

*Friday,
25th February, 1910*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XLVIII

April 1909 - March 1910

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OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA

ASSEMBLED FOR THE PURPOSE OF MAKING

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Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 to 1909 (24 & 25 Vict., c. 67, 55 & 56 Vict., c. 14, and 9 Edw. VII, c. 4).

The Council met at Government House on Friday, the 25th February 1910.

PRESENT :

His Excellency THE EARL OF MINTO, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 59 Members, of whom 54 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble MR. MAHOMED ALI JINNAH asked the following questions :—

“ Are the Government aware that there is a strong feeling prevailing amongst the Muhammadans against the present state of the *wakf* law as expounded by the recent decisions of the Privy Council affecting in particular the system of ‘ *wakf aala'd awalad* ’ ?

“ Does the Government propose to take steps to bring the law on the subject into conformity with the texts and the wishes of the Muhammadans ?

“ If so, how soon ? ”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ The Government are aware that objections are entertained to the exposition of the law on the subject of *wakf* contained in various decisions of the Judicial Committee of the Privy Council.

“ As at present advised the Government are not prepared to undertake legislation with the express object of upsetting judicial decisions to which exception is taken. They are, however, ready at any time to accord their fullest consideration to any specific proposals for legislation directed to the object of securing family settlements of a limited nature, provided that such proposals are generally approved by the Muhammadan community.”

The Hon'ble MR. DADABHOY asked :—

“ Is it true that owing to flood, disease, slaughter, poisoning and other reasons, there has been a depletion during the last twenty years of the stock of cattle in the country ?

[*Mr. Dadabhoy ; Mr. Miller.*] [25TH FEBRUARY 1910.]

“ Have prices of cattle gone up? If so, will the Government be pleased to state what steps are being taken for the replenishment of the stock ?”

The Hon'ble Mr. MILLER replied:—

“ Such statistics as are available do not bear out the general idea that there has been a depletion of the stock of cattle during the last twenty years, but the earlier statistics are undoubtedly unreliable, and it is quite possible that the increase shown by later figures is due to more accurate enumeration.

“ Where there has been a serious depletion of stock in any period, it has been due to drought and famine and their results, rather than to the causes mentioned by the Hon'ble Member. Thus in the United Provinces, where careful censuses have been made, we know that an increase between 1899 and 1904 was followed by a considerable decrease between 1904 and 1909, and this was undoubtedly due to the scarcity of 1905-1906, and the famine of 1907-1908, and to heavy mortality from disease among cattle which had deteriorated owing to privation. The Government has made every effort to provide against losses of this description, and the Hon'ble Member is no doubt aware of the special concessions made during recent famines to facilitate transport of fodder as well as of the arrangements made to allow grazing in forests.

“ It is true that there has been a rise, and in many places a very large rise, in prices.

“ The replenishment of stock where it has been depleted is a matter which must be left mainly to the people, but Government assists them liberally with loans at favourable rates of interest for the purchase of cattle, and large sums have been disbursed free by Famine Relief Committees from charitable subscriptions. Action has also been taken by Government for the establishment of cattle farms which are to be found in Bengal, Bombay, the Central Provinces and Punjab, and arrangements have been made especially in the Punjab and the United Provinces for the maintenance of stud bulls by Government and the District Boards. The Government fully realises the importance of the question to the great agricultural industry of the country ; and much has already been done by the Civil Veterinary Department, which has been expanded as rapidly as funds permit, to reduce mortality, and to train up a staff of skilled assistants to advise the people as to the best means both of avoiding loss, and of improving the arrangements for breeding.”

[25TH FEBRUARY 1910.] [Mr. Dadabhoj ; Sir T. R. Wynne.]

The Hon'ble MR. DADABHOJ asked :—

“ Will the Government be pleased to state in tabular form the number of accidents and the incidental casualties year by year on each Indian railway during the last five years ?

“ Have any special measures been taken on the railways during the same period for the prevention of accidents ?”

The Hon'ble Sir T. R. WYNNE replied :—

“ A statement in tabular form of the number of accidents and incidental casualties is published for each year in the Railway Board's annual Administration Report on the railways in India which can be purchased at booksellers in Calcutta, Bombay, Madras, Rangoon and Lahore.

“ In the Report for 1908 the information asked for is contained in Appendix 30, pages 122 and 123.

“ With reference to the inquiry whether any special measures have been taken on the railways for the prevention of accidents, the answer is, that every accident is the subject of special inquiry, under the supervision and personal attention of a Government Inspector of Railways, to elucidate its cause, and to provide a remedy for its recurrence if necessary.

“ The result of each inquiry, its ' finding ' as to the cause of the accident, and its recommendations as to any action that should be taken, is submitted by each Railway Administration to the Government Inspector, who forwards it to the Railway Board with his remarks.

“ The cause leading to every accident and the steps that have been taken to prevent a recurrence of a similar accident then comes therefore before the Railway Board, who carefully consider if the proposals made are adequate or not and issue orders accordingly.

“ It may be pointed out that railway accidents cannot be entirely prevented, and this applies to every country in the world. Mistakes will occur, but the public may feel assured that every effort is made to minimize them.”

The Hon'ble MR. DADABHOJ asked :—

“ Are female ticket collectors employed at all checking stations on Indian railways ? If not, for the greater protection and convenience of female passengers, will orders in that behalf be issued by Government ?”

[*Sir T. R. Wynne; Mr. Dadabhoj.*] [25TH FEBRUARY 1910.]

The Hon'ble SIR T. R. WYNNE replied :—

“ Female ticket collectors are employed at checking stations on most of the Indian railways and have been employed for some time past.

“ Railway administrations are fully alive to the necessity of providing for the convenience of female passengers.”

The Hon'ble MR. DADABHOJ asked :—

“ Is latrine accommodation provided in all trains on Indian railways for third class passengers? If not, will Government be pleased to insist upon the Railway Companies providing such accommodation forthwith, especially on trains running at night?”

The Hon'ble SIR T. R. WYNNE replied :—

“ Under the Railway Act, section 64, Railway Administrations are only bound to provide latrine accommodation to one compartment reserved for females when the train, of which it is a part, runs for a distance exceeding fifty miles.

“ The Railway Act imposes no other liability to provide latrines in railway carriages, and this liability has been fully complied with and much more has been done than the law actually requires.

“ In response to the request of Government, made some seven years ago, railways have been steadily providing latrine accommodation for the use of males to all carriages running on trains travelling long distances, and this accommodation is being steadily added to.

“ For instance, up to date the Great Indian Peninsula Railway have 419 third class carriages so fitted. The East Indian Railway provide such accommodation in all their intermediate and third class carriages running on their mail and passenger trains. Up to the end of 1908 the total number of carriages on Indian Railways of the intermediate and third class which had been fitted with latrines was 5,364.

“ The returns for the year 1909 have not yet been made up.

“ Information on this matter is annually in the Railway Board's Administration Report.”

[25TH FEBRUARY 1910.] [Sir Guy Fleetwood Wilson.]

FINANCIAL STATEMENT.

The Hon'ble SIR G. FLEETWOOD WILSON presented the Financial Statement for 1910-1911. He said:—

“ On this occasion, when the first Financial Statement under the new rules is presented to our greatly enlarged Council, I may be permitted to indulge in a brief retrospect. In February, 1860, just fifty years ago, my predecessor and namesake, the Right Honourable James Wilson, in an elaborate speech, laid the earliest of India's annual financial statements before the Legislative Council of those days. His speech, as I have said, was elaborate; it covered the whole ground of the financial and economic position of India. But the accounts which it introduced were set forth in a single short table, printed on a sheet no bigger than the proverbial sheet of note paper. To this were appended a few statistics of debt, trade and cash balances; the whole thing barely occupied ten octavo pages. There was of course no discussion. The revenues for the coming year were estimated at £38 millions and the expenditure at £42 millions. The total external trade, imports and exports combined, was valued at only £60 millions (it is now over £200 millions) and the total debt of India was £98 millions (it is now over £250 millions). We have gone a long way in these fifty years, and our conditions are widely different from what they were in 1860; but there is a curious parallelism between parts of Mr. Wilson's speech and some of the things which I shall have to say to-day. He had to deal with a deficit; he had to convey a grave warning (which was long unheeded) of the precarious nature of our opium revenue; and he had—as alas! is my fate also—to suggest additional taxation.

