

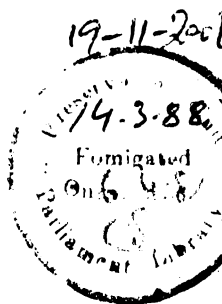
Wednesday, 17th March, 1937

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1937

(16th February to 8th April, 1937)

FIRST SESSION
OF THE
FOURTH COUNCIL OF STATE, 1937



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COUNCIL OF STATE.

Wednesday, 17th March, 1937.

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

QUESTIONS AND ANSWERS.

STEPS TAKEN BY THE GOVERNMENT OF INDIA AND PROVINCIAL GOVERNMENTS IN TACKLING THE QUESTION OF EDUCATED UNEMPLOYMENT.

75. THE HONOURABLE RAJA YUVERAJ DATTA SINGH: (a) Will Government be pleased to state what steps have been taken by the different Provincial Governments in tackling the question of educated unemployment and with what results ?

(b) Will Government be pleased to state the steps that have been taken or are contemplated to be taken by the Government of India with regard to the tackling of the question of educated unemployment in this country and with what results ?

THE HONOURABLE MR. A. G. CLOW: (a) I regret that it is not possible for me to give, within the limits of a reply to a question, the particulars required. The inquiries made in various provinces run into bulky volumes with many recommendations, and even if the necessary particulars were available the various steps taken could not be covered in a reply. I might mention however that special Committees have been appointed from time to time in Madras, Bengal, Bombay, the Punjab, the United Provinces, Assam and Bihar and their reports have been published.

(b) The attention of the Honourable Member is invited to the reply I gave to parts (a) and (c) of the Honourable Lala Ram Saran Das's question No. 60 of the 28th September 1936.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL: I heard the Honourable Member say that it is not possible to give a reply to that question

THE HONOURABLE THE PRESIDENT: You are not to argue when you put your question.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL: Why is it not possible to give a reply ?

THE HONOURABLE MR. A. G. CLOW: I am sorry if my reply was not audible. I said it was not possible to give a reply within the limits of a reply to a question, because the information which the Honourable Member is asking for is contained in an enormous number of recommendations in various Provincial Committees' reports, and it would take a whole volume at least as large as those reports in order to give a proper reply.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL: Could not a summary be given?

THE HONOURABLE MR. A. G. CLOW: I do not think it is possible to summarise them within the limits of an answer to a question. If I were allowed a speech of half an hour or more I could probably endeavour to summarise them.

NUMBER OF NON-INDIAN AND INDIAN OFFICERS EMPLOYED IN THE CIVIL AVIATION DEPARTMENT.

76. THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI: How many non-Indian and how many Indian officers, Hindus and Muslims, are employed in the various grades in the Civil Aviation Department, and what is the pay they respectively get?

THE HONOURABLE MR. A. G. CLOW: A statement giving the information is laid on the table.

Statement of Gazetted Officers in the Civil Aviation Directorate.

Posts.	Pay.
EUROPEANS—(16).	
1 Director	Rs. 2,300 + £30 O. P.
1 Deputy Director	Rs. 1,050 + £30 O. P.
2 Technical Officers	One on Rs. 1,600. One on Rs. 1,200.
2 Engineer Officers	One on Rs. 1,370. One on Rs. 775 + £25 O. P.
1 Chief Inspector of Aircraft	Rs. 1,944.
1 Chief Aerodrome Officer	Rs. 1,125 + £30 O. P.
2 Aircraft Inspectors	One on Rs. 775 + £25 O. P. One on Rs. 676 + £35 O. P.
6 Assistant Aircraft Inspectors	Two on Rs. 609 + £15 O. P. each. Four on Rs. 525 + £15 O. P. each.
HINDUS—(21).	
1 Administrative Officer	Rs. 850.
1 Assistant Aircraft Inspector	Rs. 525.
5 Aerodrome Officers	Three on Rs. 475 each. One on Rs. 250. One on Rs. 425.
14 Assistant Aerodrome Officers	Twelve on Rs. 215 each. Two on Rs. 200 each.
MUSLIMS—(2).	
1 Aerodrome Officer	Rs. 375.
1 Assistant Aerodrome Officer	Rs. 215.
OTHERS—(4 Anglo-Indians, 2 Sikhs, 1 Parsi, 2 Indian Christians).	
1 Superintendent	Rs. 600.
1 Assistant Aircraft Inspector	Rs. 475.
2 Aerodrome Officers	One on Rs. 375. One on Rs. 250.
5 Assistant Aerodrome Officers	Rs. 215 each.

AUTHORITY COMPETENT TO TAKE COGNIZANCE OF BREACH OF SUBSIDIARY RULES TO GENERAL RULES MADE UNDER SECTION 47 OF THE INDIAN RAILWAYS ACT.

77. THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI: Will Government please state the authority competent to take cognizance of and inflict punishment on breach of subsidiary rules to General Rules made under section 47 of the Indian Railways Act ?

THE HONOURABLE SIR GUTHRIE RUSSELL: The authority would vary according to the rule that may be infringed.

ABOLITION OF PREFERENTIAL DUTY ON INDIAN PIG-IRON ENTERING UNITED KINGDOM.

78. THE HONOURABLE MR. HIRDAY NATH KUNZRU: (a) Has the Ottawa Trade Agreement been abrogated or will it remain in force pending the negotiation of a fresh agreement between England and India ?

(b) Did Indian pig-iron entering the United Kingdom enjoy a preference of 33 1/3 per cent. under the Ottawa Agreement ?

(c) Has this preference been recently abolished by the British Government ?

THE HONOURABLE MR. H. DOW: (a) I would invite the Honourable Member's attention to the Press Communiqué issued in this connection on the 19th October, 1936, copies of which are in the library.

(b) Indian pig-iron is entitled to entry free of duty into the United Kingdom under Article I of the Agreement, but there is no undertaking to grant Indian pig-iron any degree of preference.

(c) Does not arise.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL: Is any time limit fixed for the conclusions of the negotiations for a trade agreement ?

THE HONOURABLE MR. H. DOW: On that subject the communiqué to which I have drawn the Honourable Member's attention is quite clear.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL: There is nothing said

THE HONOURABLE THE PRESIDENT: If you want to put a proper question, put it please.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL: Is there anything said about it ?

THE HONOURABLE MR. H. DOW: I will read the relevant portion of the communiqué. It says :

"It has been agreed by the two Governments that pending the conclusion of a new agreement the 1932 agreement shall continue in force subject to termination on three months' notice by either side, unless it is replaced by a new agreement."

THE HONOURABLE MR. V. RAMADAS PANTULU: Is any time fixed for concluding the new agreement?

THE HONOURABLE THE PRESIDENT: I think what the Honourable Member has said is quite definite enough.

We will now proceed with the Resolutions.

RESOLUTION *RE* INDIANISATION OF THE ROYAL INDIAN NAVY
—*contd.*

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : The Resolution* that I moved on Monday last is in the following terms.....

THE HONOURABLE THE PRESIDENT: You need not read it again; all the Honourable Members have it before them.

THE HONOURABLE MR. V. V. KALIKAR: Very well, Sir. With your permission I propose to give in brief the history of the Indian Royal Marine and the Indian Royal Navy which has been recently created in India. In 1812 there existed a Naval Force in India controlled and paid by the East India Company. In 1862 it was decided that the Naval Defence of India should be taken over by the Royal Navy and a non-combatant force was to take the place of the Naval Force of India. In 1884 by an Act of Parliament the Royal Indian Marine was established and that Marine was incorporated in the Royal Navy for purposes of war in the first year of the great war. After that the question was examined by the Government of India with the assistance of Lord Jellicoe and from 1922 to 1924 the question was further examined by various Naval Commanders-in-Chief. Then a pronouncement was made in this House of establishing a Royal Indian Navy by the then Viceroy while a similar pronouncement was made in the other House by the then Commander-in-Chief. After that a Departmental Committee was appointed under the Chairmanship of late Lord Rawlinson and the question of taking Indians in the Navy was decided by that Committee. The ratio decided by that Committee, which exists at present also, was 1 Indian officer to 2 British officers. Then the Government of India Act was amended by Parliament and after that a Bill was introduced in the other House in 1928 to apply the Navy Discipline Act of Great Britain to India with certain modifications. At that time, Sir, the Bill was defeated in the other House and then after that a further Bill of the same nature was introduced in 1934 and after giving some assurances the Bill passed successfully in both the Houses. That is in short the brief history of the Royal Indian Navy of India.

The Squadron consists of 5 sloops, one patrol craft vessel, one survey ship and one depot ship. There are two branches of the officer service. One is executive branch and another is engineer branch, and from the Administration Report of 1934-35 I find that the total strength of the cadre was then 118 officers. From the budget estimates I find that the officers' number has been increased and now there are 175 officers. I shall read one sentence which gives the number of officers from the budget estimates :

"The combatant strength of the force consists of 126 officers, 49 warrant officers and 1,284 ratings."

* "This Council recommends to the Governor General in Council to take necessary steps to accelerate the pace of Indianisation of the Royal Indian Navy."

The functions of this Navy are as follows :

“ Training of personnel for service at sea in war.

Organization of the naval defences of Indian coasts and harbours for the protection of trade in Indian waters in time of war.

Marine survey work in Indian waters.

Sea transport work for the Government of India, *i.e.*, all arrangements afloat for the conveyance of troops, animals and stores for Government.”

Now, Sir, during the debate on the Bill which I referred to just now in 1934, Mr. Tottenham and Sir Philip Chetwode gave us assurances to the effect that if the Bill is passed the pace of Indianisation would be accelerated. When the Bill was first introduced in the other House there was opposition, but in order to tone down the opposition the Government gave an assurance that if the House passed the Bill the ratio would certainly be increased. Mr. Tottenham said in the other House at that time that if they were to reject the Bill we would not do any service to the cause of Indianisation, but we would be doing an extreme disservice to the cause of Indianisation. Sir, with your permission, I shall read one or two sentences from his speech in the other House. He said, first :

“ By all means continue to press us in season and out of season for an increase in the rate of Indianisation. We will do so when we can.”

He further said :

“ On the other hand, I believe that the passage of this Bill will stimulate interest in the matter and will help to encourage young men in India of the class that we require to come forward for the Royal Indian Navy. It may be that the number of vacancies per annum is very small, not more than two. It is possible that we should be well advised to seek other sources of entry besides the open competition or possibly even confine recruitment to the boys from the mercantile marine training ship ‘Dufferin’.”

He further said :

“ The point that I wish to make and the point that I am perfectly sure about myself is that the conversion of the Royal Indian Marine into the Royal Indian Navy is going to promote the cause of Indianisation and that the failure to convert the Royal Indian Marine into the Royal Indian Navy is going to damage the cause of Indianisation.”

This was the assurance given on behalf of the Government in the other House. Sir, now I will read a sentence from Sir Philip Chetwode's speech, in which he said :

“ The ratio of 1 to 2 has nothing sacred about it. But we are now putting it into force, and as a matter of fact Admiral Walwyn has more than once recommended that it should be increased. He considers that the Indian has already shown himself fit for an increase on that. When he says it, that will be considered and I hope brought about before very long. He is our expert.”

The House will now see from the extracts that I have read just now that the position of the Government was made then clear on this point and that is that if we pass the Bill they would surely increase the pace of Indianisation in the Royal Indian Navy. We have waited for nearly 3 years. The Bill was passed in 1934, October, and we waited and waited long to see what steps the Government were going to take in this matter. But so far as my information goes and if my information is correct, I find that they have not taken any steps up till now to change the ratio or accelerate the pace of Indianisation. I find, Sir, that in 1934 there were 3 Indian officers in actual service and 11 under training. In 1934-35 I find that there were only 5 Indian officers in actual service and nearly 13 were under training. Now, Sir, the argument that is likely to be advanced for not increasing the ratio would be that they do not get suitable candidates. I think, Sir, this theory has already been

[Mr. V. V. Kalikar.]

exploded. I do not want to give, in support of my argument that there are a number of good and suitable Indian youths who desire to take to sea life provided you give them facilities, the views of Indians whom you may consider biased, but I want to give the views of an Admiral who was at the head of this Indian Marine in 1934 and I am very glad to state before this House that he has given a very good certificate to the young men of India and has stated clearly that you can find fit young men for this Service in large numbers. Vice-Admiral Sir Humphrey Walyn, who was in India till lately, said :

" I went straight to the Punjab and got some Punjabi Mussalmans, magnificent, first class fellows, but men who had never seen the ' dark water ', the sea. I got them down, and with the loyalty of the officers and men got the show going again, started training schools, gunnery and engineering, and very soon they had their tails up and things took shape in a wonderful way. The women of India came forward wonderfully ; they pushed the boys in. If I wanted sixty boys in a half year, I got a thousand, all first class, with the standard qualifications. Some of these Indians were over here at the recent Naval Review and made tremendous friends of the Royal Navy."

I submit, Sir, that this is not the view of an Indian who is likely to be prejudiced in the cause of India but this is the view of an officer who had to deal with these men when he was commanding the Royal Indian Navy. Then, Sir, even Lt.-Col. Lumby certified to the fitness of our young men and stated in the other House during the last debate over this Indian Navy Bill that the cadets he got from the *Dufferin* were excellent and did very well as officers of the Royal Indian Navy. If that is the position, Sir, I fail to understand why Government did not move in this matter and did not try to fulfil their promises which they had given then.

Now, Sir, it was also stated at that time and it is likely to be said on this occasion also, that a large number of boys had not appeared for the competitive examination. I find, Sir, from the Report that for two vacancies in the year 1934-35 as many as 41 boys appeared. For three vacancies in 1935-36 as many as 26 candidates appeared. So you cannot say that you do not get a sufficient number of young boys of the requisite qualification for this service. Now, I want to read a sentence from the report of the Interview and Record Board who have also given a very good certificate to our Indian youths. The House knows, I believe, that the boys who appear before this Interview and Record Board have to satisfy the Board about some qualification and this is the report :

" The general standard of the boys was good. Educationally and physically they appeared of the proper type."

With these extracts, I now submit, Sir, that the Government have practically no case to oppose our demand. You have given promises to us that you would increase the ratio. There is nothing sacred about the ratio. You said you would increase the ratio if you found a sufficient number of boys with the requisite qualification. I have proved to you from your own record that you can get a sufficient number of boys of the requisite qualification for entering into the Naval Service. I have proved to you from the certificate given to the youths of my country by your own people that boys of requisite qualification are available. Then, Sir, I submit if you have not done anything in the matter you have failed in your duty and you have not been able to fulfil the promises that you gave us in 1934. Sir, before 1934 many of the guardians of these young boys even did not know what a Royal Indian Navy was. Many of them suspected your motives. My personal experience of the Dehra Dun cadets is that many of the youths who got training and joined the University

Training Corps suspected your motives. When I moved my last two Resolutions in this House about the Dehra Dun cadets I was told by my friends in my province that the Government would not increase the ratio, no matter how much I talked in this House. I tried to create enthusiasm in them so that they should appear for the examination and so that they should enter the Military Academy at Dehra Dun. Now I give you an opportunity of fulfilling your promises and giving a lead to the youths of India to take to sea life. Before 1934, many of these young boys did not like to appear at your examination because they did not know about the existence of a Royal Indian Navy in India. They thought that the proportion was too small and that you would not take more boys even though they may incur all the expenditure and may be ready even for taking your training in England. Sir, I find that the expenditure that the parent of a boy who wants to go to this service has to incur is Rs. 17,030 in 5 years. Even in spite of this, for 2 or 3 vacancies so many boys come in. That shows that the guardians of youths are taking a very keen interest in the Indian Navy and they want their boys to enter this service so that they may have an opportunity of taking training in this service and of defending their country from foreign invasion. I do not want to say any harsh things, but I want to impress on the mind of the Government that if they fail in their duty of giving a lead to the youths of my country, they will in course of time begin to lose confidence in them. Many of them have already lost confidence in you. It is now for you to fulfill your promises. It is now up to you to see that no injustice is done to the youths of this country. Sir, when I was reading a summary of important matters connected with defence which was circulated to us, I found in one of those pamphlets that they say that this is purely and mainly an Indian Service. When we find that out of 175 officers there are only 18 Indian officers, can we really call it an Indian Service? You have engaged Indians for minor works, but you will not engage Indians as officers. I will not be wrong if I say that you do not want to engage Indians because you do not trust them. You cannot take up that position when you want India to attain Dominion Status or Swaraj, whatever it is called. When Britishers wanted to form a Colonial Navy, I remember various inducements were given to the youths of the Colonies by way of creating Cadetships, allowing them to enter your Navy for training, and so on. All these facilities have up to now been denied to Indian youths. If you are true to your words, if you mean to do what you have said, then I submit that this is an important occasion when you have to make up your mind and give the youths a proper lead. I may perhaps be opposed in my demand, but I want to appeal to the House not to mar the enthusiasm of the youths of India. The House consists of elderly statesmen and the Indian youths who desire to take up the defence of their country look to the House for guidance in this matter. I therefore submit that there ought to be no political considerations in supporting or not supporting this Resolution. I do not say that unsuitable youths should be taken in the service. That is far from my intention. But I do say that if you can get a sufficient number of youths of the requisite qualifications, it is your duty to give the youths a lead in the matter and help their case. I therefore submit that the House should accept my Resolution. Sir, I move,

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Mr. President, I should like to give my strong support to the Resolution which has been moved so ably and so eloquently by the Honourable Mr. Kalikar. The request which is embodied in the Resolution is not an unreasonable one. What Mr. Kalikar wants His Excellency to do is to take necessary steps to accelerate the pace of Indianisation of the Royal Indian Navy. When the Indian Naval Bill was before this House in 1934,

[Mr. P. N. Saprú.]

