraph 177 of the Report. Sir, I take it then that Sir Walter Willson admits that the European Chambers of Commerce except one or two are for 18d.

Sir Walter Willson: I am extremely sorry to interrupt my Honourable friend again, but he is not in order in referring to them necessarily as "European" Chambers of Commerce. There are a great many Indian members of our Chambers.

Mr. President: Points of order will be decided by the Chair.

Sir Purshotamdas Thakurdas: Yes, Sir, I call them European Chambers because each Chamber has a majority of European members, and

that cannot be contradicted by Sir Walter Willson. If that were not so he could not have got the 18d. opinion from any of them. I say that definitely and I say that without fear of contradiction. Therefore, those Chambers of Commerce which are swayed by European opinion are in favour of 18d. (*An Honourable Member*: "The Bengal National Chamber.") We have dealt with it, and I do not wish to criticise it in the absence of further information. All the Indian Chambers of Commerce, Sir, are in favour of 1s. 4d. In fact the Finance Member, I think in reply to a question of mine, gave 25 names or so. I took part in Calcutta in a meeting where there were representatives from about 44 Chambers of Commerce and Indian commercial bodies. It therefore distinctly comes to this, that this is a question in which the interests of the European and the Indian are wide apart.

Sir Walter Willson: Not at all.

Sir Purshotamdas Thakurdas: It cannot but be that. The interests of Europeans who are not residents of this country lie in getting as high a rate of exchange as possible, in order that they may remit their savings to England and get more sterling there.

Mr. Arthur Moore: And make the English pay. It is the English who have to pay if their pound is sold cheap.

Sir Purshotamdas Thakurdas: Sir, the English do not pay at all. Distant is the day when India can make England pay. We do not want it so either. All that we ask for is that England should treat India with justice and fairness. There is no question of our making England pay. We have not the power, leave aside the will. Therefore, Sir, the two interests are diametrically opposed. As I was quoting from that planter, the fact of the matter is that those who make their money here in rupees benefit by having a higher rate of exchange, so that they may, when they remit their money abroad, get more gold. I feel therefore, Sir, that even the opinion of my esteemed friend Sir Walter Willson may be discounted for the purpose of the best interest of India in this question when we bear in mind that he represents here a constituency whose best interests are served by the highest rate that can possibly be got in order that their members may get more pounds sterling with their Indian rupees.

Sir Walter Willson: Not at all.

Sir Purshotamdas Thakurdas: You may protest but you will fail in reasoning out your protest.

A few points more, Sir, and I will have finished. Mr. Moore I understand interrupted me and said "made England pay". I have noticed, Sir, in the newspapers a letter from a gentleman called E. L. Price from Karachi. (*An Honourable Member*: "He was a Member of this House previously.") I am sorry he is not a Member here to-day. He poses as a friend of India and a friend of Indian labour. He asks whether there is any gratitude in Bombay and writing in the *Times of India*, dated 30th December, 1926, he advised labour to support Government. He went on

[Sir Purshotamdas Thakurdas.]

in that letter, Sir, with this: he said that the salaried European with children to educate in England regards Bombay's action as little short of criminal. That, Sir, when I read it, was a most touching appeal to me. I believe and I agree that if the ratio is put down at 1s. 4d., the European who makes his money either in business or on a fixed pay here, and who has to remit part of it for the education of his children abroad will suffer. I would never be a party to this if I were not confronted by the undeniable fact that unless 1s. 4d. is put on the ratio, crores of my Indian countrymen, their wives and children, will suffer much more than the wives and children of the few Europeans who, after all, to-day seek to stick to what is an unearned increment, what they never should have got, and what they only got because the Government of India had not the courage of their convictions or in any case had not the opportunity to insist on in 1924 that when the rupee reached 1s. 4d., it should have been stabilized. I therefore feel, Sir, with regard to those Europeans who have a grievance against India or against people like me who are pressing for the 1s. 4d. ratio, that I should ask them to think of the wives and children of the Indian producer and others who are hit by the higher ratio, and when the two are compared, I am sure that an impartial person will say that the Indian has the greater claim, and the European may be asked to give away what was an unearned increment to him.