“ It is not, however, the matter, but rather the form and the treatment, of our financial statements that I set out to review. The full expository speeches and the brief figured tables were continued by Mr. Wilson's successors for thirteen years: though about 1866 we find the abstract of revenue and expenditure developed and classified into major heads—a far shorter list than we now have, but numbered and arranged much in the present style. In 1873 and for the three following years, there were no Budget meetings; the old law of 1861 did not permit the Council to meet for other than legislative business, and the finances of those years involved no legislation. The statement in those circumstances took the shape of a formal minute published in the *Gazette*. In 1877, however, with a great famine overshadowing the finances, a Budget meeting had again to be convoked, and the statement was presented by Sir John Strachey in a speech of portentous length. It occupied 40 pages of printed foolscap, and was supplemented by another 34 pages of a minute in which the Finance Member

examined the figures in fresh detail. In 1881, Major Baring (now Lord Cromer) restored comparative brevity; but in 1882 he reverted to a speech which occupies 52 printed pages, explaining that there was no other means of describing the figures with accuracy, and that his attempt at condensation in the previous year had been misunderstood. After that, came a series of annual minutes, with a wealth of detail, but a decided tendency to technicality. During this period the form in which our figured statements are now shown was worked out under Lord Cromer's orders; and in 1890, Sir David Barbour split up the explanatory speech or minute into two parts. His intention evidently was that the first part should be mainly a discussion of policy and the second an examination of results. It was some time before this ideal was reached, and Part I in the course of years got more and more overloaded with figures, technical and difficult. But in 1900, Sir Clinton Dawkins got back to the original idea. Part II, prepared by the Financial Secretary, became a detailed exposition of the figures, adapted to the student or the specialist; while Part I was the vehicle used by the Finance Member for a broader review of the position and for his declarations of financial policy.

"Of the nature of the discussions on the past Financial Statements I need say little, as they were described in a picturesque passage of the speech with which Sir Edward Baker summed up the Budget debate of two years ago. Prior to 1892 no discussion at all was permissible. In the following year the rules under the Indian Councils Act, 1892, had come into force, and members were at liberty to offer any observations they might wish on the Statement, but not to put any motion or divide the Council. The observations allowed by the rules became in time lengthy and comprehensive: non-official members ranged over the whole field of Indian administration, and official members were drawn into the defence of the acts and policy of their departments. There was no other recognised occasion during the legislative session, either for the former to criticize or for the latter to expound.

"So much for the old order which is now passing. Let me turn to the new. What I submit to the Council to-day is the result of direct evolution from the system that has been worked out during the last fifty years. The Financial Statement which the new rules prescribe will be found in the set of tabulated figures displaying, in their logical and time-honoured classification, the closed accounts of last year, our latest estimates of revenue and expenditure for the current year, and our preliminary forecast for the ensuing year. The explanatory memorandum which the rules require is the old Part II of previous years. It is prepared, however, in greater detail than before, yet with less repetition; and an attempt is made in it to explain succinctly the movements of the figures under each important head of account, as well as to give a conspectus of our Ways and Means operations. But, in order to summarise the lessons of the

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figures and to review the general position, I propose to retain, in the remarks which I shall now offer to the Council, our old Part I in a slightly different and less technical garb.

"As regards the discussion, a still greater change will mark the new procedure. To-day the rules do not permit discussion. It would in any case be manifestly unreasonable to expect members to speak, almost on the spur of the moment, upon the large and complicated questions which emerge from the Financial Statement. But on a later date, which I believe Your Lordship intends to fix for next Friday, the Council will proceed to what roughly corresponds with the Committee stage of the estimates in the House of Commons. We shall take up first the consideration of our proposals for fresh taxation, for a new loan, and for additional grants to Local Governments. Then, after a short interval, the Council will again assemble in what I may term Committee of the whole House; and each 'major head' in the accounts which is open to discussion will be explained in turn by an official member who has special knowledge of the branch of the administration concerned. At both of these stages it will be open to any member, by way of resolution after due notice given, and subject to a few reservations, to call attention to any matter which is directly relevant to the figures under consideration, to criticise the necessity for any entry, or to ask for further information regarding it. All such resolutions, if in order, may be duly debated. In this way ample opportunity will be afforded for a genuine scrutiny of the estimates by the Council, and for a criticism which is based on precise facts. We believe that the result will be helpful to the Government, and will foster the growth of an informed public opinion upon the vital problems of our public finance. Having, during a public service which covers a period not far removed from half a century, attended nearly every financial debate in the Mother of Parliaments, I hope that I shall not be considered presumptuous if I venture, in passing, to impress upon Members of Council that it is rather by the painstaking examination of specific items of expenditure than by the framing of abstract resolutions on organic changes in financial policy that economy can best be attained. Also that advantageous services can be more readily provided for by means of savings effected, than by appeals for additional funds which the finances of India cannot produce without casting additional burdens upon her people.

"Towards the end of March—the 23rd being the date fixed for this year—I shall present the Budget in its final form, after embodying in it all corrections that may result from the detailed discussions and any other changes which the passage of time may necessitate. On that occasion there will be no further debate. At an adjourned meeting, however—fixed for the 29th March—members will be at liberty to make observations on the Budget, without moving resolutions or asking the Council to divide. In addition to the new and more intimate discussion on the detailed figures, we thus retain the old

liberty of general criticism. But I trust that the closing debate will be materially shortened after the comprehensive examination to which the estimates will have been subjected at their earlier stages. I may also venture on a hope that questions of wide general policy will not, so far as possible, be tacked on to these proceedings. Other opportunities are now given for raising debates on matters of general interest; and it will be more convenient to us all, and more economical of time, if these opportunities are taken, instead of loading the Budget with disquisitions on side issues. There are, it is true, very few aspects of our administration which are not reflected in our Budget: but after all the Budget is primarily a provision for the public services of the coming year. It is a business document, and it will be to our credit as a Council if we handle it in a business-like manner.

" Revised Estimate of 1909-1910.

" When I introduced the Budget for the current year, I entered a plea for caution and economy. On almost every side there were auguries of better harvests and reviving trade. But recovery was likely to be slower than it had been in times of the country's convalescence from previous famines, because the trade conditions of the world remained dull and unsettled. A year ago, prices were still high; the country was still feeling the effects of over-speculation and a glut of imports; and the loss of our opium revenue was a standing menace. That caution has been justified; but we have also been justified in our resolution to face the difficulties of the year without extra taxation, and we now believe that the year will close with a surplus remarkably close to, and slightly in excess of, the small margin of revenue for which we budgeted.

" From the agricultural point of view, the year has been a good one, and the country may be said to have shaken off the effects of the drought of 1907. At the beginning of last April, it is true, there were still over 100,000 persons in receipt of State relief, but distress during the hot weather was nowhere very severe. It was confined for the most part to limited areas in Bihar and the United Provinces, and by July all relief operations were closed. Except in Bengal and parts of the United Provinces, which suffered from a shortage in the winter rains, the outturn of the spring harvest was not unsatisfactory. Later, the improvement became more definitely marked; for the monsoon broke early and the rainfall was unusually abundant and well distributed in nearly every part of the country. Famine and scarcity were at last at an end. The autumn and winter harvests were everywhere good, and in many places excellent. Bumper rice crops have been reaped in Bengal and Eastern Bengal, while the autumn harvest in the Punjab is estimated to be 21 per cent in excess of the average for the previous five years. The only complaints we have heard — and they are not serious — come from some of the Madras districts which are suffering from the failure of the north-east monsoon in October. In them however the

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excellent rainfall of the previous months replenished the various sources of irrigation, and no serious anxiety is felt, though the yield of the cold weather crops cannot be a full one. In all other parts of the country the accounts of the spring crops are very satisfactory though more rain would be useful in some places. If no untoward event occurs in the next month, an excellent harvest should usher in the ensuing year.

“It was natural therefore and proper that, when the end of the regular monsoon showed the agricultural position to be assured, a general air of hopefulness should pervade the country. I am afraid however that it did not penetrate the Finance Department, where the state of the public exchequer was felt to be by no means free of anxiety. On making our usual preliminary revision of the estimates in November, we found falling prices, easy money, and a tangible rise in the purchasing power of the people. Trade however was still slack; and the recovery seemed likely to be slow, irregular and hesitating. The land revenue, including large amounts of famine arrears, had been coming in well; but in nearly every other important respect our receipts were below expectations. The most disappointing section was our Railway earnings, which reflected the slowness of the general improvement, being almost a crore short of what we had counted on realizing by the end of October. Backward Customs returns, particularly from piece-goods and silver, indicated how seriously the import markets had been glutted; and a marked shortage in the Post Office receipts bore testimony to the dullness of general business. Our revenue from Forests, from Salt, from Excise, was also behindhand; while on the other side of the account, our budgeted expenditure seemed likely to be fully required. We were therefore compelled in ordinary prudence to explain the situation to our big spending Departments and to Local Governments, and to call upon them to exercise all possible economy in view of our diminished resources. The appeal was loyally responded to, and the savings in expenditure which were thus secured have played a considerable part in the improvement of the financial position that has taken place since November.

“To that change there have been other contributory factors:—the good harvest of cotton and oilseeds, with their effect both on railway traffic and on the spending power of the peasantry; the increasing activity of the import market; and the big rice movements which are beginning in Burma, with the accompanying rise in export duties. But the most dramatic feature in the situation has been the sudden and unexpected development of our Opium revenue. I must diverge for a moment to explain this movement and the events which led up to it.

“As I mentioned last March, we intended to sell 42,300 chests of Bengal opium during the current financial year; and in view of the fluctuating mood of the China market, we based our estimate of receipts on the cautious average of ₹1,350 a chest.