some of us had objection to that Bill but we did not press our objection to that Bill because of the very definite assurance given by the then Commander-in-Chief, His Excellency Sir Philip Chetwode, that at no late date the pace of Indianisation so far as the Indian Navy is concerned would be increased. He said that there was nothing sacred about the ratio. Now, Sir, we have now, out of a total of 175 officers, only 18 Indian officers. If we go on at this rate, how long will it take for us to Indianise the Indian Navy? If India is to become self-governing, then she must be in a position to undertake her own defence; she must be able to defend her frontiers and she must be able to defend her sea frontiers also. Therefore, the question of Naval Indianisation is a very vital question from the point of view of those of us who wish to see this country free. The Honourable Mr. Kalikar has shown that you have had a good response from Indian youths so far. He has referred us to the opinion of the Naval Commander-in-Chief. He has spoken in the most excellent terms about the material from the Punjab and particularly he has referred to the excellent material which they get from the Punjab Mussulmans. Then the Honourable Mr. Kalikar has also invited our attention to the opinion of Colonel Lumby, who has certified to the fitness of our young men. We find also that for one or two vacancies that you have annually the number of young men who appear is very large and is growing larger every year. I therefore submit that it is not unreasonable to say that young men are forthcoming for this Naval career. Guardians are taking a great deal of interest in the Navy. We say it is possible for you to accelerate the pace of Indianisation so far as the Navy is concerned. At the present rate I think it will take 100 years for the Indian Navy to be Indianised. Surely you cannot expect this country to wait for self-government for 100 years. Therefore it is important that early steps should be taken to accelerate the pace of Indianisation. There was a time when India was a great maritime country. We had our ships and we had our relations with neighbouring countries. We had a greater India at one time. You can read the history of Indian maritime activity in such books as Dr. Radha Kamal Mukerjee's "History of Indian Shipping". Well, Sir, we lost our independence and when we lost our independence we lost control over our Navy also. But you have given us an assurance that you will lead us on to freedom, and what we are asking you to do is to implement the pledge which you have given to this country and to approach this vital question from the point of view of the pledges that you have given to us. I should like His Excellency to explain to us what the administrative difficulties are which make it impossible for him to accelerate the pace of Indianisation. These administrative difficulties are always trotted out. It is always said the Indian is inefficient. But when you give the Indian a chance he shows that he is not inefficient. You did not have any Indian in the Navy until 1920 and if we had asked that a single Indian should be taken into the Navy you would have said, it is no use having Indians in the Navy; they are not likely to make good Naval officers. That argument is always advanced and I say there is no reality about it, and if I may say so without meaning any offence, it is not an honest argument. The honest fact is that there is no desire to accelerate the pace. If there is such a desire, the pace can be accelerated. We therefore cannot be too strong in our insistence that the pace should be accelerated. We have Indians in the civil departments of the administration who are giving a very good account of themselves. I know, Sir, that there was a time when in the Educational Service Indians were not given a chance. Men like Dr. Ganesh Prasad in our own province had to retire as Provincial Service men, and the argument advanced was: "Well, the Indian is not educationally as good as the Britisher. He is not academically as good as the Britisher. Some initiative

is needed and a broad perspective is needed, and these are the monopolies of our British friends". Then we had the Montagu Reforms. Education came under our control. Ministers endeavoured to Indianise the Educational Service and now in the Allahabad University I am proud to say that we have no Englishman; not that we do not like to have Britishers if we can get competent Britishers, but we have competent men in our own country and they have replaced the Britishers. Well, I think what is true of the Educational Service, and of the Civil Service and of the Engineering Service is also true of the Defence Service. It is only when you give a man a chance that you can find out whether he is competent or not. If you deny him the chance of serving his country in a Naval capacity, then he will never be able to show that he is fit to serve his country in a Naval capacity. You first deny him the chance and then you turn round and say: "Well, you won't make a Naval officer. It is no use my giving you a chance. I know all about your country and your past and you are not likely to make a good Naval officer. Why therefore should I give you a chance at all". Well, I say that argument does not appeal to us. I am putting it very mildly. The assumption of racial superiority on which these arguments are based is one which we on this side absolutely repudiate. We are not impractical visionaries. We know the difficulties in our way, but we think, and I think rightly, that the pace can be increased, that if there is seriousness and if there is earnestness and if there is desire to increase the pace, the pace can be increased. Therefore we would ask His Excellency to approach this question from our view point, from the view point of Indian young men and Indian parents. We have the ship "Dufferin" and we find that young men who are trained by the "Dufferin" are experiencing difficulty in getting employment, and these cadets have made quite good officers. I think there is plenty of material if you will look for that material. Therefore with these words I give my very strong support to the Resolution of the Honourable Mr. Kalikar.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): I rise to support the Resolution and I would like His Excellency the Commander-in-Chief to kindly let us know whether the Naval officers recruited from Indian classes will have any inferiority stigma attached to them, as is the case among Army officers. Sir, it pains me to find that in the Army instead of the pace of Indianisation having been increased the facts show that reverse is the case and instead of increasing the pace of Indianisation the pace of de-Indianisation has largely increased. I proved this by quoting figures which appeared in the Blue Books of the Army Department in which as many as about 200 Indian officers were decreased instead of an increase during the last year. Sir, there is a feeling among the public that the British War Office wants to reverse this policy. Sir, if I am wrong in this respect I hope His Excellency the Commander-in-Chief will put me right, so that this wrong impression in the public mind may be set right. Sir, my Honourable friend Mr. Sapru has explained that Indian sailors are as good as any other sailors in other parts of the world. In the olden days and even in ancient times Indian sailors have been carrying on trade by boats between India and distant foreign countries and even the sea pirates of India were not less skilled than the pirates in other countries. A sea pirate can be compared with a dacoit and although his intentions may be wrong he is a man who works with courage and skill and Indian sea pirates attacking steamers and looting them shows that they are skilled in navigation and they can succeed in capturing boats and in looting their cargo and valuables. Sir, a due tribute has been paid to the Punjab province by the Admiral Commanding Indian waters and I am glad to find that one of my distant relations got into the Navy as a cadet last year standing first in order of merit. (Applause). Sir, similar has been

[Lala Ram Saran Das.]

the case in the case of "Dufferin" cadets who unfortunately are now finding difficulty to get into the British Navigation Companies, particularly in the P. and O. and British India Steam Navigation Companies. Sir, I must say that the Government are rather showing indifference in this connection as this very fact of the British Companies who have mail contracts with the Government of India refusing or restricting admission to their Navigation Companies shows that they do not really want to take Indians. Therefore, in case the rumour to which I have referred is not right, Government should take practical steps and give assurance on the floor of this House that they really mean to increase the pace of Indianisation in the Navy as well as in the Army. With these words, I strongly support the Resolution.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Sir, if I may say so, I consider that the Honourable Mover has made quite a reasonable case, but I hope after he had heard what I am going to say that he will agree that some of the arguments he has found it necessary to make to strengthen his case need not have been made. Well, it is hardly necessary for me to remind the House of two facts. Firstly, that the Royal Indian Navy itself has only been in existence as a Navy for a little over two years and has only been a combatant service for about 11 years. Secondly, that at present it is a very small service. The number of officers is only 123, of whom about 50 are engineers. Even if no British officers were recruited, the number of Indians required each year to replace wastage would not be more than about 5. A small service of this kind naturally cannot make a very large appeal to the youth of India at present.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Indianisation take a century to accomplish ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : As it is, out of 123 officers 10 are at present Indians and 12 more are under training in England. The training takes some years, especially for the engineer branch.

Now, Sir, I am quite aware, as the Mover has reminded us, that over two years ago my predecessor referred to a possible increase in the ratio of Indian to British recruitment and held out some hope that such an increase might take place before long. I agree that I owe it to the House to explain why the position remains unchanged today and why the ratio of recruitment is still 1 Indian to 2 British Officers.

The truth, Sir, is that at the time that Sir Philip Chetwode referred to this matter in September 1934 it was hoped that certain developments might soon take place which would involve some expansion of our Naval forces, combined with some addition to their existing duties. These hopes have unfortunately not yet been fulfilled, and I may say at once that the difficulties in the way have been almost entirely financial. I am afraid I cannot tell the House the whole story today, but I should like them to know that we have been in almost constant correspondence with His Majesty's Government on this subject for over two years, and I should like to give them some idea of what we have had in our minds.

In order to do so, I must explain the lines on which all Dominion Navies have developed since the war. Before the war, as the House is aware, we all depended almost entirely on the British Navy. These lines of development have been divided into several well marked stages. The first stage is, or should be, the development of a local Naval Defence organisation, by which I mean

an organisation designed to guard the sea approaches to the main ports of the country and keep a channel swept free of mines and possibly submarine attacks. The second stage is the beginning of some kind of sea-going fleet,—generally

12 Noon.

small vessels, such as sloops or destroyers which can do escort work and perhaps deal with armed merchant raiders. The subsequent stages proceed to the building up of a regular squadron containing cruisers and such larger war-ships which can co-operate with the Royal Navy in defence or attack against an enemy fleet.

Now, Sir, we need not concern ourselves for the moment with these later stages. The point I want to make today is that we in India, when we converted the Royal Indian Marine into a combatant force some 10 or 11 years ago, rather tended to pass over the initial stages—what I call the local Naval Defence stage—and to go straight into the second stage of maintaining a number of small sea-going sloops.

The result is that we have no proper organisation for the local defence of the approaches to Indian ports and what we have been trying to do for the last three years is to see how we can remedy this defect without taking any retrograde steps such as to sacrifice some of our sea-going sloops. In setting up an organisation of the kind I refer to most other countries depend largely on their mercantile marine and on volunteer Naval reserves. For instance, in England it was largely the trawlers of the fishing industry that carried out mine-sweeping in the war assisted, of course, by small numbers of trained Naval ratings from the reserves. In India at present we have no Naval reserves and our mercantile marine is still so to speak in its infancy. A local Naval Defence organisation would therefore require a considerable stiffening of active service officers and ratings and hence some increase in the regular cadre of the Royal Indian Navy. It was no doubt an increase of this kind that Sir Philip Chetwode had in mind when he referred to a possible increase in the ratio of Indian recruitment and I agree with him in thinking that if we do start a regular organisation for local Naval Defence it ought to be placed as far as possible in the hands of Indians themselves. I can say no more at the moment except that I hope developments will take place before long which will enable us to put things on a more satisfactory basis. If so, I can only assure the House that the views that have been expressed today will not be lost sight of and conclude by expressing the hope that Indians will take a fuller share in the Naval defence of their country. I entirely agree with the Honourable the Mover that we should not have any difficulty in getting the young officers we require.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, what about my question as to whether or not there will be any racial discrimination among the officers of the Royal Indian Navy?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I have answered that question of the Honourable Members so many times. There is no question of discrimination in status. However, if he wants my assurance I give it to him here and now, that there will not be any such discrimination in the future so far as I am concerned.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA: May we know, Sir, from His Excellency the Commander-in-Chief whether he has supported the Resolution?

THE HONOURABLE THE PRESIDENT: You ought to have found out from his speech.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA: We could not, Sir.

THE HONOURABLE THE PRESIDENT: Then I am sorry.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, I listened naturally with the greatest attention to the remarks of His Excellency the Commander-in-Chief. I was glad to hear that His Excellency concurring with his predecessor held out to us again the hope of an increase in the recruitment of Indians to the Indian Navy. But I am not quite certain that I understood the full import of his remarks. My Honourable friend Mr. Kalikar has asked for an increase in the ratio of Indian to European recruitment. Now, I do not know, when His Excellency referred to the possible expansion of the Indian Navy in future, whether he meant that the number of Indian recruits would be increased when the expansion took place or whether he meant to say that when the Navy was expanded Indians would be taken not merely in larger numbers but in a larger ratio to Europeans. I submit, Sir, that the question of admitting Indians to the Indian Navy in a higher ratio to Europeans than at present has no direct connection with any future expansion of the Navy. I will try to illustrate what I have just said. His Excellency the Commander-in-Chief pointed out to us what the cadre of the Navy was at present and said that the maximum recruitment at the present time could be only 5 officers per year. Suppose the force is expanded and 10 officers or 12 officers are required annually. It would of course be possible then without altering the present ratio to take 4 Indians and not merely 2 as at present. But that is not what my Honourable friend Mr. Kalikar wants. He has not asked merely for an increase in the number of Indians recruited annually to the Navy. What he has asked for is that more rapid steps should be taken to *Indianise* the Navy. That is, steps ought to be taken to recruit officers in adequate numbers to man what I may call the commissioned posts. At the present time, 66 per cent. of the annual recruits are British and only 33 per cent. Indians. It is this allocation between Europeans and Indians and the restriction of Indian recruitment to 33 and one-third per cent. that requires explanation. On this point His Excellency the Commander-in-Chief has been disappointingly silent.

Sir, in the debate which took place in the Legislative Assembly in 1934 the Army Secretary pointed out that even for the small number of vacancies that were being annually offered a sufficient number of recruits was not forthcoming. Some of the Members expressed great surprise at this statement and wondered why the "Dufferin" cadets who had been spoken highly of by their officers were not utilised more largely to provide officers for the Indian Navy. All that the Army Secretary said on that point was that if the "Dufferin" cadets were to be recruited to the Indian Navy in larger numbers, it would be necessary to provide them with instruction in certain subjects which were not included in the course which they were required to go through. But that does not seem to be a difficult matter. That is a trifling matter which Government could arrange for. I do not know whether all the officers needed annually for the Indian Navy are yet taken from among the "Dufferin" cadets or not. In any case, considering the quality of the cadets and the number of the cadets who are without employment, there does not seem to be any adequate reason for not immediately increasing the number of Indians to be admitted as officers in the Royal Indian Navy.

Sir, some time ago an Indian Air Force was created. Now it was possible for Government to restrict the admission of Indian officers into this Force to

a certain percentage of the total number of officers. But they did not adopt this course. The Air Force is to be an entirely Indian unit and in time to come it will be manned entirely by Indian officers. There are some British officers in the Air Force at present, for it is not possible for Indians to supply all the officers needed for the Indian unit immediately. But I understand that it has been laid down that as Indians receive promotion in their service, they will displace Europeans till a time comes when the Air Force will be commanded entirely by Indian officers. Why was it not possible to follow the same method in connection with the Indian Navy? This question too was raised in the Legislative Assembly in the debate to which the Honourable Mr. Kalikar referred. The Army Secretary, dealing with this point seemed to me to say that the Air Force was a very recent arm. While England could certainly help India to establish an Air Force, she had not got such an advantage over Indians in this respect as she had in regard to the Naval Force. England had the tradition of centuries behind her and was therefore in a far better position to train Indians to fit themselves for naval duties than in the case of the Air Force. This argument does not seem to me to have much force,—indeed to have any force at all. No one objects to the loan of European officers for the training of Indians. We would welcome such assistance as England can give in this matter. If assistance in the matter of military training were provided on a larger scale than is at present the case, if determined and vigorous efforts were made by England to prepare Indians for self-defence; I am certain that they would be warmly welcomed all over the country and would greatly improve the relations between Britishers and my country. But while in the case of the Royal Air Force, the authorities will only lend British officers to the Indian Air Force for the training of Indian officers, in the Indian Navy on the other hand, the British officers will occupy a permanent place. I do not know how long it takes an officer in the Navy to rise to positions of command. But, whatever that period may be, I am sure every one here will be quite willing that the guidance of British officers should be available till Indian officers rise by seniority to those positions in which they would be able to take command. Englishmen are certainly in a much better position than Indians in regard to naval matters. We have neither knowledge nor experience comparable to that of Englishmen. But that does not seem to me to be any ground at all for the policy that has been adopted at present. I hope that His Excellency the Commander-in-Chief will be good enough before the debate is over to throw some light on this aspect of the matter.

Just one word more, Sir, and I have done. I do not know whether Government are still experiencing any difficulty in regard to the supply of recruits of the proper quality. I have already said that in view of the quality of the "Dufferin" cadets, there does not seem to be any reason why the number of Indian officers to be recruited annually should not be immediately increased. Indeed, there seems to be no reason why all the officers required annually should not be wholly Indian. But even if there is any difficulty in the supply of recruits, that is no proof whatsoever that a naval career has not proved attractive to Indian young men. As His Excellency the Commander-in-Chief very justly observed, a Service which offers only one or two vacancies every year is definitely at a disadvantage in comparison with Services in which vacancies are larger and where the emoluments are much greater than in the Royal Indian Navy. At first the Army too had to contend with the same difficulties, although the number of vacancies offered there was much larger than is at present the case with the Navy, but those difficulties have been overcome. At least 24 Indians are sent annually to the Indian Military Academy at Dehra Dun on the result of a competitive examination. If there has been no dearth of suitable Indian candidates for supplying officers for the

[Pandit Hriday Nath Kunzra.]