Sir, it was said by Sir William Hunter as far back as 1879 that he often asked himself whether "the prosperity of the prosperous in India is not highly paid for by the poverty of the poor in India, and whether this splendid fabric of British rule does not rest on a harder struggle for life." Those words, Sir, which were said by the first Director of Statistics in the eighties of last century are as true to-day as they were on the day that Sir William Hunter asked those words to himself. The question is, is this House going to make to-day, by their vote on this question, that struggle still harder and to rob the Indian cultivator of what he is in justice entitled to, because the standard of measure of money cannot possibly be changed, unless absolutely unavoidable, without doing a lasting injustice to him, lasting injustice in regard to his debt and injustice over a fairly long period regarding the return to him. I venture, therefore, Sir, to think that hardly anything more is necessary for me to say to commend this amendment to the House. I feel to-day, Sir, absolutely relieved of the responsibility which I carried since the day I put my Minute of Dissent on to the Royal Commission Report. I pass on to-day, Sir, to the representatives of the country in this Assembly the whole responsibility in regard to this question, and should the Assembly do what giants like Dadabhoi, Romesh Chunder, Dutt and Gokhale very strongly protested against in the past, the responsibility, Sir, will not be mine but will rest with this House. It may be my regret that the House did not rise to the occasion and to the full responsibility demanded by the question. But I feel to-day now that after giving my support to this amendment, I may well feel relieved and feel that I have passed on my responsibility to stronger and more capable hands who will know how to handle it and how to carry it through.

The only charge, Sir, that I am anxious to meet is that what I am pressing for is all a capitalist's game. The one charge that I have heard

here and outside, and unfortunately in responsible quarters too, is that I put forward the arguments of the millowner and of the merchant who wanted inflation. Regarding inflation and deflation, Sir, I read a few extracts from the Right Honourable M'Kenna's speech and we will hear a few more details about it from the Finance Member when he gives replies to my questions of yesterday. If a man can be honest and can take it that somebody else can also be honest, I would like him to believe that all through the period of my work on the Royal Commission there was no motive in my mind, except the one of doing service to India, in the best interests of India, and with the least injustice possible to anybody. It was a question of India as a whole and not of one section or the other in or of India. But, Sir, the question of ratio bears not even the suspicion or the mark of capitalistic tendency. See what Romesh Chandra Dutt said regarding what would happen if an appreciated ratio is put on the Statute. If 1s. 6d. is put on the Statute instead of 1s. 4d. in the words of Mr. Romesh Chandra Dutt:

"Throughout the bazaars and money markets of India, the effect of raising the value of the rupee is to add to the profits of the rich moneylender, and to enhance the liabilities of the poor cultivator who has a debt."

In the words of a great person who was the pride of Indian politicians in the last century, I mean Mr. Dinshaw Wacha of the last century, with an appreciated currency:

"There would be a sweeping transfer of property from the producing working masses who create the wealth and make the prosperity of the Empire to the servants of these millions and to the parasites who prey upon them."

If a capitalist, Sir, looks at things from a purely selfish point of view, he would benefit by the higher ratio. Is it a crime that a man has a little money that he may not even support the right cause in the interest of the poorest of this land? It is unfair, it is unjust, it is churlish, to charge a man with having been inspired by anything less noble than the best interests of the country. I am confident of my countrymen and I do not care, Sir, for anything else. I am confident of my countrymen that they trust me and have confidence in me.

(Several Honourable Members moved that the question be put.)

Mr. President: I am surprised that the closure is being moved from the Government Benches, considering that the Honourable the Finance Member has not yet taken part in the debate. If I accept the closure now the Honourable the Finance Member will lose his right of speaking. If he does not wish to speak, I will accept closure.

The Honourable Sir Basil Blackett: I have no desire to speak, Sir.

Sir Purshotamdas Thakurdas: He has got the votes.

Mr. President: The question is that the question be now put.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): The Chair has only considered the wishes of the Government Benches. There are several Members on this side who have been patiently

[Sir Hari Singh Gour.]

waiting to speak, but allowed the Members especially acquainted with the subject to speak first. I understood the Home Member to say the other day that if the debate is not concluded in two days it will be carried over to Saturday; and I therefore, Sir, oppose the closure moved by the Government.

Mr. President: When the Finance Member asked me about an hour back whether I was going to accept the closure if moved, I told him that unless both sides of the House would agree to closure, I was not prepared to accept it. On this occasion several Members on this side of the House also got up to move the closure and I took it that both sides were agreed and, therefore I put the question. I do not understand why the Honourable Member raises this objection when both sides of the House are in agreement.