In Malwa we had apparently reached a curious *impasse*. The Bombay godowns were full, and duty had been paid in advance upon a very large quantity of opium which still lay in Malwa and which the recently imposed restrictions would not allow to be shipped until 1910. In the circumstances, though it was impossible to foresee how the trade might move, we assumed that further payments of duty against the 1911 shipments might be expected, and we budgeted cautiously for the receipt of duty upon something between 8,000 and 9,000 chests. Up to October, our moderation seemed justified. The China market was dull, with a slightly rising tendency. The prices fetched by our Bengal opium varied between R1,150 and R1,450; and the clearances from Malwa were not more than would ordinarily be required for home consumption. In October however a sharp rise in the China prices took place. I need not discuss the complicated factors in the remarkable speculative movement which was thus established, and over which, so far as the China market is concerned, we had of course absolutely no control. The first result of the movement was another rush to pay duty in advance. The trade had got wind of our proposal—to which I shall allude hereafter—to give Malwa a larger share of the 1910 exports; and although we had guaranteed no priority of shipment after 1910, the exporters were prepared to take their chance and, so to speak, to register their claims. During the first half of November, duty was paid on 17,000 chests, when the Indore authorities very properly stopped the rush and refused to receive any more payments. We were at the time in correspondence with the Secretary of State regarding the distribution, as between Bombay and Calcutta, of our reduced exports; and as soon as that matter was settled, we decided how to deal with our unexpected windfall of revenue. The decision was to retain the duty paid in respect of chests which under our revised programme could be shipped in 1911; to grant priority of shipment to those chests in the order in which duty had been received; and to refund all payments that had been made in respect of chests which could not be either used for home consumption or exported to China in 1911, thus leaving us a free hand regarding the 1912 exports. This closed the episode for the time being, so far as concerns the Malwa revenue. But the excitement in the China market had an immediate and startling effect upon our Calcutta prices also. From R1,439 a chest in October, the selling price suddenly bounded up to R1,800 in November; and even this price, unprecedented for nearly half a century, was outstripped in January, when the average ran up to R2,044, only to be again and still more strikingly exceeded by the figure of R2,397 which was obtained at the sale in the current month.

“The net result of this great appreciation in the value of Indian opium in China is that our revenues in the current year, after deducting the refunds to which I referred above, will gain about £1,000,000 beyond what we budgeted for. So far as possible, the windfall has been utilized on the sound principle of meeting non-recurring liabilities which would otherwise have hampered our finances in future years. We have in this

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way been enabled to restore the depleted balances of Bengal, Eastern Bengal and Assam and the Central Provinces; to complete our promised grant to the Rangoon river training scheme; and in various other directions to fulfil obligations which will lighten the burden on the general revenues hereafter.

"Such being the main features in this eventful and difficult year, I proceed to show how far our original estimates of revenue and expenditure have been supported or modified by the results as we can now forecast them with the actual figures of ten months in our possession. I shall do so in round figures and on general lines, neglecting minor variations.

" Revenue.

"The total revenue which we expected, when our Budget for the year was framed, was £73,750,900. The revenue we now hope to realize is £74,303,700, being an improvement of £552,800. The Provincial section will be better by £798,700, the bulk of which comes from the improvement in land revenue and from the additional grants that we are making to three Local Governments. The Imperial section, on the other hand, shows a deterioration of £245,900: and it is to the explanation of this figure that I invite the Council's attention.

"Land Revenue is the first head under which our estimate has been materially varied. The fine harvests have enabled the current revenue to be collected promptly, as well as an unexpectedly large slice of the arrears which lay over since the late famine. The total increase over our Budget figure will be £393,000. The Imperial portion of this would be roughly one-half: but instead of sharing in the increase, the Imperial Government is actually credited with an amount of Land Revenue which is worse than our original estimate by £494,000. The apparent anomaly has already been explained; for it is by transferring the necessary amounts from our own share of the receipts under this head to the Local Governments concerned that we give effect to the grants made to the two Bengals and the Central Provinces in aid of their diminished balances. Apart from this, all the other gains and losses to the Imperial revenues are true gains and losses, and not mere transfers to Provincial exchequers. The largest of the gains is the £1,106,000 (gross) by which we benefit from Opium: and the heaviest of the losses is £644,000 by which our total net Railway earnings are expected to fall short of our Budget Estimate. Of the latter, about £73,500 is due to small excesses in the working expenses on certain railways where the charges for repairs, renewals and coal had been under-estimated. The balance represents a shortage in the traffic returns, due to the slow recovery in business, the tardy movement of crops, and the depression in the coal trade. Lines serving the Gangetic plain and its adjoining country are most prominent among the losers: the Great Indian Peninsula Railway, with its big cotton connection, and the lines which traverse Southern India have done very much better; but the losses outweigh the gains.

"I would now ask the Council for a moment to balance these three divergencies from our original figures. On the one hand we have the windfall of £1,106,000 from Opium. This is a departure from our estimates which is due to the vagaries of a market influenced by wholly abnormal causes and entirely outside our control. Upon the other hand, we have, first, the reduction of £494,000 in the Imperial receipts from Land Revenue. As I have explained, this is more than accounted for by the grants made out of our opium receipts to Local Governments and to local bodies in order to fulfil obligations that we should otherwise have had to defer. Secondly, we have the drop of £644,000 in our net Railway receipts. You see how closely these three variations balance; and now, if you exclude them, you will find that the aggregate discrepancy between the Budget estimate and that which I now present, taking all our other sources of Imperial revenue, is the comparatively small shortage of £213,000. In this total there are no individual fluctuations of any importance; and I venture to say that the result is not an unsatisfactory proof of the care with which our original estimates were framed, and that it reflects very great credit on the officers of the Finance Department.

"The most prominent of the minor differences appear under Customs, Excise and Interest. The Customs revenue will probably fall about £157,000 below our Budget figure. The imports of petroleum, metals and manufactured articles generally have been dull, and the lateness of this year's rice exports has helped to pull down our estimate, in spite of the higher yield from silver and Java sugar. Excise will yield us about £246,000 less than we had budgeted, and half of this loss will fall on Imperial revenues. The steady progress of reform (including the curtailment of outstill areas) and the continuous rise in our excise duties have gone far to check the rapid expansion of the revenue from intoxicants which took place during the recent cycle of prosperity; and in some parts of India these influences appear to have been supplemented by very welcome movements in favour of temperance. The variation under Interest is in the opposite direction from those I have just mentioned. It shows an improvement of £159,000 over the Budget figure, due partly to increased receipts from interest on overdrafts of railway capital by companies in India, and partly to the successful employment by the Secretary of State of his spare balances in short loans to the London money-market.

" Expenditure.

"I turn now to the expenditure of the year which is coming to its close. We had budgeted to spend £73,720,500: our latest figures indicate that we shall need only £73,350,700, and that the Imperial share of the saving will be £284,500. To this very satisfactory result the chief contributor has been the Army. The total reduction on our budgeted provision for Military Services will be about £391,000, effected partly in generous response to our call for economy last November, and partly by

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shorter purchases of ordnance and other stores in England. I shall return to this subject in more detail a little later. The other chief economies occur under the salaries and contingencies of the various Civil Departments, where we expect a saving of £122,000, and under the charges on account of Civil Works, which will be £113,000 less than we provided in the Budget. We have thus been able, not without some real sacrifices, to secure a genuine curtailment of expenditure amounting, under these few prominent heads, to no less than £626,000; and there are a number of minor reductions which I do not stop to specify. Against these, there are outstanding excesses over the Budget grants under three heads: but it is gratifying to observe that in two of these cases there has been only a nominal, and not a real, increase of expenditure. The first of these is Refunds, where we shall require an addition of £128,000 to our original figure; this being almost wholly due to our decision, as I have already explained, to return the duty paid on Malwa opium which cannot be sent to China before 1912. The second case of nominal over-spending appears under the Famine Relief and Insurance grant. By the peculiar constitution of that grant, any lapse in the budget allotments either for famine expenditure (whether Imperial or Provincial) or for protective works, in a year when the total grant does not exceed the prescribed million, is not added to our revenue surplus but goes automatically to swell that portion of the grant which is used for the reduction or avoidance of debt. In other words, it is cast into our general balances with a view to capital expenditure, and must thus be debited against revenue. The result in the current year is that the Imperial share of the Famine grant will be raised by £91,000, being the amount by which the grants taken by Local Governments for the cost of direct famine relief have happily proved to be unnecessary. The third chief excess over budget provision appears in our Interest charges, which we expect to be £125,000 higher than the original estimate. This is partly due to a smaller share in the total having been charged to the Railway and Irrigation accounts; partly to a change in the average rate, which is recalculated on the latest data every year; and partly to the higher discount which the Secretary of State had to pay on his India bills in England.