Indian Army, there seems to be no reason why they should not be forthcoming in adequate numbers to supply the officers required every year for the Indian Navy. Indeed I have no reason to doubt, considering the awakening that has taken place in this country and the desire which is exhibited among young men in all quarters to prepare themselves for the defence of their motherland, that Indian youths will be deterred by any considerations of material gain only from offering themselves for positions in the Indian Navy. All that is needed is a little encouragement, the pursuit of a sympathetic policy, a greater recognition on the part of the Government that the Indian Navy should be in fact and not merely in name an Indian force. Let them announce to the people of this country that it is their intention that the Navy should from the very beginning be an Indian force. Let them then appeal to the patriotism of young men and I am confident that their appeal will meet with a ready and enthusiastic response from young Indians from all over the country.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) : Mr. President, after the very clear presentation of the case by the Honourable Mr. Kalikar and the very poor, rather irrelevant, but all the same sympathetic reply of His Excellency the Commander-in-Chief, I had no desire to participate in the debate but for the great importance of the subject. His Excellency was kind enough to remark that the case as presented was reasonable but that some of the arguments of the Mover could really have been spared. I fancy that His Excellency the Commander-in-Chief found those arguments very embarrassing and they left him no scope to make out a reply. His Excellency said that the service was rather small, that only about 5 officers retired every year. But he did not say by whom those 5 officers were being replaced. When Indians in abundant numbers are available, when for about 2 or 3 vacancies as many as 25 or 30 candidates appear for recruitment, why cannot the vacancies be filled up by Indians ? It is not the intention of the Mover or of his Resolution to discharge all non-Indians from their present posts. The Resolution only demands a quickening of the pace of Indianisation which the Government promise to do but do not do. The country is impatient and cannot wait as long as Government would expect them to. Government must implement their pledges and not try to circumvent the issues. I trust His Excellency the Commander-in-Chief will accept the Resolution.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras : Non-Muhammadan) : Sir, when an Indian rises in his seat and asks for a few more Indians to be appointed to a particular service in India, it is with a sense of humiliation and shame he does so. But when responsible spokesmen for the Government stand up and say that you still require a long course of training before you can be fitted to assume those positions of responsibility, the humiliation becomes all the greater. I believe that it is 180 years since Britain assumed her sovereignty over India, if you take the date of the battle of Plassey as the commencement of the domination. In these 180 years the deliberate policy has been to exclude Indians from every responsible position in all services ; to man the Indian Army with British officers ; to man all the Indian Civil Services with British officers and to man the Indian Navy with British Naval officers. And now to say that there are not sufficient number of Indians to occupy those positions is to the Indian mind not a sincere answer, not even an attempt to understand our demand. It is the past policy of excluding Indians from every sphere of Government that is responsible for not finding Indians today to be put in important positions, and to say that

you are now taking steps to train us in course of time to take up those appointments is adding insult to injury. When we ask for Indianisation of the Army or Navy or other services, statistics are given in abundance, but if the statistics of progress of Indianisation are carefully studied they will show that the pace does not lead to complete Indianisation even after two more centuries. That is the position. We are moving in a vicious circle. There are not enough men to be taken into these services, but the pace even of training given to them is so slow that you can never get enough number of men to take up these places. Therefore, whether it be for the Navy or the Army or other services, it resolves itself into the question whether the Government is prepared to replace the British element by the Indian element in every sphere of Government. The question is one and the same in regard to all key positions.

In regard to the scheme which His Excellency the Commander-in-Chief has given us an inkling into, namely, the starting of a local Naval Defence organisation, whose main purpose will be the policing of the coastal waters of India, that I think is on a par with the segregation of certain Indian army units for the purpose of training Indian officers. Instead of introducing Indian officers into all units of the army in India, they have segregated a few units in which Indian officers will be tried in the place of British officers, but they will not be allowed to go into all the regiments or units. I think this policy of segregation and Indianisation of a few units instead of all the units is foreshadowed by this Naval police force which is going to be introduced. His Excellency the Commander-in-Chief assures us that when this local Naval Defence organisation starts on its work of policing of coastal waters, it will be largely manned by Indians. It is a comparatively ineffective and unimportant portion of the Navy, and he concedes perhaps for that reason that steps will be taken by the Government of India to include a large number of Indians in that police force on the coastal waters of India. It is hardly necessary to tell His Excellency that that does not satisfy even the elementary aspirations of Indians in regard to Indianisation of the Indian Navy, and this kind of segregation and the tying down of Indians in a compartmental system, in unimportant spheres, is much more dangerous than excluding them altogether from the entire sphere of the army or the navy. Therefore I say that Indian opinion will strongly resent any such demarcation of Indians to the policing of the coastal waters of India. With regard to the training that is promised I do not know how long it will take. My Honourable friend Pandit Kunzru said that we did not mind getting British officers to train us. I do not see why we should go in only for British officers, if there are more efficient officers in Germany or Italy or France. If India had her own way, why should she not import officers other than British to train them. I am told that the Italians have done very well with their air force in Abyssinia. If we get them, Indians will become more efficient in bombing people than British people are. I do not see why in the sphere of training we should confine our recruitment of educators only to British officers. Unless some change of heart is really shown and the demand of Indians for Indianisation of the various services is met by a frank and straightforward answer, Indian opinion will not be satisfied. It is true that my friend Mr. Kalikar does not today ask the whole cadre of the British Navy to be sent away and to be replaced by Indians. But a time will soon come when the demand for the entire replacement of the British element by Indians will come and when that demand comes from Indians it will be irresistible. You cannot say: "We will take more time to train you." The only change I find in Government's attitude in recent years is this. Ten years ago when

[Mr. V. Ramadas Pantulu.]

I was here the answer to such demands was slightly different. In those days we were told that certain classes of Indians were not martial races, they were not fit for careers in the Army; Indians had no sea bias, therefore they were not fit for careers in the Navy. Now we find a complete change in the tone of the answers which are now given. A lip compliment is now paid to the capacity of Indians, because the self-respect of India has gone up so much that any statement that Indians are not fit for particular appointments will be greatly resented and this change in the sentiment of Indians is duly taken note of by the spokesman of the Government of India and they dare not insult us today by saying, "You are not fit", but say "You require further training." Who has deprived us of training and who has deprived us of the places in which training could be got? It is you. Therefore this kind of answer will not do.

I hope His Excellency the Commander-in-Chief will not restrict recruitment of Indians in the Indian Navy only to the local Naval Defence organisation, but he will see his way to Indianise the Royal Indian Navy—it is called Indian Navy, but it is British Navy in which Indians seek entrance in larger numbers. It is a misnomer to call it an Indian Navy without Indians and it is an irony of fate to ask that Indians should be employed in the Indian Navy. It is a contradiction in terms. Please do make it an Indian Navy if you are sincere about it. The demand for Indianisation will not go on at the same pace; the demand for it will be much more accelerated. The Government of India will do well and their spokesman will do well to take note of the change of times and not to give these stereotyped answers that as and when you become fit, in course of time, you will be recruited in larger numbers. As my friend from Bihar has put it, it is difficult to find whether His Excellency the Commander-in-Chief has accepted the Resolution or opposed it. I suppose he has done neither. The answer that in course of time, two or three centuries hence perhaps, Indians will have adequate place in the Indian Navy will not satisfy us and if he is really sincere in the assurances I ask him to accept this Resolution because it is a very modest one. It is not anything like the Resolution which the Indian National Congress would like to put forward. It is put forward from the moderate platform and even if that is not accepted, that shows that Government are not sincere in their assurance that they will Indianise the Army and Navy very soon. With these words, I whole-heartedly support the Resolution which has been moved so ably, and in such a well reasoned speech, by my friend Mr. Kalikar.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL (Bombay : Non-Muhammadian) : Sir, I rise to support the Resolution which has been ably moved by the Honourable Mr. Kalikar and supported by other Members of the House. Sir, I very carefully listened to the speech of His Excellency the Commander-in-Chief. Its tone, I am prepared to say, was commendable and I am inclined to assume that he is willing to accept the Resolution. Though he does not in definite terms accept or reject it, the tone of the speech was such that I am entitled to interpret it as if he is accepting the Resolution and I shall be very glad indeed to hear at the end of the debate that this Resolution is accepted. Sir, some time ago it used to be said—we were told by old Members of the House—that at one time the argument was that there were not sufficient Indians who were sufficiently equipped for discharging the duties of the officers of the Indian Navy. I am very glad that this short experience has convinced even the Naval Officers of the Government, whose opinions were read out by the Honourable the Mover of

the Resolution, that that unfavourable opinion which was held or that unfavourable imagination which was then entertained about the capacity of Indians does no longer obtain. As soon as they started taking Indians they have seen that such an argument and objection against the employment of Indians does not really hold water. Now, if more Indians were taken and if their recruitment was not restricted to one third, I am sure similar experience would result. After two or three years the very Government officials who today do not feel quite sure that Indians will make very good officers of the Indian Navy, small as it is, will say : " We took a little courage in our hands and we are able to say that Indians can be safely left in charge of it." His Excellency the Commander-in-Chief referred to some countries where the mercantile marine trains and equips the nationals of their country for naval careers. In this country also it should have been possible for Government to lay down the condition that any mercantile marine which goes round the coasts of India should train Indian officers. If Government do not do this they cannot at the same time come forward and say there is no mercantile marine to train Indian youths. India has been making efforts to have a mercantile marine of its own, to develop Indian shipping and if we take the number of Indians employed by Indian shipping and the number of non-Indians employed by non-Indian shipping, we can see that the number of Indians, so far as officers are concerned, is very small in non-Indian shipping, while the number of Indian officers in Indian shipping is much larger. What is the reason ? It is always open to an employer to say : " I do not think this man will make a very good officer " ; while persons in charge of Indian shipping employ Indian officers with confidence and they discharge their duties satisfactorily. Indian shipping is really being torpedoed by British interests. The Resolution as it stands is to my mind too moderate. It says : " Increase the pace of Indianisation." I am afraid at this rate of Indianisation, increasing the pace of Indianisation may be so slow that every day and year after year my friend may have to bring the same Resolution. What he should have said was that within a particular period there should be complete Indianisation. That is what should have been sought. As a businessman I know that if I want to employ an expert I employ him for a limited period—for one or two years to train others on my staff. Similarly, I expect that if Government want that the Indian Navy should be manned by Indians, all the officers should be Indians, then they should arrange that within three years they shall train all officers and when Indians have been trained during one, two or even four years, they should be appointed officers. Take sufficient time to train people but let there be real intention to train Indians and put them up in charge of the Indian Navy. But if the recruitment is to be confined to the proportion of one Indian to two Europeans, then this policy is not adequate for training Indians for the purpose. I therefore support the Resolution.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) Sir, my Honourable friend Mr. Govindlal Shivilal Motilal says that I should have worded the Resolution in such a way as to demand the Indianisation of the Navy within a particular period. Sir, it pains me to talk of Indianisation in my own land because we have never heard of employing the nationals of their country in Canada, Australia or South Africa. But situated as we are, knowing our own limitation, we have to ask for Indianisation. I quite appreciate the conciliatory tone of His Excellency the Commander-in-Chief. I can understand his difficulties and knowing that there are difficulties in His Excellency's way I put the Resolution in such a way as to enable him to come forward and accept it. I am extremely sorry, Sir, to find that he is not in a position to accept the Resolution. If I say anything, my remarks are directed

[Mr. V. V. Kalikar.]

against the British Government and not against His Excellency or the Government of India. Who forced this Navy on us? It is the British Government. Who asked us to support the Bill when it might have been defeated as in 1928? It was the British Government, and their plea at the time was that if we did not support the Bill there would be no Indianisation. The Government of India had nothing to do with it. It was the British Government who were responsible for it. If the British Government do not want to keep their promises, if the British Government do not want to keep their word, if they do not trust us even now, then I have a last word to say on the subject. Sir, no question of capability arises now. I have shown not by reading extracts from books published by my own countrymen but by reading extracts from the views given by your own Naval Commandant, your own Army men, that our youths are capable of manning their services efficiently. We see in this House, Sir, Lt.-Col. Sir Hissamuddin, our colleague, who has been a Major and has led a successful military career. So the argument that you cannot get suitable men falls to the ground.

Now, Sir, His Excellency tried to shelve the proposition and explain away the pledges of his predecessor by saying that when his predecessor made that statement he had in mind the expansion of the Navy but on account of financial stringency that proposal could not be carried out. I am sorry I cannot agree with His Excellency the Commander-in-Chief and I have to join issue with him on this point. I submit, Sir, that I clearly stated in my opening speech that you have to increase the ratio, you have to fulfil your own promises and take more Indians. If you do not want to expand the Navy, still I submit you can take more Indians by increasing the ratio. But then, Sir, His Excellency has not told us in clear terms what he is going to do in this matter. I am afraid, they think that we are here to register the decrees of the Government. The Government should give us any sort of promises with a view not to fulfil them and we should act according to their dictates. In 1934 we were told that we must pass this law, otherwise we would be doing a great disservice to the cause of Indianisation. We, Sir, acted on the promises given and now after three years we find that nothing has been done in the matter. I do not want to take pride in the past maritime history of my country. Anybody who cares to read the maritime history of my country will find that we Indians have very glorious naval traditions. I as a practical man want to deal with things which face us now. Sir, my Honourable friend Mr. Kunzru spoke of the "Dufferin" cadets. My submission is that even assuming for the sake of argument that you cannot get suitable candidates by open competition, you can draw your recruits from these "Dufferin" cadets. We hear every day the pathetic tale of these cadets that they are not being employed by the British shipping companies. In the last debate, Lt.-Col. Lumby said in the other House that the cadets that the Naval Department took from the "Dufferin" proved extraordinarily well. So, the point is whether you do really want to increase the ratio and thereby accelerate the pace of Indianisation or not. If you want to have trust in us, you have no other course except to accept this Resolution. If you do not accept this Resolution, the country will think that you do not look on us with that confidence which in season and out of season you give out about the increasing association of Indians in every department of Public Service in India. I have a most painful duty to perform even after hearing the speech of His Excellency the Commander-in-Chief, namely, to press this Resolution. I request my Honourable colleagues on behalf of the youth of India to take into consideration the implications of the wording of this Resolution, and, as

I said in the beginning, no political considerations should weigh with them while giving their support to this Resolution, but they should look to the interests of the Indian youths and create a feeling in them that the elderly statesmen of this House are with them in their desire for serving their country. I therefore submit that even now His Excellency the Commander-in-Chief should reconsider his former decision and accept my Resolution.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I have only got a few words to say, Sir. I have been listening very carefully to all that has been said. I feel that what I have already said does in fact answer most of the points raised by Honourable Members since I made my first remarks. I am really distressed to hear, however, that so many Honourable Members seem to have fears that sinister motives and intentions are hidden in my mind. I want to assure Honourable Members that I have no such motives or intentions (Hear, hear)—none. I have already tried to show clearly that the whole question is under consideration, and sympathetic consideration at that. I cannot under present circumstances therefore make any further pronouncement now. To sum up, I wish to make it clear that while I cannot accept this Resolution in the sense that I can bind Government to give effect to it forthwith, I am not unsympathetic towards it. There cannot be an immediate increase in the proportion of Indians in the present small active cadre, but if that cadre is expanded, I hope that there will be room for more Indians and I consider that the reserves we propose to set up should be predominantly Indian.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What will be the proportion then of the Indian officers ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : That is also a question under consideration.

THE HONOURABLE THE PRESIDENT : The Resolution before this 1 P.M. Council is :

“ That this Council recommends to the Governor General in Council to take necessary steps to accelerate the pace of Indianisation of the Royal Indian Navy.”

The Question is :

“ That that Resolution be adopted.”

The Council divided :

AYES—17.

Buta Singh, The Honourable Sardar.
Girdhardas, The Honourable Mr. Narayandas.
Govindachari, The Honourable Rao Bahadur K.
Hosain Imam, The Honourable Mr.
Kalikar, The Honourable Mr. V. V.
Kunzru, The Honourable Pandit Hirday Nath.
Mahapatra, The Honourable Mr. Sitakanta.
Mahtha, The Honourable Rai Bahadur Sri Narain.
Mitha, The Honourable Sir Suleman Cassum Haji.

Motilal, The Honourable Mr. Govindlal Shivlal.
Muhammad Husain, The Honourable Haji Syed.
Muhammad Hussain, The Honourable Khan Bahadur Mian Ali Baksh.
Pantulu, The Honourable Mr. V. Ramadas.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Ray Chaudhury, The Honourable Mr. Kumarsankar.
Sapru, The Honourable Mr. P. N.
Yuversaj Datta Singh, The Honourable Raja.

NOES—28.

Akram Husein Bahadur, The Honourable Prince Afsar-ul-Mulk Mirza Muhammad.

Ataullah Khan, The Honourable Chaudhri.

Banerjee, The Honourable Mr. Jatindra Chandra.

Basu, The Honourable Mr. Bijay Kumar.

Charanjit Singh, The Honourable Raja.

Clow, The Honourable Mr. A. G.

Commandaer-in-Chief, His Excellency the.

Devados, The Honourable Sir David.

Ghosal, The Honourable Sir Joana.

Glancy, The Honourable Sir Bertrand.

Haidar, The Honourable Khan Bahadur Shams-ud-Din.

Hissam-ud-din Bahadur, The Honourable Lt.-Col. Sir S.

Intisham Hyder Chaudhury, The Honourable Syed.

Jagdish Prasad, The Honourable Kunwar Sir.

Kay, The Honourable Mr. J. R.

Khurshid Ali Khan, The Honourable Mr

Kirke Smith, The Honourable Mr. A.

Maxwell, The Honourable Mr. R. M.

Menon, The Honourable Diwan Bahadur Sir Ramunni.

Nihal Singh, The Honourable Sirdar.

Nixon, The Honourable Mr. J. C.

Parker, The Honourable Mr. R. H.

Ray of Dinajpur, The Honourable Maharaja Jagadish Nath.

Russell, The Honourable Sir Guthrie.

Siddiqi, The Honourable Khan Bahadur Shaikh Muhammad Bashir.

Singh, The Honourable Raja Devaki Nandan.

Todd, The Honourable Mr. A. H. A.

Williams, The Honourable Mr. A. deC.

The Motion was negatived.

The Council then adjourned for Lunch till Twenty Minutes Past Two of the Clock.

The Council re-assembled after Lunch at Twenty Minutes Past Two of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* ENQUIRIES INTO THE WORKING OF THE BENGAL NAGPUR RAILWAY ADMINISTRATION.

THE HONOURABLE MR. SITAKANTA MAHAPATRA (Orissa: Non-Muhammadian): Sir, I beg to move:

“ That this Council recommends to the Governor General in Council to appoint a Committee, as early as possible, with instructions to make detailed enquiries into the working of the Bengal Nagpur Railway Administration with a view to find out the causes of deficits year after year on that Railway and to suggest ways and means to do away with the deficits.”

