THE,

## COUNCIL OF STATE DEBATES

VOLUME II, 1933

(29th August to 16th December, 1933)

## SIXTH SESSION

OF THE

# THIRD COUNCIL OF STATE 1933





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#### COUNCIL OF STATE.

Wednesday, 30th August 1933.

### ADDRESS BY HIS EXCELLENCY THE VICEROY TO THE MEMBERS OF THE COUNCIL OF STATE AND THE LEGISLATIVE ASSEMBLY.

HIS EXCELLENCY THE VICEROY: Gentlemen, it is a great pleasure to meet you, the Members of the Indian Legislature, once again and to welcome you to the labours of another Session. May I in the first place congratulate both my old friends Sir Maneckji Dadabhoy and Sir Shanmukham Chetty upon their elevation to the very important offices which they now occupy, as this is the first occasion upon which I have addressed you since their election as Presidents of the Council of State and Legislative Assembly respectively. I offer them both my best wishes in the execution of their functions and responsibilities.

It is now my duty to give you an account of current affairs since last we met in Delhi, and in doing so it will not be necessary for me to keep you from your Parliamentary labours for so great a length of time as I have done on previous occasions, for I am glad to say that I think I can fairly claim that general conditions in India today are more satisfactory in many ways than they have been for a considerable period, and consequently there are fewer matters of a controversial nature for me to bring to your notice. And I should like very sincerely to thank you for your share in bringing this about, not only by the sound and steady judgment which you have generally shown in the debates which have taken place in both Houses, but also by your votes on the many important matters which have come before you. Criticism there certainly has been—criticism there should be—fair criticism is of value to any Government and I am sure I can rely on my Government receiving from you that same fair and helpful criticism during the present Session as they have received in the past thereby assisting them to work for our common purpose—the increasing welfare of your country.

In regard to Foreign Affairs. I am happy to be able to inform you that cordial relations continue to be maintained with all our neighbours. You will, however, regret to learn that a rebellion which broke out this spring in the Sinkiang Province in China against Chinese rule has resulted in the murder of a number of British Indian subjects and of certain loss in property. Much though I deplore this loss of life, I am glad to be able to record that the presence of His Majesty's Representative at Kashgar has been of considerable effect in minimising the danger to British Indian subjects and that he is making every endeavour to bring about the arrest and punishment of the perpetrators of these crimes.

The long standing disputes between the Afghan and British tribes on the Kurram border have recently been satisfactorily settled through a joint M47CS

Indo-Afghan Commission, the result of which will, I trust, ensure the peace of this portion of the border for a considerable time to come.

I must now refer to certain events on the North-West Frontier Province which have recently been creating a considerable amount of interest. I wish from the outset to emphasise that we as a Government are responsible for maintaining friendly relations with our neighbours and for preserving law and order within the confines of India. In view of the recent constitutional changes in the North-West Frontier Province and the coming changes in India as a whole, it is particularly important that these responsibilities should be faithfully discharged.

In the particular case to which I refer the Government of India received information that certain ill-disposed persons had arrived in Bajaur, who were likely to prove not only disturbers of the peace within our Frontier, but also a source of grave embarrassment to our neighbours across the Border.

We have already had experience of the extent of trouble such agitators are capable of causing by events which occurred in Khost earlier in the year, and it was clearly the bounden duty of my Government to take any and every step to prevent the recurrence of such incidents. In the meantime, for motives of their own and egged on by hostile agitators, the Upper Mohmands made a sudden and unprovoked attack from their semi-independent territory on one of our most loyal tribes, the Halimzai. Whether the action of the Upper Mohmands was in any way connected with the activities of the agitators in Bajaur it is impossible to say, but realising that this particular portion of the Frontier holds many firebrands, whose main occupation in life is to flout all recognised forms of law and order, and knowing the pace at which infection is likely to spread on the Frontier, I, in consultation with my Government, decided that immediate action was imperative.

This action was not forced upon us by any overt rebellion against our own authority, but it was our obvious duty to support our assured clans against unwarranted aggression, and for this reason a column was despatched into the Halimzai country, to support the Halimzai and to afford them some measure of protection. The column was received with professions of gratitude and has had precisely the effect desired. The loyal elements among our clans have been encouraged and fortified, and the hostile lashkars have now dispersed and disappeared.

The problem in Bajaur was not so simple for, owing to the inaccessibility of the villages in which the agitators had taken up their abode, direct action of the nature mentioned above within a reasonable time was impracticable, in fact impossible, owing to the destruction by floods of the bridge over the Panjkora River.