“I may now briefly summarize the finances of the year, so far as the Imperial section of the accounts is concerned. We budgeted for a surplus of £230,900: we now hope to realize a surplus of £269,500. Our revenue has declined by £245,900 but our charges have been reduced by £284,500, the balance of £38,600 representing the improvement in our surplus. Considering the difficulties of the year, I regard this result as distinctly satisfactory. It is possible that some further changes may be necessary before we finally dispose of these estimates at the end of March, for the Council will fully realize that the present statement is—technically at least—a preliminary draft: but I do not anticipate any substantial alterations.

"Budget Estimate for 1910-1911.

"It is with some reluctance that I leave the narrative of a chequered but not unsuccessful year, to take up a less agreeable task. The new financial year which will begin five weeks hence, gives promise of opening under favourable auspices, with good harvests, active markets, expanding trade. The heavy remittances of capital from abroad, both in gold and in Council drafts, testify to the prosperity which is expected in the private finances of the country. Do we anticipate an equal buoyancy in its public finances? In many respects I do. We believe that, if the monsoon rains are adequate, the land revenue will be punctually collected, that our customs receipts will rise, our railways do well, and most of our other heads of revenue show an improvement. But unfortunately I cannot expect a surplus, without the help of additional taxation, which accordingly it will be my unenviable duty to propose. For this state of affairs there are two plain and adequate reasons. In the first place, the reduction of our exports of opium to China will cause a serious fall in our opium revenue. In the second place, we are obliged to abandon to Eastern Bengal and Assam a much larger share of its land revenue than it has hitherto retained; for the present resources of the Local Government have proved quite insufficient for the needs of the new province. These two factors dominate the position for 1910-11. Apart from them we should have been able to meet the normal growth of our expenditure from our growing revenues. Though I view with grave anxiety the steady growth of our expenditure, yet I realise that, without a general re-casting of our scale of public charges, we cannot extend indefinitely those retrenchments of a temporary and emergent character which have been forced upon us in the last two years. I should have been prepared therefore to budget for a moderate addition to the current year's charges and to look to the natural improvement of our resources to cover that addition without asking for any extra taxation. But the loss under Opium and the needs of Eastern Bengal have made equilibrium impossible, and a permanent strengthening of our resources is inevitable. The best way in which I can explain the situation will be to take the Council through the allotments which we wish to make for expenditure in 1910-11; to examine how far our revenue, in normal conditions and with the existing scale of taxation, would have been sufficient for our charges; to show where, and by how much, it will fall short; and finally to describe the special measures which we consider necessary to equate our resources with our requirements.

"Expenditure.

"The total expenditure which we have to provide for in 1910-11 is £75,652,500. This is £2,301,800 in excess of our total estimated expenditure in the current year; but £1,101,000 of the difference is due to increased charges which will be met

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from Provincial resources, so that the Imperial increase which I have to justify is roughly £1,200,000. The Council may take it that out of this sum, £500,000 is required by the commercial departments of Government; and £700,000 by those ordinary administrative services from which we receive no direct monetary return. A further analysis indicates that it will be sufficient to consider the excess as falling under five groups of heads:—Interest, Posts and Telegraphs, Salaries and Expenses of Civil departments, ordinary Civil Works, and Military services. The five groups of services which I have just named are going to cost us almost exactly £1,200,000 more than they have done in 1909-10; the minor variations may safely be neglected.

“ The Interest charges, which form the first of my five groups, are shown under various heads, but in the aggregate they come to nearly £408,000 more than in the current year. The interest on ordinary debt, as I will explain immediately, will hardly be raised at all in India, but there will be an increase of about £270,000 in England. On the small loan which we propose to take in India, our total discount charges (apart from all question of the rate) should be easier than they were this year; and we ought not to have interest to pay on advances to our treasury from the silver branch of the Gold Standard Reserve, as was the case for a few months in 1909-1910: so that on the whole our next rupee loan should not cause a net addition to our interest liabilities in the coming year. But in England the case is different. A full year's interest has to be paid on the Sterling loan of 7½ millions which the Secretary of State raised last month, and increased payments have to be made to the sinking funds which are now established for meeting the discount on our English loans. I still have to explain £138,000 of the total increased expenditure under Interest. By far the greater part of this is a consequence of the fresh capital which certain of the Companies working State lines will raise and deposit at the India Office until they require it. About half of the balance represents debits against us in India in certain complicated transactions with the Bengal-Nagpur Railway Company, which I need not describe in detail; the remainder stands for our increasing interest liabilities on savings bank deposits, on the new general provident fund, and the like. Practically the whole of the increased charges which I have been describing under this head are a compulsory and inevitable result of the extension of our Capital expenditure on productive works.

“ The second category of increased expenditure is our Post Office and Telegraph charges, where we expect a growth of about £81,000. In the case of the Post Office the growth is small (£24,000) and of normal character: and it is more than covered by increased receipts. The third and fourth categories comprise the additional provision in next year's estimates for ordinary Public Works (roads, buildings, etc.) and for the salaries and expenses of what are known as the Civil Departments. The great bulk of this outlay is met by Local Governments from their own provincial resources: but

certain charges, both in England and in India, are exclusively Imperial, and show an increase of about £155,000. For that part of the decennial census operations which will take place next year, we have provided five lakhs, which is £32,000 more than in the current year. The other individual variations are of comparatively small importance, and the total excess allotted under Civil Departments is £97,000. On ordinary Public Works the increased expenditure will be £58,000; this much being considered necessary in order to allow of the progress of a number of works which had to be postponed in the current year. The fifth category is the Military charges, to which I shall return later and in more detail. The expenditure here is taken at £536,000 more than in the current year. Out of this excess £128,000 goes in the combined naval and military operations which have had to be undertaken to check gun-running in the Persian Gulf; and £408,000 are for the general purposes of military efficiency. As I have said, I shall take up this subject again: but I wish to emphasize that what we are providing for military expenditure next year is in reality (apart from the Persian Gulf expenditure) considerably less than we provided in the current year's budget. His Excellency the Commander-in-Chief, however, gave me his cordial co-operation—for which I take this opportunity of thanking him—in reducing expenditure at a time when the outlook was causing us serious anxiety: the result being, as I have said above, a very welcome reduction in the 1909-1910 allotments. To compare next year's grants with what has actually been spent in the current year is thus deceptive; the temporary curtailment of expenditure now in force could not be a permanent reduction.

Revenue.

"I next proceed to consider our probable income, and its adequacy to meet our budget of expenditure. Our Imperial requirements for 1910-1911, as I have briefly described them, demand a provision of £50,257,800. During the year which is now closing, we expect our Imperial revenue to be £49,326,500. To maintain bare equilibrium therefore, we must be able to count on improving the revenue by close on a million sterling: while we shall have to get considerably more if we are to budget for a reasonable surplus or working balance, such as every prudent Government must insist on. In order to see whether this is practicable, I will now ask the Council to go very briefly through the chief heads of revenue with me and ascertain what increases they will yield. In this examination, we had better leave Land Revenue and Opium to the end, as they will require somewhat careful examination.

"From Railways, at the outset, it is apparent that we cannot expect much assistance. The gross receipts of State lines show a remarkable improvement of nearly £1,130,000: but the increase in current expenses is almost equally great. The Railway Board, who are the responsible advisers of the Government in the matter, urge

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that the economies which we are now enforcing must, in the interest of our railway development, be at least temporarily relaxed, and that advantage should be taken of our increased earnings to push on the more essential renewals and repairs which on several lines have recently been deferred. I have been obliged to accept that view, and I have budgeted for a net improvement of only £38,000 from our railway revenues as a whole. Most of our other main heads however promise better. From Customs, on the existing tariff, we should expect an improvement of £183,000. There is a steady upward movement in imports, which ought to continue, and give us a moderate increase, particularly from liquors, petroleum, piece-goods, metals and manufactured articles generally; while in view of the big crops in Burma and Bengal, the rice export may reasonably be taken at a figure somewhat higher than was realised in the last good year, 1905-1906. A substantial increase in Excise seems equally certain even if there were no further enhancement in duties. There is invariably a rise after a year of good harvests; and illicit practices are being steadily worn down by the strengthening of the preventive forces in the different provinces. We estimate therefore that our share of the revenue from this source will be, on the present rates of duty, some £109,000 better than in the current year. The Posts and Telegraphs, under the stimulus of the revival in trade, should give an increase of £96,000. A group of other heads, which are all more or less sensitive to the general condition of the people,—Salt, Stamps, Income-tax and Mint—will yield, as we estimate, an improvement of about £165,000. Irrigation receipts will be diminished by the plentiful rainfall, and Interest is taken at a reduced figure as the Secretary of State's loanable balances may not be so high as in the current year. But against these we are able to set a number of minor increases under Forests and a variety of other heads which I need not enumerate. The chief of these is the military receipts, from which we hope for an improvement of £63,000, owing to the new arrangements for clothing, larger sales of dairy produce, and other causes.