Sir, I have already moved on the floor of this House two Resolutions on the Bengal Nagpur Railway Administration. It seems they were ill fated. The Honourable the Chief Commissioner gave death blows to them, but I am moving this Resolution with high hopes that this will fare a better luck and I can assure you my mood is prayerful like that of the Honourable the Finance Member the other day in the other House. I believe the Honourable Sir Guthrie Russell will not treat it light-heartedly and will take every aspect of the question into his serious consideration. At least since 1924-25 the Bengal

Nagpur Railway is running at a huge loss year after year. But for 5 years from 1930-31 to 1934-35 the loss was 2,28 lakhs per year on an average. In the corresponding period the average loss per year in the strategic railways was 2,06 lakhs only, that is, 22 lakhs less. Sir, Honourable Members of both the Houses of the Central Legislature are habituated to wax much eloquence over the losses on the strategic lines, but as a strategic line can never be a paying line there is bound to be a loss, but what about this State-owned commercial line for which we have paid more loss during the last 7 years, including the current year? Sir, what we earned from either the East Indian Railway or the B., B. & C. I. Railway during the last 13 years since 1924-25 was very nearly eaten up by the Bengal Nagpur Railway. But during the last 7 years, including the current year, since 1930-31, the Bengal Nagpur Railway has not only eaten up the earnings of two of the most profitable State-managed Railways, the E. I. and the B., B. & C. I. Railways taken together, but has gone into a further deficit of more than 2 crores. Let me give you figures for losses in the Bengal Nagpur Railway since 1930-31. In 1930-31 the loss was 1,99 lakhs; in 1931-32 the loss was 2,48 lakhs, in 1932-33 the loss was 2,80 lakhs, in 1933-34 the loss was 2,27 lakhs, in 1934-35 the loss was 1,86 lakhs and in 1935-36 the loss came down to 1,38 lakhs only. But in the revised estimate for the current year the loss has again gone up to 1,80 lakhs and the budget estimate of the loss for 1937-38, that is the ensuing year, is 1,84 lakhs. So the loss is going up and up and there is no hope for the present. Is it not desirable that some steps should be taken at once to arrest this loss and bring it down if possible. Sir, the other night both yourself and His Excellency the Viceroy blessed the new constitution in India and wished it success. In the province from which I do come, after meeting the non-votable side of the provincial budget and the absolute obligations on the votable side, very little money will be left for the success of the constitution in the sense you wished it to succeed. This is a fact in spite of subvention from the Government of India. This picture is to a very large extent true in the case of other provinces as well.

THE HONOURABLE THE PRESIDENT: What has the constitution to do with your Resolution?

THE HONOURABLE MR. SITAKANTA MAHAPATRA: I am coming to it.

THE HONOURABLE SIR DAVID DEVADOSS: The Railway is going to make up.

THE HONOURABLE MR. SITAKANTA MAHAPATRA: How can the constitution succeed so long as the provincial finances do not improve? The improvement of provincial finances are solely dependent on the improvement of the railway finances according to the Niemeyer award. If the Railways are able to contribute their quota to the general revenues soon, then and then only the constitution in the provinces has some chance of success. Because in that case 50 per cent. of the net income from income-tax will be available for distribution among the provinces. If this amount is at least 6 crores, then Bengal gets 120 lakhs, Bombay 120, Madras 90, U. P. 90, Punjab 48, Bihar 60, C. P. 30, Assam 12, Sind 12, N.-W. F. P. 6, and my province gets 12 lakhs. These are not small amounts. So the success of the constitution depends on the improvement of Railway finance. Let me quote a few words from the Niemeyer Report itself:

"The position of the Railways is frankly disquieting. I believe that both the early establishment of effective co-ordination between the various modes of transport and the thorough-going overhaul of the expenditure in itself are vital elements in the whole provincial problem."

[Mr. Sitakanta Mahapatra.]

So provincial problems are entirely dependent on Railways. How can we improve the railway finances? Here is a commercial line which has got Jamshedpur to feed it, which has got innumerable coal, manganese, iron and other mines to negotiate with, which carries the forest products of almost the whole of the Eastern States Agency, which has a big harbour of its own in Vizagapatam, which has got big centres of pilgrimage like Puri to deal with, which has got a large number of cotton, rice and other mills throughout, which runs the fastest train service from Calcutta to Bombay, which has got a catering Department of its own which no railway in India has got and many other advantages and yet it is running at a loss of over two crores a year for 8 years. Is it not fair and equitable for us to see that this loss is reduced?

Sir, I believe that Honourable Members of this House, both officials and non-officials, are keen that the new constitution should succeed. I go further and say that nominated non-official Members of this House are keener in this respect. I pause for a reply from one of them, if I am right. Sir Ramunni Menon says I am quite right. I make a special appeal to them to support my Resolution. Their interest lies in their provinces and they should see that their provincial finances do improve. I may remind them at the risk of being presumptuous that in the next Council of State there will be very few nominations and if they do not support my move to improve provincial finances they may displease their respective Governments that are going to function next month.

Then, Sir, there are several Honourable Members here who represent Provincial Governments. Should they not see that their provincial finances are better? I appeal to them to ignore the whips of the Honourable Sir Josna Ghosal, if there be any, on this momentous issue and support me. If they don't support me, I shall not be surprised if some of them are replaced by some of the Provincial Governments after this session.

Sir, there are reasons why railway companies working in India can afford to be extravagant and lose money. They are in the position of saying to the Government of India, "Heads I win, tails you lose". Howsoever much they may lose on the management of the Railways entrusted to them, their interest on capital invested are guaranteed by the Government. If there is profit, it is to be divided between the Government and the company—the latter getting a very small portion only—but nobody can deprive them of their interest. So they can afford to be careless and they do not gain much by making profits. Sir, the proprietor of the famous Casino at Monte Carlo is reported to have once said: "Sometimes A loses and sometimes B loses, but I always win". So here the Government may lose money or the passengers may suffer inconvenience, but the Bengal Nagpur Railway's interests are guaranteed.

Let me give you the figures of gain and loss and the interests, etc., of the Bengal Nagpur Railway for the last three years.

In 1933-34, the net gain was Rs. 1,18,98,000, the interests, etc., were Rs. 3,45,93,000, so the loss was Rs. 2,26,95,000.

In 1934-35, the net gain was Rs. 1,49,64,000, the interests, etc., was Rs. 3,35,69,000, so the loss was Rs. 1,86,05,000.

In 1935-36, the net gain was Rs. 1,92,41,000, the interests, etc., were Rs. 3,30,80,000, so the loss was Rs. 1,38,39,000.

Sir, allow me to state another thing here. The third class rates of the Bengal Nagpur Railway are the highest in India now in spite of the fact that

the Railway passes through comparatively poorer parts of the country. It is also a fact that the rates in other classes as well are higher than the East Indian rates at least. Is this the cause why their income from passenger traffic is going lower and lower every day? We have all known that the Bengal Nagpur Railway has a catering department of its own in which they lose good money. Sir, it was after taking all these facts into due consideration that I gave notice to move my Resolution. I made the Resolution as mild as possible, so that it may be acceptable to Government. I just want a Committee to examine the working of the administration so that they will be able to suggest ways and means to do away with the deficits. I do not want to bind down the Government to a particular sort of Committee. I do not myself want to be the Chairman or a member of the Committee. I do not propose that any member of the Party here to which I have the honour to belong should be in the Committee. I will be satisfied if the Committee is composed of the Honourable Mr. B. K. Basu and the Honourable Sir Ramunni Menon. (*The Honourable Sir K. Ramunni Menon*: "No, thank you".) I mention these because I have known during the last month that Government have much confidence in them. I too have the greatest regard for their ability. The Committee may be a Departmental Committee of the Railway Board. Again, it may consist of experts from Peru or China if they like. I believe whenever a man is entrusted with the task of responsibility, he will always do his best. So, I do not bind down Government to any particular type of Committee. As I do represent the interests of a province here where I wish that the new constitution should succeed without taking recourse to further taxation, I wish that some means were found to do away with the huge deficits in the B. N. Railway. I suppose the Honourable the Chief Commissioner will try to hide himself behind the much-spoken-of Hedgwood Committee. But will it give him any shelter? This Committee was appointed to examine the working of all the different railways in India in their broader aspects and suggest means for improvement of the railway finances in a general way. It must have been impossible for them to go into the detailed working of any railway, much less a company-managed railway. What I suggest is that a Committee should go into the detailed working of the B. N. Railway in all their bearings and suggest ways and means for the improvement of their finances. The Wedgwood Committee is not expected to do that. Sir, with these words, I appeal to all sections of the House to accept my Resolution.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Sir, I rise to support the Resolution which my Honourable friend Mr. Mahapatra has just now moved. The reason why I am anxious to have an enquiry is that the Government of India have adopted a strange system of accounting. For some purposes the Railways are regarded as definitely independent commercial concerns. They have separate books of account, separate capital at charge, separate profit and loss account, but this is not carried to its logical conclusion. The railways which are flourishing should in the usual course of business as a public utility service either reduce the rates or increase the amenities to the passengers. If we had a strict mode of accounting, the rates would have been reduced and amenities to passengers increased in the East Indian Railway. But the Railway say they have no money because the profits of one concern are transferred to meet the deficits of other concerns. In the commercial accounting system that we have in the Posts and Telegraphs Department, you find that the losses are carried from year to year, and at the end of every year, you know the amount of the losses which the Government have to shoulder. The B. N. Railway has been running at a loss. The Railway Board treat it as a company-managed railway and say

[Mr. Hossain Imam.]

they cannot do anything. If it is a company-managed railway, let it shoulder its own burden, and let it not ask the surplus of other Railways to shoulder that burden. They can bear all their misdeeds. But I have the strongest objection to being made to carry the burden of others. When we want to have control, we are told that we are outsiders and we have no business. The Railways have come to this position because of the step-motherly treatment which India has always received from the Secretary of State. The Secretary of State has never cared for Indian interests. A very pertinent question was raised the other day, "Why was this contract extended to 1950?" and the Honourable the Chief Commissioner had no reply. He could not trace any. If the Government cannot trace, are we not to presume that it was simply in order to help the exploitation of India for British interests that this was allowed to go on? Mr. President, it is very good and very easy for the Finance Member to say that he is not the agent of British interests here. I know he is not. But what about his boss? What is the Secretary of State's position in India? If it is true that he is still serving under a representative and an official of the British Government, he has no help but to serve and fulfil the orders emanating from the Secretary of State under the present constitution. That proves to the hilt the charge of the Congress that the British Government of India is run in the interests of British commerce, and this is one example which we have at the present moment.

Now, Sir, we will be told that everything is alright and that an enquiry is unnecessary. I would refer to a matter of some importance which occurred long ago. An official of the Finance Department was appointed by Sir George Schuster to examine the accounts of the Government of India and to report what reductions could be made. That officer in 1930 submitted a voluminous report—bigger than this volume I have in my hand,—to justify all the increase in expenditure. It was only the unexpectedly large deficiency in the public revenues that compelled an enquiry and retrenchment committees were appointed, with the result that in the first complete year we were able to reduce our expenditure by the enormous sum of 8 crores. Similarly, Sir, if the Government of India agree to enquire into the management of this Railway, they will find ample scope. It is only—I may say—self-complacency to say that nothing is wrong; everything will turn out right. When we were discussing the Steel Protection Act we found that Tatas complained to us that the B. N. Railway had increased the rate behind their back, without intimating them that they were going to increase it, and they asked that the quantum of protection should be increased. That shows that the B. N. Railway has not been a losing concern because of its trying to help industries in India; it has done nothing of the sort. It has done everything in its power to extract its pound of flesh and the only impediment was where they had to shed blood and there they had to stop. I would commend to the attention of the House the fact that the E. I. Railway, which is a concern which is making money, charges a higher fare from Calcutta to Bombay than the B. N. Railway. The latter is losing money but it does not care whether it harms the E. I. Railway or not. The first class fare for the B. N. Railway is Rs. 127-12 and for E. I. Railway it is Rs. 135-10. Another anomaly is that the B. N. Railway charges higher rates for 3rd class than it does for the upper classes. The fare from Bombay to Kharagpur for the first class is Rs. 126-11 and to Howrah Rs. 127-12, i.e., Re. 1 higher for Calcutta than for Kharagpur. But the 3rd class fare from Bombay to Kharagpur is Rs. 21-11 and to Howrah it is Rs. 19-0-0. That is, for 72 miles more, for the first class for the greater distance the fare is Re. 1 more, and for the 3rd class it is Rs. 2-11 less. This complaint was made to me by Orissa people.

I have still the honour to represent Orissa in this Council, although it has been separated from my province. This will show that all is not well with the B. N. Railway.

Then another standing complaint is that both in the case of Hindu and Muslim employees, their interests and claims in the railway services are always neglected by the B. N. Railway. We have instances where even in the officer ranks people have been imported from other provinces. The Hindus and Muslims have the same grievance, that the railway is not amenable to local influence. It does not give them employment. There are any number of complaints. It will not be very expensive to have a Committee. It will not be derogatory to the management. But if the Government stand out and say they do not want an inquiry, that will prove that they have orders from the Czar of Whitehall not to interfere. That can be the only excuse, otherwise the mere fact that this is a losing concern for years, should have served as a sufficient reason for an inquiry by the Railway Board itself. It would not have waited to be prompted by the Opposition in this place to do this necessary part of its business. Sir, I support the motion.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): As the Honourable Mover has pointed out, this is the third occasion within one week on which he has brought forward a Resolution criticising the administration of the B. N. Railway. I have no objection to these Resolutions, and I am quite sure the Honourable Member feels that he is doing this in the interests of that administration. But I would remind the Honourable Member that figures are dangerous things to play with and an incomplete appreciation of these is very apt to lead to quite wrong conclusion.

He has made certain comparisons. He compared the B. N. Railway as far as I recollect with the East Indian. Then he compared the B. N. Railway with the strategic lines. I shall take up that comparison first. I think what he said was that the B. N. Railway had lost more since 1930-31 than the strategic lines, that the strategic lines were lines that could not possibly pay; therefore the B. N. Railway administration was inefficient. It sounds all right, but the normal measure of efficiency is the operating ratio. I will explain a little later on that you have to be careful in using that operating ratio. But he may be interested to know that the operating ratio of the B. N. Railway last year was 67.46 per cent., while the operating ratio of the strategic lines was 145.31 per cent. Yet he alleges that the strategic lines are more efficient than the B. N. Railway. Now he compared the B. N. Railway to the East Indian and various other railways. He said that the East Indian from 1924-25 had showed a profit of 17 crores 60 lakhs, which is perfectly correct, whereas the B. N. Railway had lost 15 crores and 10 lakhs. In making such comparisons you have got to give due weight to the conditions prevailing in each of these railways. The East Indian is probably the cheapest line to operate in India. It has easy gradients; the Grand Chord is the only really long gradient it has got. The B. N. Railway on the other hand has very severe gradients, barring the G. I. P., I think it is probably the most heavily graded railway in India. That affects your working expenses. Further, the proportion of the higher rated traffic carried by the East Indian is considerably higher than the high-rated traffic carried by the B. N. Railway. That again affects the earning capacity of the railway. Now, actually the Mover put his finger on the spot. He has himself stated the reason for the losses on the B. N. Railway, but he stated it as an advantage to the B. N. Railway, that manganese mines were situated on the B. N. Railway. That is the misfortune of the B. N. Railway, its main traffic is coal, manganese, iron ore, dolomite, lime stone, all of which must be carried at the lowest possible rates. If low

[Sir Guthrie Russell.]

rates were not charged the traffic would be just non-movable, and I am quite sure the Honourable Mover does not wish to see the trade of his own part of the country paralysed.

Again, the B. N. Railway normally moves a heavier tonnage with a greater ton-mileage than any other railway in India except the East Indian. I think the House knows what the operating ratio means. It is a ratio between working expenses and gross earnings. Now, if for the B. N. Railway you had an investigation of the ratio of working expenses to work done you would get an entirely different result. You could probably prove by figures—though I do not say the result would be entirely correct—that the B. N. Railway was the most efficient railway in India.

The Honourable Mover also mentioned the B. B. & C. I. amongst other railways. As I have said, the normal measure of efficiency is the operating ratio. But it has to be used with caution. I shall compare the operating ratio for the B. N. Railway with other Company-managed railways. The operating ratio of the State-managed Railways, as it is worked out in the administration report, is not quite comparable, because in the State Railways we take into account the full allocation of depreciation whereas the Company-managed Railways only take into account the actual money spent on new works. On the Bengal Nagpur Railway the operating ratio for the last financial year was 67·46; on the B. B. & C. I.—55·39; on the M. & S. M.—61·29; on the South Indian—68·01. Actually the South Indian Railway is slightly worse than the Bengal Nagpur, yet in the same period under review the South Indian showed a surplus of 79 lakhs of rupees. Again I think that shows how dangerous it is to form all your arguments on the quotation of figures. The operating ratio depends on the average rate charged and it also depends on the cost of transport, the statistical figure and the average cost of moving a goods unit, that is, one ton one mile—I shall give the Council the figures for the Bengal Nagpur Railway and other railways for the last financial year—the average rate charged was 4·12 pies against on the B., B. & C. I. 7·76, on the Eastern Bengal 7·28, on the East Indian 4·09, on the G. I. P. 6·42, on the M. & S. M. 6·08 and on the South Indian 9·44. In other words the Bengal Nagpur Railway charge a lower average goods rate than any other railway in India except the East Indian. Now actually the cost of movement of a goods unit on the B. N. Railway was 2·60, against on the B., B. & C. I. 3·81, on the E. B. 4·85, on the East Indian 2·43, on the G. I. P. 3·59, on the M. & S. M. 3·39 and on the South Indian 3·83. Again, except the East Indian, the Bengal Nagpur Railway have the lowest figure for the movement of traffic in India.