Again, after full consideration, we decided in the first instance to issue notices to certain individual Khans who were known to be harbouring the offenders, demanding their surrender. We even went so far as to offer a reward for their surrender, and to intimate that no action would be taken against them beyond removing them to a safe distance from the Frontier. On the other hand, we made it clear that failing compliance with our orders, the Government would take such action as they considered necessary.

These notices produced no effect; and it was then, and only then, after considering the alternatives open to us, that Air action was instituted against a single small and remote village called Kotkai in which it was known that the principal offender was being harboured.

In view of the criticism which this decision has evoked during the past few weeks, without perhaps a full knowledge of the facts, I wish to make it quite clear that our action has in no way infringed the canons of international law or the dictates of humanity; Air action of this type has been taken on many occasions in the past 12 years without exciting comment or protest. It is not directed against the inhabitants of the villages, much less against women and children; it is never undertaken without the express authority of the Government of India and without due warning; and it seldom results in the destruction of human lives. On the present occasion no loss of human life occurred and as far as we know only one man was injured. Its effect lies in the economic loss inflicted by the destruction of dwellings and by the inconvenience and disturbance caused to normal everyday life.

I can assure you once more that our sole object is to maintain those conditions of peace and good relations on the Frontier which are so essential to the ordered progress of the country as a whole.

Although internal disturbances have, I am glad to say, been less frequent than in the preceding two years, there have been occasions on which the aid of troops has had to be invoked by the civil power. The promptness and efficiency with which the Army and the Royal Air Force have met all calls upon them command my admiration and should, I venture to suggest, be a matter of congratulation to us all. Heavy retrenchments have been made in the Defence Estimates and the search for further economies has by no means been abandoned. Special attention is being paid to certain suggestions that were made by Hon'ble Members in the last Budget debates; but it is becoming increasingly clear that further savings cannot be secured on a scale to compare with the very large retrenchment of the past two years.

The Imperial Council of Agricultural Research has continued to do useful work in the promotion of agricultural research. Since its inception it has been able to allocate funds aggregating 43 lakhs to no less than 49 research schemes most of which extend over a five-year period. There is evidence of an increasing appreciation of the Council's efforts to supplement the work which is already being carried on by the Agricultural and Veterinary Departments of the various Provinces, and at the Central Research Institutes at Pusa and Muktesar. Though in common with other beneficent activities the work of the Research Council has had to be curtailed during the present period of financial stringency, the existence of its Research Fund, which was created in 1929 on the recommendation of the Royal Commission on Agriculture and with your approval, has saved much useful work from inerruption. Though my Government has not yet been able to restore the Council's annual research grant of five lakhs, it was found possible, again with your approval, to make a supplementary grant of five lakhs to it last March. This enabled the Council to start a number of useful schemes which were awaiting the provision of funds.

It is only four years since the Research Council was established and less than three since its first research schemes came into operation, so that it is too early to expect results. But I was interested to observe that at the recent Sugar Conference convened by the Government of India several Provincial Ministers for Agriculture and Industries spoke appreciatively of the work done by the Sugar Technologist and by the Sugar Committee of the Council.

The Council has recently taken on new responsibilities in connection with the development and utilisation of the tariff preferences on agricultural products secured to India by the Ottawa Trade Agreement; and rightly so, for unless Indian agricultural produce is as well-handled and graded, and of as good a quality as that of our principal competitors, the full advantage of these important preferences in the United Kingdom will not be realised.

As you are aware, the Whitley Commission made a number of suggestions for the revision of the Factories Act. These have now been examined in detail by the public, by the Local Governments and by my Government and we shall shortly place before you our proposals in the form of a new Factories Bill, designed to replace the Act of 1911 and the various amending Acts passed since that date.

Another measure that you will have to consider is the question of affording protection to Indian States against activities in British India which tend to subvert or to excite disaffection towards their administrations.

It has been represented to my Government that the existing law is inadequate for the purpose, and my Government feel that the Indian States
are entitled to a similar measure of protection against unfair and subversive
activities in British India as the present law affords to British Indian Provinces.
The Indian States have invariably co-operated with the British Government
in suppressing activities in their States subversive to the administration of
British India, and I feel there is little need for me to stress the desirability
of what I may best characterise as reciprocity in this matter, especially
when we envisage the proposed Federal Constitution of which States and
Provinces will alike be Units.