“The net result for all the heads with which I have thus briefly dealt is an anticipated increase of £638,000 in next year's receipts. I come now to our Land Revenue estimate, which is affected by the absence of famine arrears and works out to about 23 lakhs below what we count upon realizing in 1909-1910. The Imperial share of this decrease would, in natural course, be about £105,000; but *per contra* we should have to set the large improvement that has its origin in the peculiar circumstances of the current year. I refer to the subsidies which our recent Opium receipts have enabled us to make to certain provinces and local bodies, and which aggregate about £633,000. These grants being non-recurring, their absence from next year's accounts would have absorbed the decrease in arrear collections and raised the Imperial share of the Land Revenue by £528,000 net. Add this to the increase of £638,000 under the other improving heads of revenue, and it is apparent that we should have almost fully covered the increase of £1,200,000 in expenditure. At the risk then of some repetition,

I trust I have made it abundantly clear that we have not allowed any increase of expenditure which could not have been met from the normal and moderate expansion of our ordinary revenues.

" We thus return to the special causes which interfere with that expansion. The first is the necessity for a revision of the provincial settlement with Eastern Bengal and Assam. How the necessity arose, I will discuss later: for the present all I need mention is the result, *viz.*, that we have agreed, with the Secretary of State's approval, to increase the Local Government's share of the revenues which it collects by £255,000, involving an equivalent recurring loss to Imperial finances. The second and by far the greater of our difficulties is the loss in Opium revenue, which we estimate (net, after certain adjustments) at £872,000 as compared with the present year.

" When the agreement into which His Majesty's Government entered with China on our behalf was announced, it was at once apparent how seriously the Indian revenues were bound to be affected. The effects of the curtailment of our opium exports have hitherto been somewhat obscured by the events which I have already described both a year ago and to-day. But they are now coming into operation, and their operation is all the more vigorous because it has been deferred. In the calendar year 1910 we shall, as required by the agreement, export 5,100 chests less than in the calendar year 1909. Translating this arrangement into terms of the financial year, we can sell only 37,560 chests of Bengal opium in 1910-1911 against the 42,300 chests sanctioned in 1909-1910. In the current year we take the average selling price at R1,610 a chest; for next year, owing to the continued high prices in China, we believe that R1,750 a chest is a reasonably safe assumption. The result is that, on Bengal opium by itself, we hope to restrict our loss to £160,000. But for Malwa opium, a comparison of the actual exports of the two years affords no guide to the financial position. As I have explained before, the whole of the duty payable to us on the exports permissible up to the end of December 1911 has already passed into our treasury; and for this good and sufficient reason we do not budget for receiving any further dues on Malwa opium during the financial year 1910-1911. The consequence is that, as compared with the receipts during the current year, we must prepare for a loss of £718,000.

" I have now explained our requirements. I have given an estimate of what our revenues would be under normal conditions. I have shown where the conditions are other than normal, and I have described the gap that actually intervenes between our requirements and our resources,—a gap which may roughly be measured by the shortage of £1,127,000 due to opium and the new settlement with Eastern Bengal and Assam. To fill that gap, the Government of India are compelled to impose extra taxation which is estimated to yield £1,133,000.

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" Fresh Taxation.

" The taxation which we propose falls under three main heads. The bulk of what we require will be raised by increasing the existing Customs duties on liquors, on tobaccos, on silver and on petroleum. In this way we hope to obtain an additional revenue of £967,000. Certain consequential alterations in the excise duties upon beer and so called 'foreign' liquor made in India will bring in a further £33,000. The balance, or £133,000, we propose to take by enhancing the Stamp duties on certain instruments which I shall enumerate later. The Government of India have not come to this decision without the most anxious consideration. There was no avoiding the deficit: there was no temporary palliative for it. The profits from our railways will no doubt improve, and the elasticity of most of our other heads of revenue is happily assured. But we cannot in prudence treat the decline in our Opium receipts as other than permanent, and in the present uncertainty as to China's achievements, we must keep in view the possibility of its being continuous. Nor can we, apart altogether from the Opium question, shut our eyes to the heavy demands upon the Indian exchequer which lie ahead of us, in the cause of education, to name only one pressing requirement. It has become our clear duty to strengthen the basis of our revenues, and we have endeavoured to do so in the way which will be least burdensome to the country. A variety of other schemes for increased taxation, several of which will readily occur to the minds of my Honourable friends, were fully considered, but the balance of advantage seemed to rest with the combination which I have described, and this has the full approval of the Secretary of State.

" So far as our Customs proposals are concerned, we have held fast by the general principle that our tariff is a revenue, and not a protective, tariff. But substantial duties on wine, beer, spirits and tobacco are in no way inconsistent with that principle, while they constitute one of the most legitimate forms of taxation in every civilized country. Our proposals regarding liquors are intended to simplify the existing rates, and to raise them by from 30 to 50 per cent. Upon tobacco the present taxation—5 per cent. *ad valorem* on manufactured, and nothing at all on unmanufactured tobacco—is ludicrously inadequate. In 1907-1908 over 5 million pounds of tobacco were imported into India, and all that it paid to Government was £25,000; in England it would have paid forty times as much. What we now propose is a set of rates which, in the case of cigarettes, is represented by ₹2 a lb. They may diminish import for a time, but incidentally they may check the rapid growth of the cigarette habit, which is not without its danger to the rising generation in India. On petroleum we simply propose to raise the present rate from 1 anna to 1½ annas per gallon. On silver we intend to take a fixed duty of 4 annas an ounce instead of the 5 per cent. *ad valorem* which it now pays. The enormous import

of those two commodities marks them out as fitting objects for an increased contribution to the exchequer, and we prefer to take the extra taxation which we require by substantial duties upon a few articles of comparative luxury rather than by interfering with the all-round uniform rate upon a variety of less important articles, many of which may be described as necessaries.

"I hope I shall not be charged with framing a swadeshi budget. In the sense which may be seen indicated on Bryant and May's match-boxes ('Support Home Industries') I think swadeshi is good; and if the outcome of the changes I have laid before Council result in some encouragement of Indian industries, I for one shall not regret it; but I would emphasise the fact that the enhanced customs duties are attributable solely to the imperative necessity of raising additional revenue. There is not the slightest inclination towards a protective customs tariff. Even in free-trade England we have always imposed considerable customs dues, not to protect industries but to raise revenue. That is all we are doing in India; and I cannot but think that in countries which depend mainly on agriculture, where the population is poor and there are no large and profitable manufactures, it will be long before you can dispense with customs receipts as a part of the revenue essential for the administration of the country.

"The increase which we propose in Stamp duties will touch only a limited class of documents. We do not interfere with the charges on bonds, conveyances, leases, mortgages, cheques or receipts. But we intend to raise the duty on bills of exchange, on the issue and transfers of shares and debentures, and on agreements for the sale of those securities. Full details of the new rates are given in the Bills which will be presented to the Council to-day to give effect to the changes.

"With the aid of these new taxes, we hope to secure an Imperial revenue of £50,503,700 in the ensuing year. I have already stated our expenditure requirements at £50,257,800: so that we budget for a surplus of £245,900. It is a very, very small margin for a year in which many surprises may await us, and any shortage in the monsoon would sweep it clean away. But our estimates throughout are studiously cautious; we were anxious to avoid the levy of a single superfluous rupee of extra taxation: and with reasonable good fortune I trust that a modest surplus will carry us through, as it has done in the current year. I invite the Council to contrast our situation with the present difficulties which beset the Chancellor of the Exchequer in England; or the £8,000,000 of extra taxation in France; or the loan of £4,600,000 with which Prussia hopes to cover its deficit next year; or the still heavier loans that have been forced upon Germany for the current needs of its administration in these two years.

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"Military Expenditure.

"I deal now in more detail than was possible in the foregoing remarks with some of the bigger Departments. I begin with the Military services, the expenditure upon which under their various heads for five years is as follows:—

	GROSS.					NAT.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1906-1907	19,057,845	662,368	1,127,515	138,358	21,586,086	20,169,343
1907-1908	18,647,533	485,024	1,160,948	116,287	20,415,787	19,248,354
1908-1909	19,177,266	475,957	997,362	29,044	20,650,629	19,602,988
1909-1910 (Budget)	19,350,900	473,300	855,600	27,900	20,708,200	19,653,000
1909-1910 (Revised)	18,948,000	479,100	853,800	36,700	20,317,600	19,233,100
1910-1911 (Budget)	19,480,500	484,300	879,600	1,500	20,853,900	19,706,500

"I mentioned last year that it had been decided to abolish the grant for special expenditure and to revert to the system which was in force prior to 1904-05. Provision is now made for this purpose to the extent warranted by the state of our finances. During the five years ending with 1903-04 a sum of about £6 millions in all was allotted. Then followed Lord Kitchener's reorganisation and re-distribution schemes. In prosecuting these schemes and carrying on the work already begun and meeting ordinary new requirements which presented themselves from time to time we spent about £7 millions between the years 1904-05 and 1908-09.