Now, Sir, as I have said, the misfortune of the Bengal Nagpur Railway is that they have got to move manganese, coal, iron ore, etc., at these low rates. I feel certain that the Honourable Mover will agree that an efficient transport service for the movement of these commodities is as vital to the interests of the country as a service for higher freight paying commodities such as cotton, jute, piecegoods and grain. The trouble with the Bengal Nagpur Railway is that they cannot reduce their working expenses because they are carrying low-rated commodities. I think the Honourable Member suggested that I would hide myself behind the Wedgwood Committee. Didn't he try to do the same thing as a justification for the Committee he proposes: he quoted the Otto Niemeyer Report. The justification for the Wedgwood Committee was the paragraph in the Otto Niemeyer Report which he quoted. The Wedgwood

Committee, as the Council knows, has spent 3 months in India this cold weather and they went into the finances of the Bengal Nagpur Railway in exactly the same way as they went into the finances of other Railways. When they were in India they had the opportunity of meeting practically every Provincial Government. They had the opportunity of visiting all the principal towns; the principal Chambers of Commerce submitted memoranda stating what they thought railways could do to improve themselves and these have all been considered and we expect to get that Committee's Report about the end of next month. Surely we can hardly imagine a more inappropriate time to appoint another committee. In saying this I do not wish to cast any aspersions on the two Honourable Members whom the Honourable Mover suggested should be members of this committee. I can assure them that if a committee were appointed, I would welcome them to be members of that committee.

Now, as regards my Honourable friend Mr. Hossain Imam's remarks, he started by criticising the accounting system on railways. His argument was that because there was a deficit on the Bengal Nagpur Railway there was no reason why reduced rates should not be given on the East Indian Railway which serves his part of the country. Then he instanced the perfect accounting principles of the Posts and Telegraphs Department. Does he suggest that if the Calcutta post office did not pay and the Bombay post office did pay, that the Bombay post office should have special rates for Bombay? It seems to me exactly the same thing, after all the Railways in India are State-owned and they have got to come into the general pool. I must say he was quite honest this afternoon in the lobby. He did tell me about these different rates between Bombay and Kharagpur, and between Bombay and Calcutta and I said to him that this was a normal railway practice. There is probably some particular reason for it. There are many instances throughout the world where exactly the same thing is happening and I have promised him to find out the reason for it.

THE HONOURABLE MR. HOSSAIN IMAM : My complaint is that the rate is higher for third class and lower for the upper classes. That is the point I wish to urge.

THE HONOURABLE SIR GUTHRIE RUSSELL : I understood your complaint was that the rate was higher for the shorter distances sometimes than for longer distances. That is an entirely normal railway practice.

THE HONOURABLE MR. HOSSAIN IMAM : I have no objection to that. The rate should be lower for the lower classes and not 10 per cent. higher for the same distance for the same place than the upper class. It is a crime and extortion from the 3rd class passengers.

THE HONOURABLE SIR GUTHRIE RUSSELL : I will find out the reason for that, but I expect it is a very old history. Sir, I think you will have realised from what I said that I oppose this Resolution.

THE HONOURABLE MR. SITAKANTA MAHAPATRA : Sir, the Honourable the Chief Commissioner has not found his way to accept my Resolution. I expected as much. I have already explained to this House his helpless position. He has got to keep the Directors of the Bengal Nagpur Railway, who are very powerful ex-high officials from India, pleased. He is fully aware of the state of things in the Bengal Nagpur Railway and I have no doubt in

[Mr. Sitakanta Mahapatra.]

my mind that he will in his heart of hearts be pleased if my Resolution is carried by a majority in this House. It will ease his situation. Honourable Members opposite may take the tip from him. The Honourable the Chief Commissioner has spoken at length about operating ratios in different railways and things which have got nothing to do at all with my contention. I find that there is a huge loss on the Bengal Nagpur Railway for several years past and I request him to find ways and means to reduce it. If the committee that I suggest agrees with him and finds that there is no help at all for it, I shall not blame the committee, but we must be satisfied that something has been done to reduce the deficits. He has not given us any facts as to whether he took any steps to see that the deficits are reduced during the last 13 years. As anticipated by me the Honourable the Chief Commissioner has taken shelter under the Wedgwood Committee. I have already explained to this House the position of that Committee. I do not know what variety of egg it is going to produce, but whatever it is it will be a great help to the Committee I have suggested and certainly not a hindrance. The Wedgwood Committee will submit their report within a month and supposing my Resolution is accepted and a committee is appointed, it is not going to report so soon, that is, before the Wedgwood Committee reports, and when it does report it will certainly have given due consideration to the recommendations of the Wedgwood Committee. The Government may also incorporate a term like that. So the report of the Wedgwood Committee will be a help instead of a hindrance to the Committee that I have suggested and it is high time that a committee such as I have suggested is appointed. We all know how the Bengal Nagpur Railway Company bungled over the recent strikes there and lakhs of rupees were lost for nothing. The Company agreed to the terms of the strikers at last but unnecessarily delayed for two full months. During this period temporary hands were brought in to carry on passenger train service at Rs. 12 a day and goods train services were discontinued. The Indian exchequer will suffer this loss for no fault of theirs because the Railway was already losing. The Company suffers nothing because their interests on capital invested is guaranteed. The attitude of the Company could be compared to that of a young widow who remarries after losing several years.

Honourable Members of this House who are nominated may bless the new constitution outwardly because the Viceroy blesses it and wishes it success. But whether they sincerely wish the constitution to succeed will be gauged from their attitude towards my Resolution. It is quite possible that they inwardly wish the constitution to fail because thereby Congress Ministries in most of the provinces will fail with it.

My idea is that it was the look-out of the chief executive officer for Railways in India three or four years ago to appoint a committee of the nature I suggest. He did not do it in time for reasons best known to him and also explained to this House by me. But today I give him a handle. It is for him to decide his course. In any case, I leave my Resolution to the discretion and judgment of the Members of the House of Elders.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"That this Council recommends to the Governor General in Council to appoint a Committee, as early as possible, with instructions to make detailed enquiries into the working of the Bengal Nagpur Railway Administration with a view to find out the causes of deficits year after year on that Railway and to suggest ways and means to do away with the deficits."

The Question is :

“ That that Resolution be adopted.”

The Motion was negatived.

RESOLUTION *RE* THE REPORT OF THE INCOME-TAX COMMITTEE.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I rise to move :

“ That this Council recommends to the Governor General in Council that an early announcement be made of the action which Government intend to take on the report of the Income-tax Committee.”

Sir, as will be apparent from the wording of my Resolution, it is not in the nature of an operative Resolution. It does not ask Government to take any special action or to deviate from their policy. It is only an informative Resolution which tries to make available to the Government the opinion of this House and in this sense, Sir, I do not think my Honourable friend Mr. Nixon will be called upon to give a very long or very exhaustive reply.

Sir, the dual object of my Resolution is, firstly, to give this House an opportunity to express its opinion on this very valuable report, and secondly, Sir, I, being a bit selfish, wish to utilise this as an occasion to reiterate our demand that this House should not be relegated to the corner to which it has been confined by the Government during recent years: we demand that it should be included whenever important Bills are under consideration. The normal course of business should be reference to Joint Select Committees. The opinion of the elected Members of this House, Sir, was definitely in favour of reference of important Bills to a Joint Select Committee and I am proud to say, Sir, that even European commercial men sided with us in our demand for Joint Select Committees. Sir, the Government have been neglecting this House. The Indian Companies Act was not referred to a Joint Select Committee. And the lame excuse was that the Opposition in the other place had an objection to this course. As if the objection of the Opposition has any weight with the Government, as if the Government were ever amenable to reason or willing to submit to what the Opposition in the other place told them. But even that lame excuse did not exist this year. When the Insurance Bill was referred to a Select Committee on the 2nd February, all the Members of the Congress phalanx were away. There were only 53 members present in the Assembly, out of whom 40 were those who usually side with the Government and who sided with the Government on this occasion. So even that lame excuse did not exist. And what was the result? The Insurance Bill was referred to a Select Committee of the Assembly, which is in no hurry. The Select Committee is to sit between the present session and the Simla session and yet this House could not be consulted. This sort of intentional neglect, and studied insult, has been heaped on the heads of this House because of the insane attitude which some of my friends have taken up who in season and out of season think that their duty as Members of the House is to say ditto to the Government. We, Sir, have the example of the Assembly. Nominated Members, *ex-Officials* of the Government there, who are nominated, have the courage of their conviction and when they believe that the Government is in the wrong, they vote with the Opposition. But here, in this House, I have scarcely if ever seen this.

THE HONOURABLE THE PRESIDENT: I don't think you have any right to make any reflection on the nominated Members of this House. They vote according to their conviction.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I have great respect for the nominated Members—I wish they did what you say.

THE HONOURABLE THE PRESIDENT: You do not know whether they vote according to their convictions or not. You have no means of judging.

THE HONOURABLE MR. HOSSAIN IMAM: None of us can know the heart but, Sir, we have heard them speak outside and can guess what they feel, and what they do under compulsion. On the very floor of this very House Sir Ghulam Hidayatullah told us that it was not because of his convictions but because he was a nominated Member that he sometimes voted with the Government.

THE HONOURABLE THE PRESIDENT: That was his individual opinion. He ought to have resigned his seat if he felt that way.

THE HONOURABLE MR. HOSSAIN IMAM: He had the courage of his conviction, Sir, but there is a difference between courage and daring. All right, Sir, I shall revert to this later. My second point was to give the House an opportunity of expressing its opinion on this important Report. Sir, if the Government have any conscience left, if they have any sense of decency, I think they should take lessons from the Report of this Committee. All praise is due to Mr. S. P. Chambers, a Member of the Board of Inland Revenue of the United Kingdom, who can endorse the demand of the nationalists of India, but our own Government, Sir, is so faithless that it does not see what others who are just here for the day can see....

THE HONOURABLE THE PRESIDENT: Is the Honourable Member discussing the Report of that Committee under the guise of his Resolution? If that is his object, I will stop him from doing so. His Resolution only asks the Government to make an announcement regarding the action which Government propose to take.

THE HONOURABLE MR. HOSSAIN IMAM: The announcement cannot be made until we tell them that such and such are the recommendations of the Committee—what do you intend to do about them?

THE HONOURABLE THE PRESIDENT: Quite so, but don't please discuss the report. You will probably get an opportunity of discussing that report.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, we always get an opportunity when it is too late. I will tell you, Sir, that when I gave notice of this Resolution, I did not know that the Finance Department will be as adamant as the Law Department. We know, Sir, that the Legislative Department, at the present moment, disregards this House totally. Sir, we do not take offence, because, Sir, we know that the idiosyncrasies of the man who can malign and dishonour the entire womanhood of his motherland, nothing coming from him surprises, he can do anything. But, Sir, the Finance Member too has started taking lessons from there. On the 3rd

March of this year, in the other place, while replying to the debate on the General Budget, the Honourable the Finance Member announced what was to be the procedure in regard to this Report. There he said that he intends to refer this Bill, whenever it is prepared, to a Select Committee of the Assembly. So, my fear was not groundless, and I was correct in thinking that this House will be ignored. The next opportunity that we get, it will be too late in the day. I can quote to you instances; There was a Bill about the Lac Cess. When this Bill was in this House, I drew the attention of the Honourable the Leader of the House to the fact that the Government of Bihar and Orissa ceased to exist, and therefore the Bill should be amended. The Honourable the Leader refused to do so. But again he had to come to this House after some months and get the amendment passed. He refused to accept the amendment in the first instance, because he could not accept an amendment in this House.

THE HONOURABLE THE PRESIDENT : However, that state of things will not continue longer.

THE HONOURABLE MR. HOSSAIN IMAM : This was the state of thing and therefore I wanted to take an early opportunity of expressing some opinion and giving some sort of guidance to the Finance Department, because I have not much hopes that we will be consulted in either the framing of the Bill or in the consideration of this report. If the Honourable Member will assure me that this Bill will be referred to a Joint Select Committee of both Houses, I shall not move this Resolution.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member) : May I refer to the Lac Cess Bill about which my Honourable friend grew very warm ? That Bill came up here at the end of the session, and if an amendment had been carried, it would have had to go back to the other House. I think the intention was that the duty on lac should be increased from the 1st April. If not, there would have been considerable loss. That was the reason, not any desire to ignore this House. I hope my Honourable friend will acquit me of the charge that I would do anything which would lower the dignity of this House or that I would oppose any amendment merely because it was proposed in this House. I think the reasons for deferring action were very cogent reasons,—financial loss and the necessity for the Bill going back to the other House. I think that all arrangements had been made about the dates when the sittings of the two Houses would come to an end. These were the only reasons.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, that is only one instance.

THE HONOURABLE THE PRESIDENT : I will now thank you to kindly confine yourself to the Resolution before us and you will have a much stronger case of grievance if on any future date you are not given an opportunity of discussing the contents of that report.

THE HONOURABLE MR. HOSSAIN IMAM : The main reason why I brought forward this Resolution is this

THE HONOURABLE SIR KUNWAR JAGDISH PRASAD : May I intervene, Sir ? I understand from my Honourable friend the Finance Secretary that no undertaking has been given that the Bill will only be referred to a Select Committee of the Assembly, and the question whether it should be referred

[Sir Jagdish Prasad.]

to a Select Committee of both Houses will be considered. I do not think any announcement has been made that the Bill will only be referred to a Select Committee of one House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, may I ask a question, whether the Income-tax Committee's Report will be discussed in this House before the Finance Bill comes to us or after that ?

THE HONOURABLE MR. J. C. NIXON : May I answer that question, Sir ? The Report of the Income-tax experts will be discussed in this House in the form of a Bill coming before the House.

THE HONOURABLE MR. HOSSAIN IMAM : With your permission, Sir, I should like to have an opportunity of discussing the few important points in this report on subjects that I have been dealing in the House during the last few years. I do not wish to indulge in criticisms or detailed examination of the Report

THE HONOURABLE THE PRESIDENT : But it is a very big question. That Committee's report, with its full complications, is a very difficult and big question and cannot be discussed on this Resolution.

THE HONOURABLE MR. HOSSAIN IMAM : May I submit, Sir, that Government had adopted in the case of the Companies Law a different procedure. They consulted a Committee of the Assembly before they framed the Bill. Is the Honourable the Finance Secretary prepared to give an undertaking that he will form a Committee of the two Houses to consider the framing of this Bill ? If so, I will be prepared to withdraw this Resolution forthwith.

THE HONOURABLE THE PRESIDENT : Bills are framed in the Department. The Select Committee only modifies it and moulds it into proper shape.

THE HONOURABLE MR. HOSSAIN IMAM : In the case of the Companies Act Amendment Bill, a Committee of the Assembly was set up to consider the report of the special officer. Similarly, there can be a Committee of the two Houses to consider the report of the experts. If the Honourable Member is prepared to do that, I have no objection to withdrawing this Resolution, because that is the main thing that I want—an opportunity of discussing that report.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : May I say, Sir, that as we have been allotted only one day for the consideration of the Finance Bill, and as this Income-tax Enquiry Report will need at least a full day in itself, I would humbly request that a separate day be allotted for the consideration of the Income-tax Enquiry Committee's Report, or otherwise, two days be allotted for the consideration of the Finance Bill ?

THE HONOURABLE MR. J. C. NIXON : When I was talking about a Bill, I meant a separate Income-tax Bill, not on the occasion of the presentation of the Finance Bill.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Government be prepared to give us a day for discussing this Report ? That will suffice for

us and that will be the kindest thing that the Honourable the Leader of the House can do.

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. Nixon): They want to know if the Government are prepared to give a day to discuss the Income-tax Committee's Report.

THE HONOURABLE MR. HOSSAIN IMAM: Without any motion.

THE HONOURABLE MR. J. C. NIXON: I am not clear whether the suggestion is that the Income-tax Enquiry Committee's Report should be discussed on its merits or whether it is the procedure of the Government for taking what action they may propose to take which will come up for discussion.

THE HONOURABLE MR. HOSSAIN IMAM: On both points.

THE HONOURABLE MR. J. C. NIXON: In any case, Sir, I am afraid I am not in a position to be able to say whether Government can give a date for that. The Honourable the Leader of the House will no doubt consider it, but I do not think he at the present moment will be prepared to give a date.

THE HONOURABLE THE PRESIDENT: It rests with the Leader of the House.

THE HONOURABLE SIR JAGDISH PRASAD: I could not say straight off. If my Honourable friend had given me some warning I could have consulted my colleagues. It is impossible for me at this stage to say anything.

THE HONOURABLE MR. HOSSAIN IMAM: We should not discuss the Government's action but only the report on its merits.

THE HONOURABLE SIR JAGDISH PRASAD: I think my Honourable friend might be allowed to continue his speech.

THE HONOURABLE THE PRESIDENT: If the Honourable Secretary has no objection I will allow him.

THE HONOURABLE MR. HOSSAIN IMAM: I am prepared to waive my priority. I will discuss it after the Resolutions tomorrow.

THE HONOURABLE SIR JAGDISH PRASAD: I think he might be allowed to continue.

THE HONOURABLE MR. HOSSAIN IMAM: I was saying, Sir, that credit was due to Mr. S. P. Chambers for his sense of equity and justice. He has proved himself to be better than the Government. And that is not my allegation. I have chapter and verse to quote in proof of this. I am merely concerned with a few subjects in this report in which I have been taking an interest for the last 5 years. I am mostly concerned with the incomes arising abroad and incomes accruing in India but being drawn abroad. Those were the two things in which I was greatly interested. I put a question on the 20th September 1932, No. 42, in which the reply of the then Finance Secretary was that the Government of India know of no statutory provision exempting

[Mr. Hossain Imam.]

sterling pensions from Indian income-tax, nor is any such provision necessary to validate the existing practice, "because the territorial limitations imposed on the powers of the Indian Legislature by section 65 of the Government of India Act render it impossible—mark the words—for the Indian Legislature to make effective provision for the recovery of Indian income-tax on pensions paid outside India to persons resident outside India".