When I addressed the Legislative Assembly last January, I made a brief reference to certain matters relating to Indians overseas. The hope, which I then expressed, that our representations to the Union Government on the subject of Indian unemployment in Natal would prove fruitful, has been realised. Relief to unemployed Indians is now being given in Durban and Pietermaritzburg. The Commission to enquire into the occupation of proclaimed land by Indians in the Transvaal continues its labours. Our Agent and his staff have been assisting the Indians in the Transvaal to place their views before the Commission. Two recent events in East Africa may be of interest to Hon'ble Members. The Indian community in Uganda has long been desirous to see its representation on the Legislative Council of this territory increased. His Majesty's Secretary of State for the Colonies has announced that a second Indian member will shortly be nominated to the Council. Members are appointed to the Council, not to represent commutities but by reason of their fitness to serve the general interests of the country.

Indians in Uganda will, I feel sure, justify the choice, which will now fall on one of them, by using this opportunity to promote the welfare and prosperity of Uganda. In Kenya Indians have decided, without prejudice to their preference for the principle of a common electoral roll, to enter the Legislative Council. The Government of India consider this a wise decision and hope that, by the contribution which this will enable them to make to the common weal of that territory, complete harmony among the different communities may be rapidly established.

It will be remembered that towards the end of the last Session of the Legislature the Government of India were compelled to ask His Majesty's Government that formal notice should be given of their desire to terminate the Indo-Japanese Trade Convention. This serious step was taken with the utmost reluctance and only under the threat of grave injury to many of the indigenous industries of India. Our action was conceived in no spirit of hostility or aggression; it was purely a measure of self-defence and it is regretable that in certain quarters it has been otherwise construed. The problem with which we were confronted was a difficult one. The depreciation of the currency of Japan relatively to the rupee had given to that country an advantage in Indian markets which rendered competition impossible. Our choice lay between inaction—which spelt ruin to many of our industries—and the denunciation of the Convention which had governed the friendly trade relations of India and Japan for so many years. No other practical solution offered itself and notice of denunciation of the Convention was therefore given, and the Convention will expire on 10th October next.

Though by the denunciation of the Convention and by the passing of the safeguarding of Industries Act we have taken power to protect our own interests, we have nevertheless been ready at all times to consider any alternative solution that might be put forward. We ourselves were fully conscious of the disadvantages of a discontinuity in our treaty relations with Japan, and I am happy to say that, as a result of preliminary conversations, a Delegation from Japan will shortly arrive in India with a view to the negotiation of a fresh trade agreement. I take this opportunity of welcoming the representatives of Japan now on their way and of expressing the earnest hope that a solution may be found satisfactory to all the parties whose interests are involved. The fact that these negotiations will take place in Simla between the Government of India and the Government of Japan is one of great significance for India.

Of significance too is the fact that India is to be the scene of a tripartite conference between the textile industrialists of India, Lancashire and Japan. In this conference the Government of India will not take part, but they would welcome any agreement consonant with the welfare and interests of India as a whole.

You will be invited to give legislative sanction to the agreement that has been reached between the tea growers of India, Ceylon and the Netherlands East Indies. The Restriction Scheme which they have themselves evolved is as yet in its initial stages and it is perhaps too early to proclaim it a success, but it has already engendered in the trade a very welcome feeling of buoyancy and confidence.

I now turn to the question of Finance about which in these times of unparalleled uncertainty it is necessary to speak with caution. I think it is fair to say that on all sides there is a feeling of greater confidence and that it is possible to detect signs of definite improvement in many directions. The World Economic Conference, though it failed to produce any agreed plan of co-operation, has at least done much to clear the air, while the discussions between the Empire countries in which India's representatives took a prominent part led to a declaration of a monetary policy which justifies the hope of an improvement in the sterling prices—and therefore also in the rupce prices—of commodities.

So far as our budgetary position is concerned, it is too early yet in the year to make any reliable forecasts. The results for the four months to the end of July are interesting. Exports of merchandise show an increase of about Rs. 7½ crores over last year, while imports of merchandise are lower by about Rs. 11½ crores. The result is that customs receipts to date are disappointing, but on the other hand India's favourable balance of payments has been much larger than last year, and Government has been able to remit exceptionally large amounts of sterling—over Rs. 19 crores as compared with less than Rs. 1½ crores at the same period last year.