"In March last entirely new conditions presented themselves. The general financial position was not satisfactory and, as regards military expenditure, we were faced with the obligation to provide for nearly £ $\frac{3}{4}$ million for the increased payments to the War Office on account of the British Army in India and for the pay concessions to the Indian Army. The rates for food supplies too were still rising. To meet these new charges, all of them practically unavoidable, without throwing an additional burden upon general revenues we had to economise in many directions, and as our political relations had improved it was decided to proceed more deliberately with schemes of reorganisation. After restricting the provision to the lowest limit the Budget figure for 1909-10 was placed at about £85,000 less than that of the previous year.

"Considering the extent to which this year's Budget had to be cut down and the extraordinary demands which I have alluded to above, our latest estimates of the probable actuals of the year disclose a very satisfactory state of affairs. The net military expenditure for 1909-10 is expected to be £370,000 less than that of 1908-09;

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the reduction being due in the main to a substantial decrease in food charges in India and in expenditure on stores in England. The position has enabled us to take in hand at once the improvement of the accommodation for the Indian Army, a measure of importance and urgency to which the Commander-in-Chief called our attention soon after his arrival. It has become obvious that, with the persistent rise in prices and wages, comfortable and durable buildings can no longer be constructed at the cost which was previously regarded as sufficient. In the lines which are now being built we are adopting a sound type of construction and are entrusting the operations to the Military Works Services instead of to regimental agency.

"The other principal measures involving special expenditure which we have undertaken are referred to in the Memorandum explaining the Financial Statement. I will merely mention that we have established in the current year a Cavalry School of instruction; the organisation of the new artillery ammunition columns has been practically completed; progress has been made with the provision of accommodation for additional troops at Quetta, Jubbulpore, Ahmednagar and Nowshera; and there has been an advance in the output of quick-firing guns and short rifles from the Gun and Rifle Factories. We have also improved the arrangements for financial control by extending to all British troops and the Supply and Transport Corps the new system under which accounting and audit duties are undertaken in separate offices and by moving out two more Audit Offices to Divisional Head Quarters. Finally we have had to provide for the expenditure on the arms traffic operations in the Persian Gulf. Of the total sum which we have allotted for this purpose, *viz.*, £218,000, a sum of £45,000 will fall into the accounts of the present year

"For the coming year, apart from the special provision for the arms traffic operations in the Persian Gulf, we propose to allot £120,000 less than the amount provided in the current year's Budget. We have been able to provide for a somewhat larger expenditure on special measures than in this year and to restore some of the temporary reductions made in March last. Among the more important measures with which we propose to proceed in 1910-11 are the improvement of accommodation for the Indian Army, and the building operations referred to above; the organisation of military companies for maintaining communications in the field, a requirement which is now universally recognised as essential; the purchase of horses to commence the re-constitution of an artillery reserve; and the supply of intrenching tools to the field army and of a uniform pattern of rifle carrying equipment to the Indian Cavalry.

"We anticipate a further increase in the output of guns and rifles from our factories, but it is necessary to supplement the local production of rifles by purchase from

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Home, and we have accordingly provided funds for this purpose. The Royal Garrison Artillery in India is being reorganised, and we expect a considerable saving from this measure. We are also remodelling the system of Ordnance Factory accounts on the advice of the Home experts.

"For the expenditure in 1910-11 on the arms traffic operations we have provided £173,000. On the other hand we have been able to maintain a large part of the reduction in our store demands which has been effected during the current year; we anticipate a further substantial improvement in regard to the food charges, and we hope to obtain a considerable saving by using the R.I.M.S. *Dufferin* in the Home trooping service for two voyages and dispensing to that extent with the employment of hired transports.

"We have also been able to provide for a possible increase in the railway rates for military traffic, consequent on the desire of the Railway Companies to modify the tentative arrangements made two years ago for the adoption of a vehicle mileage rate for military traffic, which, though administratively advantageous, is thought to involve an undue loss to the railways.

Railways.

"It has become customary to bring together in this part of the Financial Statement the figures of capital expenditure on railways during the last five years and the similar estimate for 1910-1911. I accordingly present the table as usual; it includes all capital outlay, whether incurred by the State or through the agency of guaranteed or assisted companies.

	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910 (Revised).	1910-1911 (Budget).
	£	£	£	£	£	£
Open lines including rolling stock	5,121,300	5,948,067	7,328,000	8,532,741	7,665,400	7,875,800
Lines under construction—						
(a) Started in previous years	3,663,073	3,526,066	3,006,800	1,366,200	1,170,200	2,424,200
(b) Started in current year	215,057	176,667	...	146,130	400,100	566,700
	8,999,430	9,650,800	10,334,800	10,045,071	9,235,700	10,866,760

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"On the 31st March 1909, the total length of open lines was 30,808·71 miles, classified according to gauge as follows :—

5' 6" gauge	16,001·95
Metre	13,683·49
Special gauges (2' 6" and 2')	1,723·27
TOTAL	<u>30,808·71</u>

"During the current year we have added to these approximately the following mileage :—

5' 6" gauge	456·90
Metre	317·43
Special gauges (2' 6" and 2')	77·63
TOTAL	<u>851·96</u>

During the ensuing year it is intended to increase this length by 520·55 miles.

"In the current year the return on the capital at charge amounts to 4·48 per cent., as compared with 3·69 in 1908-1909, 4·75 per cent. in 1907-1908 and 5·38 per cent. in 1906-1907. The rate of interest which we have taken for the year on the debt chargeable to railways is 3·384 per cent.

"The position has greatly improved since last year, although the traffic returns have not come up to expectations. The improvement is largely due to the acceptance by the railway administrations of the reasonable and indeed inevitable limitations imposed by budget provision. The grants for working expenses, etc., are unlikely to be exceeded by more than the comparatively unimportant sum of £85,000; and this excess may be taken as due to unprecedented floods on the North-Western Railway and the cyclone which worked serious havoc on the Eastern Bengal State Railway. If we take the railway revenue account as a whole, and set the interest charges, the annuities and sinking fund payments, and the minor debits (cost of land, etc.), against the net earnings, we find a surplus of £828,500 which accrues to general revenues. Last year there was a net loss to the State, for the first time since 1898-99.

"Our anticipated results for the ensuing year have already been alluded to. The gross earnings are expected to respond to the trade revival; but the larger grants which we have been advised to provide for improvements in the permanent-way, rolling stock, and general equipment, as well as the increasing charges on railway debt, will depress the net surplus. It is estimated at only £486,200. We should have been glad of a greater measure of assistance from our railways in a year of considerable difficulty; but we accept the situation in the confident hope that our sacrifices now will result in a substantial and permanent increase of our net railway profits in the future.

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"Irrigation.

"The financial position of our great Irrigation undertakings may be gathered at a glance from the following table, which carries on and brings up to date the information that it has been customary to give in previous Financial Statements.

	1906-1907.	1907-1908.*	1908-1909	1909-1910. Revised.	1910-1911, Budget.
	£	£	£	£	£
<i>Productive Works.</i>					
Capital outlay to end of year	25,745,780	26,978,016	28,002,898	29,081,500	30,225,800
Direct receipts	2,307,959	2,160,349	2,213,044	2,251,400	2,190,300
Land Revenue due to Irrigation	999,989	1,035,088	1,084,773	1,120,700	1,122,300
TOTAL	3,307,948	3,195,477	3,298,417	3,372,100	3,312,300
Working Expenses	926,310	981,804	1,011,40	1,061,600	1,062,700
Interest	870,962	905,887	930,708	965,900	1,002,400
TOTAL	1,797,272	1,887,691	1,941,848	2,027,500	2,065,100
NET PROFIT	1,510,676	1,307,786	1,356,569	1,344,600	1,247,200
<i>Protective Works.</i>					
Outlay on construction to end of year	2,019,081	2,382,055	2,736,094	3,176,600	3,612,200
Direct receipts	34,272	47,625	33,980	53,000	64,300
Land Revenue due to Irrigation	6,992	5,445	6,271	7,400	7,500
TOTAL	41,264	53,070	40,251	60,400	71,800
Working Expenses	18,322	22,205	25,449	27,100	30,300
Interest	64,269	75,025	86,619	100,000	114,900
TOTAL	82,591	97,230	112,068	127,100	145,200
NET LOSS	41,327	44,160	71,817	66,700	73,400
<i>Minor Works and Navigation.</i>					
Direct receipts	183,705	232,045	219,334	231,400	220,200
Expenditure	856,898	838,728	879,339	96,000	915,100
NET LOSS	673,193	606,683	660,005	675,500	694,900

* The figures for 1907-1908 include the capital outlay to the end of 1906-1907 on the following Minor Works transferred to the productive class from 1st April 1907 :-

	R	£
United Provinces Dun Canals	1,340,873	69,400
. Bijoor "	2,48,476	16,370
North-West Frontier Province. Kabul River Canal	9,76,683	65,180
Madras Shatigatope anicut system	4,07,014	27,130
. Tirrukkoilur anicut system	3,33,750	22,220
. Cheyeru anicut system	3,08,916	26,600
. Poiney anicut system	2,30,767	15,390
. Lower Coleroon anicut system	14,89,605	99,310
TOTAL	51,76,393	341,800

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"At the end of 1908-1909, 55,140 miles of main and branch canals and distributaries had been constructed, commanding 47 million acres of culturable land; the area actually irrigated in the year was 22,187,430 acres. The productive works during that year yielded a net return of 8.17 per cent. on the capital outlay of £28 millions, after paying all charges exclusive of interest. The net profit to the State was £1,356,000.