That is what my Government says, and I will quote the opinion of the experts—

"The major consideration that pensions earned in British India should pay British Indian tax should in our opinion prevail."

Have the Government any sense of shame? Do they realise that they are here to serve Indian interests? Do they realise that such actions of theirs of always trying to serve the British exchequer, is not a paying thing? It does more harm to their masters in England than it does to anybody else.

Sir, I am very glad that in practically all the matters on which I have been agitating during recent years, I have received endorsement from this Council. I commend to the attention of the House the remarks on page 6 in section 2 (b): "We feel that income payable to non-residents arising in a primary sense from British Indian sources should be subjected to British Indian taxes".

Now, the reason why I wanted to know what the Government intend to do is not that there should be any discrimination either in favour of Indians or in favour of Europeans. The Government was quite anxious to accept one of the recommendations of this Committee, the coupling up of the income of the husband and wife. They brought forward that legislation on the report of this Committee. Now, may I ask why this discrimination in favour of Europeans in regard to those incomes which you have exempted by executive action under powers given to you under section 60 part (1)? Why should not you accept the recommendations of the Committee and rope in those incomes from the beginning of the next year? If the Government is anxious to increase its intake and does not wish to discriminate between Europeans and Indians, why this difference between their treatment of the two sets of people. Sir, the fact is that here they are concerned with the close preserve of the Secretary of State. Personally I think that the Committee have shown a way out; they have given us the lead that even the reservations made in the Government of India Act, 1935, under sections 178 and 272 are most retrograde, and, I may be pardoned for saying, that they damn the constitution. The power that we now enjoy to subject pensions to our own income-tax is being taken back, and yet we are told that Federation will bring Heaven to earth. Sir, the trouble with the Income-tax Department is two-fold. They are anxious to please the business people as well as the Secretary of State. Now, the position of business people, if I may be excused for saying so, from the report of this Committee is that they have been guilty of two things, illegal evasions and legal avoidance. Now, it is strange that the accused should be appointed the judge. We will be told that certain provisions did not meet with the approval of the business community. What would be the meaning and force of that? Either you take back your charge that there has been evasion and legal avoidance, or, if you substantiate that charge—as is amply proved in the Andrew Yule case, where we have lost 2 crores make the law more effective. Such cases make me doubt if it is the right policy of the Government to be so diffident towards the opinion of business men. May I say that it is in the interest of every honest man that he should see that taxes are not evaded or avoided. Because if a given tax does not yield the required amount of money, what will happen? The rate

of the tax will go up and the incidence will increase. The greater the evasion the greater is the weight on the honest man. Taxes are never liked and income-tax is specially hated, even by members of the Treasury Benches. But there is this difference. In other countries I know it is not regarded as moral turpitude to evade income-tax, but in India to my shame I have to admit that it is regarded as commendable. Therefore I think the Government would be well advised to so amend section 54 as to give the Governor General power not to apply this section to particular classes of people or in particular areas if he finds that there is a *prima facie* case that evasions on a large scale are being practised in that area or in that class.

Sir, the United States and Italy give full publicity to the assessments of income-tax. On the Church door in Italy the assessment is hung up that such and such persons were assessed to such and such income. If that system were to be adopted in India, you will find that the takings of the Income-tax Department would go up much higher than they are at present. The honest man would be able to get relief from the present surcharge; he might even get a reduction in the super tax. If all those who are liable to pay the tax and who ought in justice to pay, would pay their due share—and, Sir, it is the Government officials who are most burdened by these evasions because their income is known and they are taxed accordingly—then the position would be much better. The business people go merrily about, devising ways and means consulting income-tax experts, paying them huge fees and getting legal avoidance.

Sir, I came across this secrecy stunt of the Income-tax Department when the electoral roll of the Council of State could not be corrected. I know of dozens of men who were eligible to be voters but whose names did not find place in the electoral roll merely because the Income-tax Department would not furnish on demand to the Election Officer with the necessary names. The election officers wanted the Income-tax Department to give them a list of those who were subjected to requisite income-tax. There are any number of people who were ineligible to remain voters. I wanted to get their names struck off, but I could not do so because the Income-tax Department would not give us information. This secrecy stunt, as I call it, has gone too far; it has become a fetish.

Now, Sir, I would revert to Chapter I, section 4, of the Report. There they recommend that the agricultural income of an assessee should be taken into account in fixing the amount of tax payable on his other income. This is very hard. This is an indirect method of taxing agricultural income; and as agricultural income is to be a provincial subject I object to its inclusion. I give my full support to the other recommendation in this Chapter, namely, para. (d). Mortgagees, by means of tactful use of certain words, take advantage of the loose framing of the law have evaded payment of income-tax for a very long time. Its correction is a right development. That is not agricultural income in the strict sense of the word, because when we talk of agricultural income we mean income of persons who hold it either permanently or for life, where the period does not expire with the expiry of the sum lent. Usufructuary mortgages are nothing short of interest payment and capital payment. Therefore I think the Government would be perfectly justified in accepting that amendment as suggested in this Report.

Now, Sir, the Income-tax Report has taught us something, how volumes can be spoken without saying a word about it and that is what they have done in section 6 (a).

THE HONOURABLE MR. J. C. NIXON: What Chapter ?

THE HONOURABLE MR. HOSSAIN IMAM : The same Chapter I—Governor General's powers of granting exemption and of revoking exemptions. These are the words of the Committee, Sir, and they speak volumes :

“Representations have been made to the effect that the power given to the Governor General under this section is inconsistent with the principles of the Government of India Act, 1935, and out of harmony with the practice in other countries in taxation matters, and should be abolished, leaving any exemption to be specifically enacted.”

These are the allegations. What does the Committee say ?

“We can, of course, offer no comments upon a constitutional matter such as this but we are of opinion that the complaints in the main arose out of the specific exemptions dealt with in the following sub-paragraphs.”

And after enumerating them, this is what they say :

“The major consideration that pensions earned in British India should pay British Indian tax should in our opinion prevail.”

THE HONOURABLE THE PRESIDENT : May I draw your attention to the fact that you have already exceeded your time limit.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I was interrupted for 10 minutes.

THE HONOURABLE THE PRESIDENT : I have taken that into consideration.

THE HONOURABLE MR. HOSSAIN IMAM : I will finish soon, Sir. I submit, Sir, it is not possible to deal with the whole aspect within the space of time at my disposal and I suggest that Government should consider the advisability, especially as the House is anxious to give it a more detailed consideration, of giving a day, if they have time in their hands, for a formal motion that the Report be taken into consideration, as has been done in the case of other Reports ; in order to give this House an opportunity to go in greater detail and help the Government. In this connection the angle of vision of the Opposition coincides with that of the expert committee and it is only the Government of India, about whom we are afraid that it may not go far enough and may shelve most of the recommendations of the report or they may be pressed by higher authorities not to take action ; because the report has gone as far as Indian opinion has demanded, for instance, in connection with the interest on sterling loans. The report points out that under the present Government of India Act section 315 (4) and section 178 (3) the Indian Legislature is powerless to enact. After admitting this, or bewailing this, they recommend that :

“If in spite of these considerations, it is desired to bring such interest within the scope of British Indian Income Tax, this could only be done by amendment of that Act by the United Kingdom Legislature. In such an event, special machinery for the deduction of tax would need to be provided.”

This is a broad hint to the Government of India that they should take up the matter with the Secretary of State and demand that these sections of the Government of India Act should be amended. They could not say in more explicit what their intention was. They have gone even further than this. They add :

“The view was expressed that even if non-taxability in respect of the interest on existing loans must be retained, it should be avoided in respect of any future issues by making the interest payable in India, but this is a matter of Government financial policy.”

Here we have the report of the experts favouring us. You need not be anxious that the opposition would put a spoke in the wheel. The opposition will strengthen your hands if you really do intend to serve India. There is another matter to which I wish to draw the attention of the Government.

THE HONOURABLE THE PRESIDENT: Will you try and bring your remarks to a close?

THE HONOURABLE MR. HOSSAIN IMAM: I shall conclude in two or three minutes, Sir. I would draw the attention of Government to a matter that was not brought to the notice of Government. I refer to the guaranteed interest of the railway companies. That, Sir, neither by any statutory provision, nor by executive notification, but merely on supposition is regarded as accruing outside India and subject to the usual territorial restriction. Fortunately for India, Sir, the Argus eyes of the framers of the Government of India Act did not catch this. The powers of this Legislature have not been curtailed. And I hope, Sir, that the Finance Member will rope in this fruitful source of supply. In the same category, Sir, I would ask the Government what is the position as regards Indian States portion of income from the Railways. Whether this also is to be exempted by supposition or by notification or by statute. The rest of what I have got to say, Sir, I shall reserve for the Finance Bill. Sir, I move.

THE HONOURABLE THE PRESIDENT: I may point out to the Honourable Finance Secretary that, though the Honourable Member has spoken at great length on the Report of the Income-tax Committee, unless he so wishes he is not bound to reply on that point which is outside the scope of the Resolution. And I would like Honourable Members now to confine themselves to the Resolution.

THE HONOURABLE MR. J. C. NIXON (Finance Secretary): Sir, I am going to accept the invitation of the Honourable the Mover that in replying to this Resolution I shall be brief, and I do so the more readily because in the absence of my friend Mr. Mahapatra I shall be less in danger of being accused on that account of exhibiting a paucity of thought. The Resolution, as you have pointed out, Sir, has asked the Government of India to make an announcement in regard to the action they propose to take on this Report, and that is the aspect of the case, in the few moments that I propose to take of the time of the House, which I wish to deal with.

As the House probably knows, the Report came into the hands of Government about Christmas time. We immediately had it printed up and circulated to Local Governments, public bodies, Chambers of Commerce, etc., and asked them to let us have their views by the end of April if possible. We have already had a communication—I think it is from the Federated Chambers of Commerce—saying that that is much too short a period for them to reply in, and asking that we may permit their reply to be deferred till somewhere towards the end of July, and I rather suspect that that will be rather a common request. In any case the possibility of not having to take immediate action on this Report was not unwelcome to the Finance Department. Honourable Members will believe, I hope, that at this particular time of the year the Finance Department is pretty fully occupied with other matters. And I would say straight away that I myself am not in a position to discuss the Report on matters of merit. The Finance Department are retaining a completely open mind in regard to the proposals made by the experts. We shall take into account very seriously the comments we receive from the people

[Mr. J. C. Nixon.]

we have invited to express opinions. Some of the opinions expressed by my Honourable friend this afternoon will not be overlooked. To me they sound as if some of them had considerable sense. As I say, we are keeping a completely open mind.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: You mean to say you will give us another day for discussion in this House ?

THE HONOURABLE MR. J. C. NIXON: I have already replied to that, as far as I was able, Sir, in what I said in the middle of the debate. I would point out at this stage that the recent Act which this House accepted in regard to income-tax was for the explicit purpose of preventing a very serious and rapid deterioration in our income-tax receipts. In that respect it differs from some of the other recommendations in this Report. It is quite obvious that my Honourable friend the Mover of this Resolution himself does not want Government to announce that they are going to accept the whole of this Report as it stands, lock, stock and barrel.

As the Honourable the Finance Member pointed out to the other House on a recent occasion, he hopes to be able to present his suggestions with regard to the income-tax law in India in the form of a Bill probably in about a year's time, and his intention at present is that he would then refer the matter to a Select Committee which would report in the following session.

As you know, the recommendations of the Report may be divided into two parts. There are those which definitely require modifications in the Act if they are to be carried out and there are certain other recommendations dealing with the administrative machine. Among the latter there are certain types of action which would affect the assessee without legislation. And in regard to these we shall in the Finance Department wait till we hear the various opinions on the subject. But inasmuch as certain of these recommendations suggest a tightening up of the administrative machine, getting the machine itself into order, we shall as soon as possible take those up and if practicable bring them into operation.

I gather that the real purpose of the Honourable the Mover of this Resolution, if what he said in the early part of his speech is correct, is that this House should be given an opportunity before a Bill is passed by the other House of expressing some sort of opinion and he suggested that the *modus* of a Joint Select Committee would to some extent meet his wishes. I can give no guarantee in regard to the procedure that Government will follow in this matter but I shall certainly have the matter considered and consult the Government over it.

In the way of an announcement, Sir, that is all I can say, and I think it probably is all that the Honourable Mover of the Resolution expected me to say. I am sure he would have been amongst the first to object if Government had taken this Report and decided which recommendations it proposed to accept and which it proposed to reject without waiting for the comments of public opinion, and therefore I hope he will accept what I have said as the announcement for which he explicitly asks in this Resolution.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I wish just to say a few words. The announcement which the Honourable the Finance Secretary has made, Sir, is not what I wanted.

THE HONOURABLE THE PRESIDENT : But surely you will admit that you could not have expected him to know what you were going to say under this Resolution ?

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I expected that he would announce what would be the exact procedure the Government would adopt.

THE HONOURABLE THE PRESIDENT : I don't think the Government know themselves.

THE HONOURABLE MR. HOSSAIN IMAM : If they do not know, Sir, then may I assume that this motion of mine will not debar us from discussing the subject again at Simla ? Because, Sir, if we are debarred from making a motion on this subject again within the statutory period of one year, the result will be that the Government would do what they like without consulting us.

THE HONOURABLE THE PRESIDENT : That has nothing to do with the Government. It will be for me to decide when the Resolution comes up whether it is permissible or not.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, knowing your regard and solicitude for the dignity of this House I can rest content. But, Sir, may I draw the attention of the Honourable the Finance Secretary to what I said in the beginning, that there is one procedure open to the Government that they can consult a Committee of non-officials before they formally draft the Bill—a Committee to help the Finance Department in drafting the Bill. I do not want him to assure us that this will be done because I know that he cannot give us this assurance without consulting the Honourable Member in charge, but, Sir, I simply ask him to do his best to follow the Legislative Department in the one good thing that they have done, of having set a precedent, that the House should be consulted before the Bill is passed. With these words, Sir, I resume my seat.

THE HONOURABLE THE PRESIDENT : You resume your seat but you do not say anything about withdrawing it. When you started, you said that you framed this Resolution for the purpose of asking for information. You have got the information now. Do you withdraw the Resolution ?

4 P.M.

THE HONOURABLE MR. HOSSAIN IMAM : I have no objection to withdrawing it if the House wishes it to be withdrawn.

THE HONOURABLE THE PRESIDENT : I am not asking the House. You tell me whether you wish to withdraw the Resolution or not.

THE HONOURABLE MR. HOSSAIN IMAM : I withdraw, Sir.
The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE*. POSITION OF INDIANS IN ZANZIBAR.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, I beg to move :

" This Council recommends to the Governor General in Council to take steps to investigate again on the spot the position of Indians in Zanzibar as affected by the recent anti-Indian decrees and to adopt such measures as may appear desirable in the light of the fresh investigation to secure justice to the Indian community."

[Pandit Hirday Nath Kanzru.]

Sir, we have had often to listen to the sad story of grave wrongs and humiliations imposed on my countrymen in many parts of the British Empire, but till recently Zanzibar was not one of the places whose complaints reached our ears from time to time. Happily, it was free from racial troubles of all kinds till the year 1934. It was about the middle of that year, Sir, that the Government of Zanzibar passed certain decrees which have created consternation and alarm among the Indian community and the bitterest resentment in this country. And who are those Indians of Zanzibar with whose case we have to deal today? They are men who have been settled in Zanzibar for generations. They are men whose settlement in Zanzibar was welcomed by the Sultans and was to a certain extent encouraged by the grant of preferential treatment in certain commercial matters. They are men who have enabled the British Government to build up their position in Zanzibar. It has been more than once officially acknowledged that the British Government owes its present position in Zanzibar entirely to the influence of the Indian settlers. They are men, 80 per cent. of whom have settled down in Zanzibar. They control 90 per cent., I believe, of the import and export trade and it is they who have built up the clove trade of Zanzibar. And these people, who, judging from the accounts that one has received of them, have been a source of strength both to the Protectorate and to the British Government, have been singled out for discriminatory treatment.

And what is the ground on which the Zanzibar Government have passed the legislation to which my countrymen have taken serious objection? Some time before 1934, a report, known after the names of its authors as the Bartlett-Last Report, was published in which it was alleged that probably "not less than half of the agricultural property of Zanzibar has passed to the hands of the money lending classes, and that at least a half of the remainder is encumbered to them, most of it heavily".

(At this stage the Honourable the President vacated the Chair which was taken by the Honourable Sir David Devadas.)

It was also stated that the debts amounted to 62 per cent. of the assets. The allegations made in this report practically came to this, that the Indians were dispossessing the Arabs rapidly of their lands and converting them into a landless proletariat, that they had come to acquire control over 3/4ths of the agricultural property in Zanzibar and that unless immediate action was taken, the situation would be fraught with grave political danger. The Zanzibar Government, soon after the publication of the report, brought forward a number of decrees, only three of which it will be necessary for me to refer to this afternoon. These decrees are the Land Alienation Decree, the Clove Growers' Association Decree and the Clove Exporters Decree. Now, the Land Alienation Decree affects the position of Indians as money lenders and as men to whom land has been mortgaged by the Africans. Under it a moratorium was proclaimed for a year and it was also laid down that no land owned by an Arab or African could be alienated to an Indian except with the special permission of the Resident. The Clove Growers' Association Decree and the Clove Exporters Decree dealt not with agricultural property but with the trade in cloves. It affected the Indians as dealers in cloves—as purchasers of cloves in the internal market and as its exporters. If necessary, I shall deal with its provisions a little later. But I want just now to explain to the House the grounds on which these decrees were passed. It was alleged that Indians who were acquiring land from the Arabs and the

Africans did not make good agriculturists. They were as a rule absentee-owners who did not manage their property in the best possible way. It was also alleged that they had indulged in speculation and were responsible to no small extent for the depression in the clove trade that prevailed in the Protectorate. It was further alleged that the control of the clove trade by the Indians had created a number of middlemen between the producer and the exporter who ate up most of the profits that ought legitimately to have gone into the pockets of the producer. These are the grounds on which these decrees were passed, and now I shall take just a moment to refer to the salient features of these decrees. I shall take the Clove Growers' Association Decree first. The Clove Growers' Association existed before this decree was passed. But this decree gave it a different form and different powers. It was authorised to deal generally in and export agricultural produce. Then it was given a monopoly for the export of cloves. These are the two main features of the Clove Growers' Association Decree. I might also say in passing that this decree imposed certain charges on the export of cloves but exempted the Clove Growers' Association from the payment of these charges, which the other exporters were called upon to pay. Now, take the Clove Exporters' Decree. No cloves could be exported without a licence from the licensing authority, which was the Clove Growers' Association and not the Government, and against the Clove Growers' Association one of the most important complaints of the Indian community is that its Secretary-Manager is a man who was the agent of a firm which could not hold its own in fair competition with Indians in the clove trade. The licence fee might amount to as much as Rs. 5,000 per annum under this decree. At present we gather from Mr. Binder's report, which I shall deal with a little later, that the fee is Rs. 2,000. The number of licences might be restricted by the licensing authority. In addition to this the Clove Growers' Association is entitled to inspect the accounts and books of the exporters, who can only be regarded as the rivals of the Clove Growers' Association.