The reduction in imports may signify that India is relying more on her own industrial production, and this combined with the increase in the favourable balance of payments can be interpreted as signs of strength in the intrinsic position of India. But it also shows how such an improvement in the general position, and in particular how the replacement of dutiable imports by Indian manufactures, may actually increase the budgetary difficulties; so that we cannot contemplate any relaxation in our policy of rigorous economy in recurrent expenditure.

In the meanwhile it may be said that our position remains one which compares favourably with that of any other country. The credit of the Government stands high and the favourable results as regards remittance have a significance at the present juncture to which I wish to call special attention. These remittances have enabled us so to strengthen our sterling balances that if this position continues we shall have made the provision of adequate external reserves for setting up a Reserve Bank an immediate practical possibility.

This brings me to a question which will be of close interest to you—not only from the financial, but also from the constitutional standpoint—that of early legislation for the setting up of a Reserve Bank. I have been particularly glad to note the most satisfactory course of the discussions in London on this subject at which the Indian Legislature was strongly represented and which has resulted in the production of a unanimous report. I should like to take this opportunity of expressing my appreciation of the valuable service rendered by the Members of the Legislature and other Indian representatives in these discussions. With this report to guide us, we propose to introduce a Bill into the Legislature this Session and to proceed to the stage of recommending to you that it should be referred for detailed examination by a Select Committee of both Houses. If this procedure is approved by you, it is our intention to

arrange for the further stages of the Bill as reported by the Select Committee to be taken at a special Session to be convened in the latter half of November. It is our earnest desire to proceed as expeditiously as possible with the inauguration of the Reserve Bank in view of its importance in the general constitutional plan, and, with your help, on which I now feel that I can confidently rely, combined with the improvement of our position as regards external reserves to which I have already called attention, I have every hope that it will be possible to have the Reserve Bank successfully functioning well in advance of the earliest possible inauguration of the new constitution.

Before leaving the field of Finance, there is one other matter which I must mention. One practical result of the World Economic Conference was the conclusion of an agreement between the representatives of the countries interested in silver, the details of which have already been fully reported in the press. We believe that this agreement will operate to the substantial advantage not only of India but of the other countries concerned, while it offers the further great advantage of removing what was a cause of friction and misunderstanding between this country and the United States of America. This agreement is subject to ratification by the Legislatures of the various countries concerned, and it will be put before you for your consideration at the earliest convenient opportunity.

When I addressed you in February last I ventured to express the belief that the march of events would gradually carry the leaders of the civil disobedience movement further and further away from the sterile methods of negation and obstruction, and that they would find themselves caught up in the living forces of constructive politics which the near approach of the new constitution is releasing on all sides. I think that what has happened in the last few months has borne out that belief. It is true that civil disobedience still maintains a precarious existence through the personal influence of its author, but the popular judgment has really discarded it, and the pathway to happier conditions is broadening out before us. The minds of men and women are turned in the direction of constructive work rather than of continuing an unmeaning struggle. I hope we can feel that an unhappy page in the history of the country has been turned over, and that advanced political thought in India can henceforth address itself to the problems of the future. In that new India to which we are advancing there is need, and there will be scope, for the co-operation of many diverse elements. I believe that those whose main political outlook is usually summed up in the word "nationalist" will find in the new constitution satisfaction for their claim that the centre of gravity in the Government should be shifted unmistakably from the officials to the representatives of the people, and will discover ample scope for new activities and new policies in dealing with the many urgent social and economic problems that confront the country. The conservative elements will also have their part to play, as they have in every country, balancing enthusiasm with caution and ideas with facts. The struggle, for we can never get away from struggles in politics, will be no longer between those who would break and those who would uphold the law, or between those who would maintain and those who would destroy the British connection, but it will be a struggle between different policies for meeting the practical problems that face

us, problems that have perhaps never been in any age so insistent and so complicated as they are now throughout the world. Out of that struggle will emerge, I hope, solutions that will truly advance the welfare of the peoples of this great country.

The improvement in the situation in Bengal in regard to the terrorist movement of which there were some signs last February has, I am glad to say, continued, and there has been no serious outrage in recent months. But the movement, though checked, is still active. It would be the greatest mistake to suppose that these subterranean forces have yet been overcome or that there can be any relaxation of the steady and unremitting pressure to which. in conjunction, I hope, with an improved, convinced and active public opinion, they will in the end yield. The success which has been so far achieved in Bengal has been due to an unswerving resolution on the part of the Government of Bengal that this menace should be faced and beaten, and to the admirable efforts made in pursuance of that policy by the servants of Government, both civil and military, and the effective co-operation of all those who have been engaged in this campaign. It was a matter of great satisfaction to me that His Majesty the King-Emperor recently conferred a special mark of his appreciation on two officers, one civil and one military, whose work has been most valuable in securing the great improvement which is evident in conditions in the Chittagong District.