"The revised estimate for 1909-1910 shows a net profit of £1,345,000 on productive works and a net return on capital outlay of 7.94 per cent. At the end of the current year we expect to have 55,601 miles of main and branch canals and distributaries constructed to command 47,396,402 acres of culturable land; and we hope actually to have irrigated about 21½ million acres during the year. In addition to the canals in operation, there are altogether 44 projects which are either under construction or awaiting sanction or being examined by the professional advisers of the Government; of these 14 are productive and 25 protective. They are designed to irrigate 3.24 million acres and 3.61 million acres, respectively, at a total capital cost of nearly £11½ millions and £19½ millions, respectively. The former are expected to yield a net return of 7.40 per cent. on the outlay.

"The most important works which received sanction during the year are the Tendula project in the Central Provinces and the Hathras Branch of the Upper Ganges canal in the United Provinces. A reference to the former project was made in paragraph 62 of the last year's Financial Statement. It is one of the most promising schemes of the class of protective irrigation works, as it will protect a large tract of country which has suffered severely from drought in recent years. The estimated return on its capital outlay is 3.9 per cent., and work will be started as soon as we are in a position to allot funds from our current revenues. The Hathras Branch canal is designed to serve portions of the Aligarh, Etah and Agra districts of the United Provinces where it will irrigate an area of 109,500 acres annually. It is a work of the productive category, the return on the capital outlay being estimated at 14.31 per cent. Satisfactory progress continues to be made in the construction of the three canals comprised in the Triple canal project in the Punjab, but it is feared that the original estimate of cost will be largely exceeded. It has been decided to adopt a level crossing instead of a syphon to carry the water from the Upper Chenab across the Ravi river for the supply of the Lower Bari Doab canal.

"The important Sind project for the construction of a barrage at Sukkur, and for the system of five canals to take ^{out} above it, has been under preparation; the design for the barrage is now under the consideration of the Government of India. The Sarda-Ganges-Jumna Feeder scheme has also been under investigation during the

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year. Mention was made of these projects in paragraphs 63 and 64 of my last Financial Statement.

" Opium.

" I fear the Council must be weary of my references to Opium : but I must revert to the subject again for a few minutes. It is a question of grave importance to our revenues and to various interests both in British India and in Malwa, especially to many humble people for whom the poppy cultivation is their daily bread. As far as our arrangements with China are concerned, our position is the same as when I described it last year, though we shall probably continue our progressive reduction of exports into 1911 while we await unequivocal evidence as to the success or otherwise of China's efforts to put down cultivation and consumption. But in one important respect, we have made a change in our domestic arrangements. We have decided to alter the distribution of our exports, so as to allow the Malwa States a larger share in them during the next three years. The intention is in this way to allow the large stocks of Malwa Opium to be cleared, and the capital locked up in them to be released, and to afford the Durbars and cultivators more time to adapt themselves to the inevitable decline in poppy cultivation. We are enabled to make this change by the greater readiness of the Bengal growers to take to other crops. It may be convenient that I should take the opportunity of announcing the figures of export that will be permitted in the next three calendar years, on the assumption that the curtailment of our exports to China will continue. They are as follows :—

YEAR.	NUMBER OF CHESTS.		
	Bengal.	Malwa.	Total.
1911	31,440	15,160	46,600
1912	26,520	14,980	41,500
1913	21,540	14,860	36,400

" Meanwhile, the policy of reducing and concentrating cultivation in Bengal is being steadily pursued ; and, subject to the Secretary of State's approval, an important step will be taken in that direction next year by the amalgamation of the two Agencies.

" In my last Financial Statement, I made little more than a passing allusion to the International Opium Commission which met at Shanghai in February 1909. Its proceedings had not then reached us, and the bearing of its recommendations on India

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was uncertain. Since then, however, we have had an opportunity of examining the Commission's conclusions, and the Council will naturally expect some indication of the attitude of the Government of India towards the policy which the Commission advised. I cannot enter into any detail because we are still consulting the Local Governments concerned, and corresponding with the Secretary of State on a number of the questions involved. But the Commission was a thoroughly representative body; its conclusions were unanimous; and there is nothing in its findings to deter us from expressing our acceptance of the general principles which it laid down. We accept them all the more readily that the interests of India were amply and skilfully pressed on the Commission by our representative, Mr. J. B. Brunyate. Aided by his knowledge of the subject, the Commission was enabled to appreciate the importance and complexity of the opium problem in this country.

“ Out of the nine Resolutions in which the Commission formulated its advice, only four have a direct bearing on India. Resolution No. 2 recommends measures for the gradual suppression of opium-smoking. I need not remind the Council how near we are in India to the legal prohibition of this particular form of the opium habit. Absolute prohibition is virtually our ideal, and we are prepared to take every reasonable step towards enforcing it, as our action in the past has clearly shown. In Burma we have had to deal with special difficulties, and our experience warns us to tread warily; but even in that province absolute prohibition for foreigners, as well as for Burmans, will be taken into serious consideration. The difficulties will be great but they may not prove insuperable, and we are ready to give the whole question our best attention. The Commission's third Resolution suggests that we should re-examine our regulations for the use of opium in the light of the experience gained by other countries. This we are prepared to do. We retain full liberty to protect the legitimate household and medicinal use of opium; but increasing stringency against its use as a luxury or an intoxicant, higher rates of duty and more vigorous preventive action command our entire approval. Resolution No. 4 advises the adoption of reasonable measures for prohibiting the export of opium and its preparations to any country which forbids their entry. The exact mechanism for giving effect to this advice will require examination; but the principle involved is equitable and we fully accept it. The fifth Resolution—the last with which we are immediately concerned—urges on each Government the control in its own territories of the manufacture, sale and distribution of morphine or any similar opium derivative. We gladly welcome the recommendation. The morphia habit and the cocaine habit are becoming serious dangers in India; the enforcing of prohibition through the control of imports and of consumption is a matter of extreme difficulty; and it is only by the proper regulation of the supply of these drugs at its source that we can hope to hold them in check. It will thus be seen, I trust, that the Government

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of India are in full accord with the views expressed by the Commission and will take any practicable means of making them effective.

“Provincial Finance.

“I must now say a word about the finance of the provinces—a subject which has recently caused no small embarrassment to the Government of India. For all the provinces taken together, we have the following results :—

	Actuals, 1905-1909.	Revised, 1905-1910.	Budget, 1910-1911.
	£	£	£
Revenue	24,171,904	24,977,200	24,760,900
Expenditure	24,839,247	24,293,700	25,394,700
Surplus	683,500	...
Deficit	667,343	...	633,800

“The surplus in the current year is in reality fortuitous, being due partly to abnormally heavy collections of Land Revenue and partly to the special subsidies with which the Imperial Government helped three of the provinces in the peculiar circumstances which I have already described. The revenue collections exceeded those of the previous year by about £700,000 (Provincial share), the greater part of which may be regarded as famine arrears. The grants-in-aid of Provincial balances which we have paid through the current year's accounts come to a total of £496,000. On the other hand, the deficit for next year includes a special draft of £133,000 upon their balances by the Madras Government. Making these allowances, we are driven to the conclusion that the provinces in the aggregate are steadily over-spending their income by about half a million a year. The position is thus one which compels most serious reflection. It differs considerably in different provinces. Madras, for example, keeps well within its means and has a large credit balance for special or non-recurring expenditure. The United Provinces, with its new settlement and a respite from famine, will no doubt be able to avoid deficits in normal conditions, and to build up a strong balance against emergencies. Eastern Bengal and Assam enters next year upon its new settlement, which I shall shortly describe, and ought in future to be able to confine its expenditure within the limits of its resources. The Central Provinces finances have been severely tried by the recent famine, which was administered with a care for the interests of the general taxpayer which the Government of India cordially appreciate. The ordinary

services of the province have suffered accordingly: and until the leeway is made up, there may be some excess of expenditure over the normal revenue, though we hope it will be neither large nor prolonged.

"In the other four large provinces, I am afraid that the situation is less assuring—Bombay, it is true, has substantial balances, but they are being somewhat rapidly diminished, and care will have to be exercised to prevent the scale of recurring expenditure from settling into permanent excess over the normal revenues. From Burma and the Punjab we have recently had special appeals for assistance. To accept these appeals would have been virtually to admit that the provincial settlements of these provinces are inadequate; and we cannot make any such admission. Burma has undoubtedly suffered from a set-back, which I hope may be merely temporary, in its Forest receipts; but we do not consider that in either province there is a case for revising and amplifying the standing arrangements. It will be the duty—disagreeable and unpopular, but inevitable—of the Local Governments to overhaul their expenditure and to adapt it to their normal resources. That duty has already been undertaken in Bengal by our colleague, the present Lieutenant-Governor; and I am glad to have this opportunity of expressing my acknowledgment of the courage and thoroughness with which Sir Edward Baker has enforced economy in that province.