When these decrees were published in Zanzibar, the Indian community naturally appealed to the Government of India to take up their cause and press His Majesty's Government to see that justice was done to them. The Government of India I am glad to say promptly responded to the appeal of the Zanzibar Indians and deputed Mr. Menon to proceed to Zanzibar to carry on investigations on the spot and to submit a full report. Honourable Members I am sure are familiar with the main features of this report, but to me its most valuable feature is that it takes account in the fullest measure of the moral responsibility which the Indians of Zanzibar owe to the Arabs and Africans settled there. Mr. Menon, as every Indian ought to acknowledge with pride, refused to make any recommendations which would have the effect of putting pressure on the Zanzibar Government to withdraw any measure required for the protection of the legitimate interests of the Arabs and Africans. In some important respects he disagreed with the Indian community. His recommendations we may thus be sure are not based on the principle "my countrymen, right or wrong", but are the outcome of an impartial and fair consideration of all the relevant facts of the situation. After surveying the situation from as detached a standpoint as he could adopt, he came to the conclusion that the charges against the Indians were unfounded and that the Clove Growers' Association Decree and the Clove Exporters Decree would, if allowed to remain on the Statute-book, practically deprive Indians of their livelihood and compel them to leave Zanzibar, which has been their home for generations. He has stated on the basis of the investigations carried out by him that it was wrong to allege that Indians had indulged in speculation or that there was a large number of middlemen between the producer and

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the exporter and that the Indians charged high profits, thus depriving the real agriculturists of a good part of the fruit of their labours. He has pointed out that the profits charged by the Indians were very moderate and that they were much lower than the duty of 7 annas per *frasila* or 35 lbs. of cloves levied under the decrees I have referred to on all cloves exported from the Protectorate. He has expressed the opinion that the apprehensions expressed by the Indian community regarding the attitude of Mr. Bartlet, whose appointment as Secretary-Manager of the Clove Growers' Association has created great bitterness amongst Zanzibar Indians, were perfectly justified. He says that Mr. Bartlet's attitude was that he would 'feed' Indians from time to time. In other words he would tell the Indians that if they behaved well they might be allowed to retain a certain share of the clove trade. The House can easily imagine that apart from all other considerations, men who had built up the clove trade, who had for generations been an asset to Zanzibar, could not easily accept the position of being dependent on the charity of Mr. Bartlet, who was an agent of one of their former business rivals.

There is one other material fact which I should like to bring before the House before I pass on to other matters. I have referred already to the alarm created in the Zanzibar Protectorate by the report known as the Bartlett-Last report. The Government of Zanzibar appointed a commission—as the allegations in the Bartlett-Last report were challenged and as the decrees passed by the Zanzibar Government provided no permanent solution of the question with which they dealt—the Government appointed a Commission known as the Agricultural Indebtedness Commission to find out the true facts and to suggest such remedies as the situation might call for. The report of this Commission which was presided over by the Chief Justice of Zanzibar and the majority of whose members were officials is a revealing document. It completely exonerates the Indian community from the serious charges that had been brought against them. The Commission estimated that not more than 6½ per cent. of the clove-trees in Zanzibar were owned by Indians and that even if the fictitious sales were included, which there was no reason to do, as Indians had shown no desire to foreclose their mortgages and prevent the Arabs from redeeming their property, even then the total property in the hands of the Indians, that is, the total property of which they could be regarded as owners, would not be more than 12½ per cent. The mortgages amounted to a further 7.5 per cent. of the total. If we take all these things together, that is, the clove trees owned by Indians, the trees mortgaged to Indians and the trees which they controlled for the time being owing to fictitious sales, they could not be said to control more than 20 per cent. of these trees. What a contrast between this and the alarming statements contained in the Bartlett-Last report, which conveyed the suggestion that nearly three-fourths of the agricultural property in the Protectorate was in one way or another in the hands of Indians. The Zanzibar Government disagreed with the estimates of its own Commission, but it has not so far taken the public into its confidence and informed it of the reasons for which it disagreed with the conclusions of the Indebtedness Commission. The estimates of the Indebtedness Commission were admittedly based to a certain extent on certain assumptions, but anybody who reads the two reports that I have just mentioned can judge for himself whose assumptions are wild and whether the conclusions of the Commission are *prima facie* supported by such evidence as was given before the Commission and such facts as came to its notice.

(At this stage the Honourable the President resumed the Chair.)

The Government of India, I am glad to say, lost no time after the receipt of Mr. Menon's Report in making strong representations to His Majesty's Government. They have kept up the fight hitherto and if they have not succeeded it is no fault of their own. The difficulty is inherent in their position. They are a subordinate branch of the British Government, as Lord Curzon once emphasised. Owing to the incessant pressure maintained on the higher authorities by the Government of India, His Majesty's Government appointed a Chartered Accountant, Mr. Binder, to examine the accounts of the Clove Growers' Association and to submit a report on its operations during the time that it had been in existence. Sir, Mr. Binder's report has been severely criticised in this country. It has been justly said that it offers no solution of the question which is troubling the Indian community. But before I deal with its recommendations, I should like to draw attention to one fact, the significance of which has been well brought out in this report. This report deals with the proportion which the licence fees paid by Indians bear to their total profits. While there were formerly 36 firms engaged in the export trade, there are only 5 firms engaged in this business today and between themselves they have paid Rs. 10,000 or £750 for obtaining licences for the export of cloves. Now, according to Mr. Binder, the total profit of the export trade at 1 per cent. of the value of the cloves would amount to about £4,750. If the whole of this trade passed through Indian hands the licence fees would amount to 16 per cent. of the profit, but the entire trade does not pass through the hands of Indians. Apart from this, the Indian exporters may well have to give up some of their profits owing to the competition they may be faced with among themselves. It would thus be nearer the mark to say that the licence fees would take away at least one-third of the profits of the firms engaged in the clove export trade.

The House would like to know, Sir, what are the principal conclusions at which Mr. Binder arrived after examining the financial position of the Clove Growers' Association and making such investigations as he could on the spot. I shall first, Sir, refer only to those recommendations which justify largely the complaint of the Zanzibar Indians against some of the steps taken under the decrees which I have briefly dealt with already. Mr. Binder recommends that export licences should in future be issued not by the Clove Growers' Association but by Government. He also recommends that the licence fees should—

“be reduced to such a sum as will be within the means of a small exporter who should be encouraged to explore for new markets and bring orders, however small, from countries outside the main market and thereby broaden the consumption.”

Another recommendation of his is that the export levy of 7 annas per *frasila* against which the Indians protested and which gave the Clove Growers' Association a very unfair advantage over them in the export trade should be abolished and the expenses of the Clove Growers' Association covered by the margin between buying and selling prices. Yet another recommendation of Mr. Binder relates to the association of growers and exporters with the Clove Growers' Association. Hitherto this name has been a misnomer. There is not a single grower, there is not a single person connected with the clove trade on the Board of the Association. Mr. Binder recommends, not that Indians should be included in the personnel of the Board, but, that an advisory committee consisting of two representatives of growers, one for Zanzibar and one for Pemba, two representatives of exporters, and a representative of the Clove Growers' Association should be established in order to confer with the Board of the Association and to discuss purchase and sale prices to be fixed from time to time. In addition to this, Sir, he has made two very important

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recommendations in regard to matters which vitally concern the Zanzibar Indians. They relate to the debt question. The moratorium which was originally decreed for a year has continued in existence for nearly three years. I understand that the debt legislation drafted by the Government of Zanzibar is now being examined by the Government of India. This gives us some hope that the moratorium would be lifted soon and that steps of a permanent nature would be taken to give redress to the indebted peasants and to do justice to the creditors also. Mr. Binder recommends that attempts be made to reduce the amount of the debts through Conciliation Boards and that in addition to this an Agricultural Credit Association be formed for the purpose of making the necessary advances to agriculturists in order to enable them to free themselves from the burden of debt. Indeed it is clear from these recommendations that in some respects Mr. Binder without saying so has supported the demands of the Indian community and justified their criticisms. He has pointed out that no permanent solution of the question is possible unless steps are taken to advance cheap money to agriculturists and to reduce the amount of their indebtedness.

There are, however, Sir, two other recommendations of a very serious nature which might nullify the good effect of the recommendations to which I have drawn attention above. Hitherto the Clove Growers' Association has enjoyed a monopoly only in the matter of the export of cloves. But Mr. Binder now recommends that "the Government should obtain legislative authority to restrict the purchase of cloves to licensed buyers", and that Government should, in the first instance, "issue a licence to buy and receive deposits of cloves to the Clove Growers' Association only". He says that purchasing agents should be chosen from experienced local dealers and that sales should be made through licensed exporters. But he also says that circumstances might arise "which would necessitate direct export by the Association". Now, Sir, the Indians have complained strongly of the monopoly enjoyed by the Clove Growers' Association and the net effect, considering the present situation in Zanzibar, of the recommendations of Mr. Binder would be to extend and strengthen this monopoly of the Clove Growers' Association which will in future have the sole right not merely to export but also to buy cloves. And one need not be surprised if in course of time circumstances do arise in which the Association might deal direct with the foreign importers. Indeed foreign importers, seeing that the Clove Growers' Association enjoys a monopoly of purchase and sale, might well discard the existing exporters and prefer to deal with the Clove Growers' Association.

This is, Sir, the situation at present. What is it now that we can do to put pressure on the higher authorities to redress the just grievances of my countrymen? I have already referred, Sir, to the incessant vigilance of the Government of India on behalf of the Zanzibar Indians. But what they have done, while of the greatest value, is not enough. They have certainly prevented the position of Indians from deteriorating further but they must with the public opinion of the country behind them go further and inform His Majesty's Government that if the means at our disposal of securing justice to Indians are exhausted we shall be left with no alternative but to prohibit the import of cloves from Zanzibar into this country. We would not like to hurt a tiny territory like Zanzibar, but we cannot forget the fact that it is His Majesty's Government who are responsible for the policy that is being followed there. In South Africa it is said we have to deal with a Self-governing Dominion, but Zanzibar is directly under the control of His Majesty's

Government. What prevents His Majesty's Government then from doing justice to Indian claims the legitimacy of which has been proved by Commissions appointed by the Zanzibar Government themselves? Sir, I was very glad to learn from a reply given by Government in another place two days ago that they would authorise their representative at the forthcoming Imperial Conference to discuss the position of Indians in the Colonies with the Secretary of State for the Colonies. I hope, Sir, that the discussion of the situation in Zanzibar with the Secretary of State for the Colonies would lead to an improvement in the situation from our point of view and that it would not be necessary for us to take any action against the trade of Zanzibar.

THE HONOURABLE THE PRESIDENT: Please bring your remarks to a close now.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: But I cannot forget the fact that the Indians all over East Africa are in a very difficult position. I am somewhat acquainted with East Africa and its problems and I think I can say on the basis of my personal knowledge that the growth of the nationalist sentiment in India seems to have led to an increase in the anti-Indian movement there. In proportion as the desire of the Indians to be masters in their own house has grown, efforts have been made by their opponents to prevent them from occupying an important position in the lives of the Colonies to which they belong and to consolidate their interests. This, Sir, is the situation that we are called upon to deal with today. It is for this reason, Sir, that I have urged on the Government of India the necessity of sending a representative of their own once more to Zanzibar to collect facts to argue with the authorities and to bring about an amicable settlement if possible. They have on two occasions up to the present time sent their representatives to Zanzibar with the utmost benefit to the Indian community,— Mr. Menon and Mr. Bosman. I am sure that if they send a representative again, it will be productive of the greatest good. I know that the Resident is new. Give him by all means some time to acquaint himself fully with the situation in the Protectorate. But keep before yourself the necessity of sending another man to Zanzibar to influence the authorities to do justice to Indian claims. But more than this, Sir, one permanent measure is needed to protect Indian interests. We have seen that the presence of Agents of the Government of India has been a source of great help to the Indian communities in South Africa, Ceylon and Malaya, and I feel, Sir, that the Indian community in East Africa is entitled to expect from the Government of India the same help as the Indians in South Africa, Ceylon and Malay have received. I hope that this matter will receive the serious consideration of the Government of India. The developments of the last three years are sufficient to convince all of the necessity of the appointment of a permanent Agent for the East African territories of the British Government.

Sir, I do not wish to take up the time of the House any more, but I would once more urge on the Government of India, with all the emphasis that I can command, not to be content with what they have done but to take every possible opportunity of pressing on the authorities the just claims of my countrymen. His Highness the Aga Khan....

THE HONOURABLE THE PRESIDENT: I have allowed you already nearly 45 minutes, because the subject is a very important one, but at the same time I hope you will not trespass too much on the time of the Council.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I will take only five seconds more, Sir. The suggestion that I have made has had the

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support of His Highness the Aga Khan, who certainly is in a position to take full account of the difficulties of the situation. If a responsible man like him could put forward a suggestion of the kind embodied in my Resolution, I hope that it will commend itself to the Government of India.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, I feel sure that the Government of India will accept this Resolution if they think that any useful purpose will be served by doing so. They have shown the greatest interest in this subject and we on our part have the greatest sympathy with what the Honourable the Mover of this Resolution has said. I do not suggest that it is necessary now to go into the merits or the demerits of this case at all. I would only like to say that we dislike restrictions of this kind on principle and that we still more dislike racial discrimination. But we do realise that there have been cases in India, such as the Land Alienation Act in the Punjab, where certain legislation of this kind has been found necessary.

THE HONOURABLE MR. BIJAY KUMAR BASU: Not racial.

THE HONOURABLE MR. R. H. PARKER: No, but agricultural. They must be on those grounds, as my Honourable friend says. The necessity for action is made clear in Mr. Menon's report where he brings out in a very few words the point that the proposed legislation will reduce the Indians not from opulence to poverty, but from poverty to starvation.

THE HONOURABLE SIR RAHIMTOOLA CHINYOY (Bombay: Nominated Non-Official): Sir, I just want to suggest to my Honourable friend.....

THE HONOURABLE THE PRESIDENT: Nothing can be suggested now to him. If you wish to address the House, you can do so.

THE HONOURABLE SIR RAHIMTOOLA CHINYOY: With reference to this Resolution, my suggestion through you to the House and the Honourable Member is that the Resolution should be altered thus:

"This Council recommends to the Governor General in Council to take steps to ameliorate the position of Indians in Zanzibar as affected by the recent anti-Indian decrees and to adopt such measures as may appear desirable to secure justice to the Indian community."

THE HONOURABLE THE PRESIDENT: You wish to move an amendment to that effect?

THE HONOURABLE SIR RAHIMTOOLA CHINYOY: If my friend is prepared to accept.

THE HONOURABLE THE PRESIDENT: It is first for me to say whether I will allow the amendment. Do you propose an amendment?

THE HONOURABLE SIR RAHIMTOOLA CHINYOY: I suggest this amendment.

THE HONOURABLE THE PRESIDENT: I disallow any further amendments to this Resolution. This Resolution has been in the hands of

Honourable Members for the last two days and they could have put in an amendment before this time.

THE HONOURABLE SIR RAHIMTOOLA CHINYOY : I am very sorry the amendment has been disallowed, but I support the Resolution. I feel great concern at the position to which Indians in Zanzibar have been reduced. The question of the position of Indians in Zanzibar is the acid test of the position of Indians in all the Colonies and Dependencies. If Zanzibar is lost, the position of Indians in other parts of the Empire would be in serious danger and we simply cannot afford to let this happen, nor can we allow the Government of India to take it lying down. I am glad to say that the Government of India have been alive to the situation and very sympathetic. Indians have been settled in Zanzibar since before the 15th century. When Vasco da Gama came out to India by the Cape in 1492, it was with the assistance of an Indian pilot from Zanzibar that he found his way to India. So the Indians have been in Zanzibar from the days when nobody else from other countries had arrived. When they first went there they were well received by the Sultan of Zanzibar. When after some hundreds of years' residence there, a difference arose between the Sultan and the Indians resident there, the latter appealed to the Colonial Office to send an officer there, but the Colonial Office refused, and said "Who will meet the expense?" Then the Indians said they would pay the cost, and thus it was that Britain came into touch with Zanzibar; and today we see what the position of Indians is in Zanzibar under British control. Personally, I think that immediate action should be taken by the Government of India. We have the Menon report and the Bozman report, from both of which we know the situation exactly, and it is high time that the Government of India moved through the Colonial Office to produce a situation to the entire satisfaction of both the Government and the people of India.