But while conditions in Bengal are slowly improving, we have had a reminder recently of the manner in which the infection of these poisonous doctrines may spread to parts of India which have hitherto happily been free from this form of crime. Recently terrorist outrages or attempts at outrages have occurred in the Madras Presidency. I am glad to think that the prompt and effective action of the Madras Government and Police has succeeded in dealing with this development in its initial stages, and I have no doubt that the people of Madras will give all possible co-operation to the authorities in their efforts to prevent the youth of the Presidency becoming tainted with these disastrous doctrines, doctrines which are essentially alien to the culture of the people among whom it is sought to propagate them.

When last addressing you on the question of Constitutional Reforms. the third Round Table Conference had concluded its session, and with feelings of keen anticipation we were awaiting the presentation to Parliament of the proposals of His Majesty's Government. I have frequently described the progress of the Reforms discussions of these past years in terms of the stages of a journey. The publication on the 18th March of the Indian White Paper marked so definite a stage that I feel I can well ask Hon'ble Members to look back for a moment to the stages we have covered before they cast their eyes forward to those which lie ahead. When the Government of India Act of 1919 was passed, Parliament recognised that the constitution then given was transitional and made provision for its review. By virtue of that provision the Indian Statutory Commission was appointed and its labours opened the way to the great developments which followed the publication of its report. The first Round Table Conference will for all time hold an honoured place in the constitutional history of this country, for it was at that Conference that the conception of bringing this great continent within the embrace of an all-India Federation was first brought within the range of practical politics. That ideal

we have since held consistently before us. It is now the corner-stone on which we have built. Each of the two succeeding Conferences made its own particular contribution to the completion of our task, and the intervals were occupied with expert enquiries into one aspect or another of the many difficult problems inherent in so great a constitutional change. When I look back over this period of preparation, my confidence in the future is stimulated by the encouragement I derive from that splendid spirit of common endeavour, which has throughout inspired the free exchange of views between the representatives on the one side of His Majesty's Government and on the other side of British India and the Indian States. Compressed within the pages of the White Paper there lie the evidences of this collaboration, in which by the help so readily given the Indian representatives have played so notable a part.

While the Joint Parliamentary Committee has been at work in London, but without prejudice to its conclusions, my Government has set up a Committee of officials and non-officials to consider administrative problems relative to the separation of Orissa. It is intended also to set up a similar Committee for Sind to assemble and start work early in the coming cold weather.

The White Paper is now in the hands of the Joint Parliamentary Committee. Its terms of reference charge the Committee with the momentous responsibility of considering the future Government of India and, in particular, of examining and reporting upon the proposals in the White Paper. We have all followed with close attention the reports appearing in the press of the Committee's proceedings, and, conscious of what Indian co-operation has achieved in the past, I rejoice to think that Indian opinion is again given the fullest opportunity to make itself felt at this last and formative stage when the work that has been done comes finally before Parliament for decisions to be No part of the Committee's proceedings has given me greater pleasure than the generous acknowledgments by Indian delegates of the great contribution made to the discussions by the Secretary of State, who in the course of his evidence displayed a grasp of these great constitutional issues which evoked tributes from representatives of all sections of opinion in the Committee. Early in October the Committee will reassemble and resume its labours. I would ask Hon'ble Members to join with me in wishing the Committee and its collaborators an early and successful conclusion to their great work of investigation, scrutiny and review before the Committee places its own recommendations before Parliament for consideration.

In conclusion, let me turn for a moment to the future. If we are to ensure the rapid progress which we all desire in the way of Constitutional Reforms, we must create the atmosphere in which that progress can develop. Little can be done by Government alone. An equal responsibility must lie upon Hon'ble Members themselves and other leaders of political thought in India to whom we must look to use their influence by their speeches, by public meetings and propaganda to see that the electorates of the future are made fully aware of the great advance we are striving to achieve through the White Paper proposals. I appeal to you, therefore, with all the sincerity at my command, to take up this responsibility with courage and energy so as to help your country forward to the attainment of her ultimate goal as an equal partner in the shaping of the destinies of the British Empire.