The question is that the question be now put.

The motion was adopted.

Mr. President: The question is:

"That in clause 4 for the words 'twenty-one rupees three annas and ten pies' the words 'twenty-three rupees fourteen annas and four pies' be substituted."

The Assembly divided:

AYES—65.

Abdul Latif Saheb Farookhi, Mr.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Ayyangar, Mr. M. S. Sesha.
 Belvi, Mr. D. V.
 Bhargava, Pandit Thakur Das.
 Birla, Mr. Ghanshyam Das.
 Chalmers, Mr. T. A.
 Chaman Lall, Mr.
 Chetty, Mr. R. K. Shanmukham.
 Chunder, Mr. Nirmal Chunder.
 Das, Mr. B.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Dutt, Mr. Srish Chandra.
 Gavin-Jones, Mr. T.
 Goswami, Mr. T. C.
 Gour, Sir Hari Singh.
 Gulab Singh, Sardar.
 Haji, Mr. Sarabhai Nemchand.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Jayakar, Mr. M. R.
 Jinnah, Mr. M. A.
 Jogish, Mr. Varahagiri Venkata.
 Kartar Singh, Sardar.
 Kelkar, Mr. N. C.
 Kidwa, Mr. Rafi Ahmad.
 Kunzru, Pandit Hirdav Nath.
 Lahiri Chaudhury, Mr. Dharendra
 Kanta.
 Lajpat Rai, Lala.

Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jamnadas M.
 Misra, Mr. Dwarka Prasad.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Pandya, Mr. Vidya Sagar.
 Phookun, Srijat Tarun Ram.
 Prakasam, Mr. T.
 Purahotamdas Thakurdas, Sir.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rananjaya Singh, Kumar.
 Rang Behari Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Roy, Mr. Bhabendra Chandra.
 Sarda, Rai Sahib Harbilas.
 Sarfaraz Hussain Khan, Khan-
 Bahadur.
 Sassoon, Sir Victor.
 Shafie, Maulvi Muhammad.
 Shervani, Mr. T. A. K.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Gangenand.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Siddheswar.
 Tok Kyi, U.
 Vishindas, Mr. Harchandrai.
 Yusuf Imam, Mr.

NOES—68.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Matin Chaudhury, Maulvi.
 Abdul Qaiyum, Nawab Sir Sanbzada.
 Ahmed, Mr. K.
 Akram Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ariff, Mr. Yacoob C.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayyangar, Mr. V. K. A. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopalaswami.
 Bhowre, Mr. J. W.
 Bhuto, Mr. W. W. Illahibakhsh.
 Blackett, The Honourable Sir Basil.
 Coatsman, Mr. J.
 Cocke, Mr. H. G.
 Crawford, Colonel J. D.
 Dalal, Sir Bomanji.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 E'jaz Rasul Khan, Raja Muhammad.
 Ghazanfar Ali Khan, Raja.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut. Colonel H. A. J.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haigh, Mr. P. B.
 Hazlett, Mr. J.
 Howell, Mr. E. B.
 Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.
 Ismail Khan, Mr.
 Joshi, Mr. N. M.
 Jowahir Singh, Sardar Bahadur
 Sardar.

Kabul Singh Bahadur, Risaldar-Major
 and Honorary Captain.
 Keane, Mr. M.
 Khin Maung, U.
 Kikabhai Premchand, Mr.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Macphail, The Rev. Dr. E. M.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Moore, Mr. Arthur.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Nawaz Khan, Lieut.-
 Sardar.
 Nasir-ud-din Ahmad, Khan Bahadur.
 Natiq, Maulvi A. H.
 Paddison, Sir George.
 Parsons, Mr. A. A. L.
 Rajah, Rao Bahadur M. C.
 Rajan Bakhsh Shah, Khan Bahadur-
 Makhdum Syed.
 Rao, Mr. G. Sarvotham.
 Rau, Mr. H. Shankar.
 Roy, Mr. K. C.
 Roy, Sir Ganen.
 Ruthnaswamy, Mr. M.
 Shah Nawaz, Mian Mohammad.
 Singh, Rai Bahadur S. N.
 Singh, Raja Raghunandan Prasad.
 Suhrawardy, Dr. A.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Young, Mr. G. M.
 Zulfiqar Ali Khan, Nawab Sir.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock, on Wednesday, the 9th March, 1927.