THE HONOURABLE THE PRESIDENT : Please note that in future you should address the Chair from your place in the House.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : The Honourable Mr. Kunzru has dealt very lucidly and very thoroughly with the Zanzibar question. Our trade relations with Zanzibar go back to several centuries and 80 per cent. of the Indians there are permanently settled. It is the Indians who have helped to build up the prosperity of Zanzibar and the clove industry. I will just read out the opinion of one who is not very friendly to this country. Mr. Winston Churchill in his "My African Journey" says this :

"It is the Indian banker who supplies perhaps the larger part of the capital yet available for business and to whom even the white settlers have not hesitated to go for financial aid. The Indian was established long before the first British officer. Is it possible for any Government with a scrap of respect of honest dealings between man and man to embark on a policy of deliberately squeezing out the native of India from regions in which he has established himself under every security of public faith?"

Also I will read out what Sir John Kirke, who was the first Consul General for East Africa, had to say before the Sanderson Committee in 1910 :

"But for the Indians we would not be there now. It was entirely through position of these Indian merchants that we were enabled to build up the influence that eventually resulted in our possession."

[Mr. P. N. Saprú.]

Sir, until 1934, as the Honourable Mr. Kunzru has pointed out, all races lived peacefully in Zanzibar. It was in 1934 that certain decrees which have given rise to controversies were passed. The effect of those decrees has been explained by Mr. Kunzru. Now, Sir, one thing that I should like to emphasise is that Zanzibar is a Protectorate. It is under the direct control of the Colonial Office. His Majesty's Government cannot say that they cannot interfere with Zanzibar. Zanzibar is not in the same position as South Africa or Australia or Canada. The Colonial Office can interfere with the Zanzibar administration. The Sultan is a mere figure-head. The real authority in Zanzibar resides with the British Resident and the British Resident is controlled by the Colonial Office. Therefore the argument that there can be no interference with Zanzibar is not open to His Majesty's Government. In Zanzibar Indians have enjoyed so far equality of rights. There is equality of citizenship so far in Zanzibar and it is in that country that for the first time legislation of a racial character is going to be passed. It is a very important and very serious matter from the point of view of the Indians. We stand for racial equality. There can be no two classes of citizenship in the British Commonwealth of Nations, and we on this side were very glad that we had in this Resolution the support of our esteemed friend the Honourable Mr. Parker. His support will enable the British Government to realize that all sections of Indian and British opinion have very decided views as to what is proper and what is not proper, and that Indians in Zanzibar have a legitimate grievance.

So far as the Binder report is concerned, it has been subjected to criticism by Mr. Kunzru, but the question is, what is going to be our next step.

I have no doubt the Government of India has done all that it could. 5 P. M. It has been exerting the utmost pressure that it could on the British Government and on the Zanzibar Government; but their efforts have so far not succeeded. And if their efforts have not so far succeeded, what should they do next? That is the question, and the suggestion has been made by Mr. Kunzru that the time has come for them to seriously consider whether it would not now be tactically wise to prevent the import of cloves into India. I think, negotiation having failed, we should now consider whether it would not be wise for us to prevent the import of cloves into India. Let us try and grow clove in our own country; we can not allow Indians to be squeezed out. But perhaps before we take that final step, it might be better for us to send a representative of our own to Zanzibar. We sent Mr. Menon there about 2 years ago and he gave us a very able report. We should send some competent and qualified man to Zanzibar and he should inquire and let us have a picture of the conditions there. Then we should also have an Agent in East Africa. The interests involved in East Africa are very large. We have Indians settled in Kenya; we have Indians settled in Zanzibar and the condition of Indians in Kenya is not very good. Therefore it will be to the advantage of our Indian brethren in Kenya and in Zanzibar if there is an Indian Agent appointed for the Eastern Possessions of His Majesty.

Sir, it is quite true to say, as was said by the Honourable Mr. Rahimtoola Chinoy, that the question of Zanzibar is a test question, and I remember reading Sir Purshotamdas Thakurdas's observations the other day. Sir Purshotamdas Thakurdas says that if Zanzibar is lost, all is lost. That is our feeling. If Zanzibar is lost, the question of Indians overseas is lost. I think that we have to take a firm line in regard to the issues that are raised by this Zanzibar question and we have no doubt, Sir, that the Honourable

the Leader of the House will acquaint His Majesty's Government with the strong feelings that all sections of the House entertain in regard to the Zanzibar question. With these words, I support the Resolution moved by the Honourable Mr. Kunzru.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadian) : Sir, I rise to support the Resolution and as the object of the Resolution has been so well explained by the Honourable Mover and Pandit Sapru, I ought not to detain the House long. I must say that this is a very important question and I hope that the Government will accept his Resolution.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, I do not think there is any difference of opinion on any side of the House or in this country about the question of Indians in Zanzibar and their grievances. My friend the Honourable Pandit Kunzru has dealt with the historical aspect of the question and my friend Mr. Sapru has gone back centuries to find out when Indians first went into Zanzibar and all that. But I think, Sir, the gravamen of our charge is that there has been racial discrimination in one part of the Empire regarding the inhabitants of another part of the Empire. We are told in season and out of season that India is an equal partner with the other countries belonging to the Commonwealth known as the British Empire. Is this the treatment that one partner would expect to have from another ? It is said that all the legislation that has been described as anti-Indian were merely economic ones, as has been tried to be made out by Mr. Binder in his report. But behind this economic question there is this racial question. In the Land Alienation Act it was provided that a transfer from an Arab or an African to a " non-Arab or non-African " had to get the sanction of the Resident. If that is not racial discrimination I do not know what is. The Punjab Land Alienation Act provides that a particular piece of land shall not be sold to anybody other than an agriculturist ; one can understand it ; but we have been receiving discriminatory treatment in that particular part of the Empire and certainly everyone of us, on all sides of the House, resents it.

Sir, I do not agree to the question raised by the Honourable Pandit Kunzru of sending a representative there. What would be the use of sending another representative except that we shall have to incur further financial obligations which we should avoid in these slender times ? We have the Menon Report ; we have the Binder Report, which was overseered on our behalf by Mr. Bozman. We have got a correct picture of the whole situation. We know what is being done and what steps Government should take ; they have got the materials there and they can take steps. But I do not understand how we can, by a mere reprisal as suggested by Mr. Kunzru, ameliorate the condition of our brother Indians in Zanzibar. Supposing the Government of India, having done their best, cannot achieve anything in that direction and we stop import of cloves from Zanzibar into India, what benefit do Indians in Zanzibar get from that ? That is another point on which I cannot see eye to eye with Pandit Kunzru. The position of Indians in Zanzibar might be worse if not politically but certainly financially. As we have seen from these reports, practically all Indians there are interested in the clove trade either as bankers or exporters or as growers. I understand that India is a big consumer of cloves from Zanzibar. Supposing we prohibit entry of Zanzibar cloves, we simply transfer our custom from Zanzibar to Madagascar. We must have cloves and the only other place that grows cloves is Madagascar. How are we ameliorating the condition of our brother

[Mr. Bijay Kumar Basu.]

Indians in Zanzibar by shutting out import of cloves I do not see. Nor do I see what benefit would we have by sending another man to give us another report. We have all the materials. As has been pointed out by both Mr. Kunzru and Mr. Sapru, practically with all their efforts Government have found themselves powerless. All we can say is that we have got to appeal through the Government of India once again to the Colonial Office and see if some redress can be had through the Colonial Office. It is no use appealing to the Zanzibar authorities. They are passing these legislations, knowing that they are racially discriminating legislations, knowing that they are anti-Indian ; it is no use appealing to them. The only way that I can suggest that this question should be treated is, that the Government of India should approach the Colonial Office and put pressure on them, if possible, to remedy these grievances. But, as pointed out by Pandit Kunzru, we feel—and I think the Members of Government should feel also—that they are helpless in the matter. They have tried their best ; they have not been able to do much. It should be pointed out forcibly that we are groaning under the injustice meted out to our nationals in a part of the Empire, where we are considered to be equal partners.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member) : Mr. President, I think all sections of the House have been impressed, as I have been, with the ability, earnestness—and I should like to emphasise—the moderation with which my Honourable friend Pandit Hriday Nath Kunzru has moved this very important Resolution. We all know the great indignation, the deep resentment, that recent legislation and measures in Zanzibar have caused in India. The general feeling is that the discrimination is based on racial grounds. It is unnecessary for me to point out here to this House the sense of humiliation, the deep wound that is caused to Indians if any action is taken which implies that they are either a backward race or are inferior to the peoples of the West. For what is it that the Indians demand ? They claim that there should not be discrimination merely on the ground that they are Indians. I have more than once expressed the view that we regard discrimination based on racial grounds as abhorrent to us, as the root of much dissension, of much strife, of a great deal of ill-feeling. For what is our own tradition in India ? What is the tradition which our history proves ? Many races, many religions, came to India and had asylum here. We treated them hospitably. Some came to seek refuge from religious persecution, others for purposes of trade and commerce. And we received them without any racial discrimination. Therefore, to a people with our past and with our mental outlook, any discrimination on racial grounds burns into our memories and such action may in the end profoundly influence the course of political history in this country. I should also like to point out that with the growing rise of nationalism in this country, with the growing sense of national solidarity, any action which is taken outside cannot remain indifferent to us. It is now impossible to deal with a section of our people abroad and to hope that the result of that action, the influence of any measures taken will be regionally confined. I should like to say that, if such action strikes the people of India as being unjust and unfair to their countrymen, it must lead to unfortunate repercussions in this country. Therefore, the point that I wish to emphasise is that colonial policy cannot ignore imperial considerations. It is impossible to confine action and to trust that its effect will not spread beyond certain geographical bounds. After all, it is a little more than 20 years when over a million of my countrymen went across the seas and were comrades in arms with many members of

the colonial Empire, with the Armies of the Empire, and we went there because we believed that the commonwealth of nations stood for freedom and justice. It would indeed be a tragedy, a great disaster for the future of the world, for the promotion of amity and goodwill amongst the peoples if the impression were to get abroad that Indians in the colonies were regarded as undesirables, that there was no place for fair dealing for them within the British Empire, for that would be a strong handle to that section of opinion—and that section exists—which believes that the British Empire has no meaning for Indians at all. That, I say, would be indeed a great disaster.

With these preliminary remarks, I now come to Zanzibar. My Honourable friend has acknowledged that the Government of India has not been remiss in their responsibilities. Telegraphic information was received in June 1934 that certain decrees were about to be passed, the time between the receipt of the information and the actual passing of the decrees was so short that it was not possible for the Government of India at this stage to intervene. Subsequently they tried to get the execution of the decrees delayed but they were unsuccessful. But, as Honourable Members will remember, these decrees were finally passed on July 5, 1934. We deputed Mr. Menon and he was in Zanzibar in August 1934. My Honourable friend has referred to Mr. Menon's report. On receipt of his report we made representations to the Colonial Office. Subsequently there was a Commission on agricultural indebtedness to which my Honourable friend has referred and on that Commission there was an Indian member. The Indians in Zanzibar did not ask for our assistance because they probably felt that they were adequately represented on that Commission. As soon as the report of that Commission was received we again represented our views to the Colonial Office. Then, Sir, there was the Binder Report and, as Honourable Members know, we sent Mr. Bozman to help the Indians there and here I should like to take this opportunity of saying how greatly we appreciate the assistance that Mr. Bozman gave in representing the Indian case in Zanzibar. Mr. Bozman has had a great deal of experience of Indians overseas. He was for two years Secretary to the Agent General in South Africa. He has recently been to Malaya and I can assure Honourable Members that we in the Education, Health and Lands Department are fortunate in having two men of the capacity and ability of Sir Girja Shankar Bajpai and Mr. Bozman to deal with overseas questions.

Now, Sir, coming to the debt legislation, we have now received the draft Bill. We have made our recommendations. We have not failed to take note of the opinion of Indians in Zanzibar, of the opinions in this country. And we have brought to bear on it all the information that is available. At this stage the House will agree that while the Bill is still in draft form, it is impossible for me to discuss its provisions, but we have an assurance that, if any amendments are made when the Bill is published, the Government of India will have another opportunity of making comments on its provisions. This is so far as debt legislation is concerned. I share the regret of my Honourable friend that it has taken so long for the Bill to materialise. We know that this moratorium has been now in existence for 3 years. Honourable Members who have had anything to do with debt legislation will recognise that it is a somewhat complex matter and occasionally delay does take place because the problems to be dealt with are so intricate. As regards the Binder Report, we have heard the criticisms of it this afternoon. We know the unfavourable impression the Report has produced in India and the severity

[Kunwar Sir Jagdish Prasad.]

with which it has been criticised. In regard to that Report also, we have sent our views to the Colonial Office.

I therefore hope that I have been able to convince the House that we have taken note of all the opinions that have been expressed, that there have been two Commissions, and that as far as the debt question is concerned, we have got to the stage when a Bill has been framed and on which our opinions have already been communicated. As regards clove legislation, we have had Mr. Binder's report and we have made our comments thereon. I do not think that at this stage any useful purpose will be served by sending another emissary to Zanzibar. But I can assure my Honourable friend that if we find that the procedure we have so far adopted requires to be supplemented at a later stage, his suggestion will be very carefully examined.

There are one or two other points to which I would make a passing reference. I think my Honourable friend suggested that the question of an Agent for East Africa should be considered. That is a matter which we are already carefully examining, and I think this will be one of the points which our representative, when he goes to England for the Imperial Conference, will take up. I hope I have been able to convince the House that we are in constant touch with Indian opinion here, that there has been no failing on our part to represent truly and faithfully Indian sentiment and that we have at no stage relaxed our endeavours to get justice and equitable treatment for our nationals abroad. I hope I have also been able to convince the House that at this stage it is unnecessary that any further investigation should be made. What we desire is that this question of indebtedness should be quickly solved and that it should be done in a manner which, while being fair to the debtors will also keep in view the legitimate claims of the creditors who happen to be Indians. And, as regards the clove trade, we hope that nothing will be done which will injure or will be unfair and unjust to our countrymen there. I can assure my Honourable friends that the interests of our countrymen abroad are our constant care, and that our stewardship will be such that it will meet with their approval. I have nothing more to say except to thank my Honourable friend Mr. Kunzru for bringing forward this important Resolution and for giving me and the Government of India an opportunity of stating our position. (Applause).

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Mr. President I have listened with great interest and pleasure to the exposition of the Indian case by the Honourable the Leader of the House. I was glad to hear from him that not only was the debt legislation drafted by the Zanzibar Government being scrutinised now by the Government of India but that they had received an assurance that their views would be considered also at the final stage. This is partially reassuring. I wish that my Honourable friend could have made an equally reassuring statement with regard to the Binder Report. There are two questions, Sir, with which this report deals, (1) the property at present owned by Indians and (2) the opportunities available to them of earning their livelihood. It is certainly necessary that no steps should be taken which would result in the confiscation of the property of Indians. But it is even more necessary that the avenues now open to Indians of taking part in the business life of the Protectorate and of earning their livelihood are not closed to them in future. If while they get back all their property they are denied opportunities in future of taking an honourable part in the economic life of the Protectorate, I for one will not be satisfied. "I would

rather that the Indians lost all their property than that they were prevented from having opportunities in future of promoting their material interests. I ask my Honourable friend Kunwar Sir Jagdish Prasad to bear this aspect of the recommendations of the Binder Report prominently in mind. Whatever the concessions that the report might have made to Indian opinion it has made the Indian position more difficult. It has said to the Clove Growers' Association "You already have the monopoly of the export of cloves; you shall in future have the monopoly of purchase also." The situation thus is fraught with serious danger to the future of the Indian community. If the recommendations of the Binder Report are accepted, Indians will be exposed to greater risks in future than at the present time. If the powers of the Clove Grower's Association are extended in the manner suggested by Mr. Binder, I have no doubt whatsoever that, as Mr. Menon has said in his report, the Indian community would be squeezed out of the Protectorate and that their material interests would be completely destroyed. Imagine, Sir, the outburst of feeling that would take place if action had been taken by the Government of India on the lines of the legislation of the Zanzibar Government against Europeans in this country. If my Honourable friend will bear this in mind, he and the official Members of the House will readily understand the anxiety and alarm with which we view the particular recommendations of Mr. Binder to which I have ventured to draw the attention of the House.

My Honourable friend Mr. Basu deprecated the sending of another mission to Zanzibar. He questioned the value of such a mission. Well, if his arguments were to be accepted as valid, the Government of India need have sent no official to Zanzibar after the return of Mr. Menon. But ask the Indians of Zanzibar what they think of the deputation of Mr. Bozman. I have good reasons to believe that Mr. Bozman gave them valuable help for which he earned the gratitude of the Indian community.

THE HONOURABLE MR. BIJAY KUMAR BASU : If there was any Commission of course you have to send a representative. But my point is that we have all the facts.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : My Honourable friend wants to know what a mission to Zanzibar can now do. Well, the Government of India propose to discuss the position of Indians in the Colonies with the Secretary of State for the Colonies. Now, however, sympathetic the Secretary of State for the Colonies may be, he will have to say that he must first ascertain the views of the authorities on the spot. You have now a new Resident who may be expected to consider the questions affecting Indians with an open mind. This therefore is a suitable opportunity for taking up the matters to which I have referred with the new Resident. This was the reason why I suggested and strongly suggested that the Government of India should send another Mission to Zanzibar in order to fight for the cause of the Indians living there. I fully recognize however that the Government of India have exercised sleepless vigilance in connection with the cause of the Zanzibar Indians. I have also taken note of the assurance given by my Honourable friend the Leader of the House that should the representations now made to His Majesty's Government require to be supplemented, the Government of India would carefully consider the suggestion I have made. In view of this, Sir, I do not wish to do anything which would embarrass the Government of India or create unnecessary differences between them and ourselves. I wish that the Government and we should continue in future to look from the same point of view upon all questions of Indians abroad

[Pandit Hirday Nath Kunzru.]

as we have done in the past, and in view of their past record and the assurance given by my Honourable friend I ask the House for leave to withdraw my Resolution.

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Thursday, the 18th March, 1937.