"We have now framed a semi-permanent settlement with Eastern Bengal and Assam, the last province where the settlement was on a temporary and provisional basis. This closes our long list of re-settlements, and I can hold out no hope of any general revision of these arrangements. They were made, before I came to India, with scrupulous care, and were intended to foster provincial independence, economy and foresight. Nor do I see any near prospect of our being able to undertake a further share of the recurring expenditure of Local Governments. Our own necessities will not probably force systematic retrenchment upon us, which will affect Imperial and Provincial services alike; and in the meantime Local Governments can best co-operate with us, and best mitigate future difficulties, by examining the causes of the insidious growth of expenditure, and by sharply checking them.

"The special grants which we have given in the current year to the more impecunious provinces were meant partly to restore their normal scale of expenditure on civil works and partly to enable them to close 1910-1911 with the prescribed minimum balances.* For the next year the only additional grants which we intend to give are £255,000 to Eastern Bengal and Assam under its new settlement, £21,000 to Bengal for police reforms; and £21,000, distributed among five provinces, in aid of University and Collegiate education. The police grant is one of the best that is claimable for the reforms which were sanctioned on the advice of the

*I do not allude to grants which are passed through Provincial accounts as subsidies to local authorities.

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Police Commission. The need for pressing on the reforms is most prominent in Bengal, and our general position puts it out of our power to accord similar treatment in 1910-1911 to the other provinces whose grants have not yet been paid in full. The University grants are a renewal and continuation of what we have been allotting since 1904.

"As I have more than once referred to it, I shall describe very briefly the new settlement with Eastern Bengal and Assam. The existing settlement was made in 1906, and was to run for three years, in order to allow us to gain experience of the needs of the province. It was known that the Eastern Bengal districts required development, but the cost of the operation was largely guess-work. The temporary settlement, as we had believed probable, turned out inadequate; but at the end of its three-years' term, the Imperial finances were not in a state to justify a revision which was clearly going to involve a large transfer of Imperial funds to the Local Government. The consequence was that the province had to continue working with a deficit, and getting deeper into debt to Imperial revenues. We have now, in consultation with the Lieutenant-Governor and his officers, given our most careful consideration to the special difficulties of the province and arranged, with the Secretary of State's approval, to provide it with such a moderate addition to its resources as the efficiency of administration seems to demand. The result is that our fixed subsidy, to balance the standard figures of revenue and expenditure, has had to be raised by £255,000 a year. We have also, out of our high opium receipts in the current year, cancelled the province's overdraft and raised its balance to the prescribed minimum of 12 lakhs: this has cost us £246,000, which of course is non-recurring. I trust that with this liberal assistance the new province will now advance along the paths of financial stability.

"I conclude this portion of my remarks by explaining certain contributions from Provincial to Imperial revenues which will appear as new recurring assignments in the estimates of the eight major provinces for 1910-1911. Our measures for obtaining extra taxation will mean, as we estimate, an increased revenue of £166,000 under Excise and Stamps; but, as these are 'divided' heads and we require the whole of the extra revenue for Imperial purposes, we have appropriated the Provincial share of it, or £83,000, by taking contributions from the Local Governments concerned. The amount which we thus take from each province is based on a rough estimate of what the province is likely to collect on account of the higher duties.

"Ways and Means.

"Hitherto we have been considering almost exclusively the current revenue and expenditure of India. I must turn to the operations upon our cash balances,

both in India and in the Secretary of State's custody in London. As the Government of India is its own banker, it is into our general cash balances that all our current revenue is paid, and from them that all our current expenditure is drawn. They are also the reservoir for the proceeds of all sterling and rupee loans, whether raised by Government or by railway companies which work our State lines; for the whole of our unfunded debt; and for all the miscellaneous deposits which are not earmarked for separate custody. All the provincial balances merge in them, and in them are absorbed all the repayments and interest of State loans or advances to local bodies and private individuals. Similarly, it is out of our cash balances that we take all our capital expenditure on railways and irrigation; all the advances which Government makes to local authorities and private persons; and all the money used in the discharge of our permanent, temporary or unfunded debt, or in the repayment of deposits. Finally, it is through our cash balances, owing to their being located partly in England and partly in India, that Council Bills are usually drawn and the greater part of Government's remittances between England and India effected. It is with our cash balances therefore that our estimate of Ways and Means are concerned.

"For 1910-11 we count on opening with £12,503,227 in our balances in India, and £12,758,615 in England: the latter figure including £2,064,118 on account of the Gold Standard Reserve, and being further swelled by part of the proceeds of the £7½ million loan which the Secretary of State floated last month. Our chief requirements during the year will be our capital expenditure of £12,000,000 on railways and irrigation, and £946,300 for the discharge of permanent debt; to which may be added a net debit of £741,100 for transactions on account of the Gold Standard Reserve; the total of these liabilities coming to £13,687,400. To meet these, we shall have our revenue surplus of £245,900 and a further £500,000 from the Famine Grant. The Secretary of State has still to realize £1,637,600 out of his January loan; and certain Railway Companies are expected to raise fresh capital amounting to £2,597,500. Our unfunded debt receipts are estimated at £1,119,200 and the net result of our advance and remittance accounts, etc., will be a credit of £348,600. From the aggregate of these resources we shall thus obtain £6,448,800: and our high opening balances will be reduced during the course of the year by £6,238,600, thus bringing our available means up to £12,687,400. This leaves us still short by £1,000,000, and we intend to borrow that amount (1½ crores of rupees) in India. We estimate our closing balances on the 31st March 1910 at £12,404,127 in India and £6,619,115 in England; £1,323,018 of the latter being held on account of the Gold Standard Reserve.

"Besides the transactions which I have thus described, the year will be marked by the purchase of the Indian Midland Railway. This liability will be met partly by

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taking over Debentures and partly from the proceeds of temporary loans which the Secretary of State will raise in England.

“The announcement regarding borrowings is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, in any way and to any extent that may be thought advisable:

“The present intention of the Secretary of State is to draw bills on India for £16,500,000, but this also is subject to a similar reservation. The figure represents a forecast of the Secretary of State's requirements; but additional bills will be sold, so far as may be, if needed to meet the demands of trade.

“Exchange and Currency.

“I propose now to pick up the narrative of our currency affairs and to continue it from the point up to which I was able to carry it in the Budget discussions last March. During the year 1908-09, the Government of India fought a strenuous campaign against the fall in exchange—the first that had been forced upon them since the adoption of the gold standard. When the year closed, the movements of trade were rapidly becoming more normal, and exchange was firm at 1s. 3 $\frac{2}{3}$ $\frac{1}{4}$ d. with a tendency to rise. But though the battle had gone in our favour, its losses remained with us in the attenuated condition of our gold resources. In spite of the marked recovery which began in September 1908, the gold holding, in securities and cash, of our gold standard reserve was under 8 millions on the 31st of last March, and the reserve in India was laden, besides its standing silver nucleus of 6 crores, with the large sum of 988 crores in rupees, which we had withdrawn from circulation in exchange for the issue of gold in London. The gold in our currency chest at the Bank of England had fallen to 1 $\frac{1}{2}$ millions; and the amount of sovereigns in our hands in India was practically negligible—about £92,000. Our gold resources at the beginning of the current financial year were thus represented by a total figure of 9 $\frac{1}{2}$ millions sterling. A year earlier, on the 1st April 1908, they had been as high as 21 millions; and before the American financial crisis of October 1907, they had reached the substantial figure of 24 $\frac{1}{2}$ millions. It was with this contrast in my mind that I have considered it my duty to represent the urgency and importance of building up our gold resources again by every means in our power.

“It is on the volume and direction of India's trade with the outside world that we must primarily depend for the strengthening of our gold position. We may hoard our gold when we have it; we may cause it to fructify; we may even in emergency take exceptional means to supplement it. But it is the relation between

our imports and our exports which, in the last resort, decides whether we are to keep our gold or to lose it. When I took stock of the position a year ago, our external trade, after the dislocation caused by the famine in Northern India and by the general depression in the world's markets, was beginning to resume its normal proportions. The very heavy imports of piece-goods, metals and silver which had helped to upset the balance in 1908 were at last easing off; the value of private merchandise and treasure which came into India by sea during the last three months of 1908-09 having been less by the enormous sum of 10½ crores than in the corresponding quarter of the previous year. Along with this there was a substantial quickening in the export trade; big shipments of opium left Bombay in January; a good average cotton crop began to move; and the market for yarns in China revived after some temporary dullness. There was thus a considerable demand for currency, emphasised by the sharp reduction which our 1908 operations had effected in the stock of rupees available for circulation. The Secretary of State was able to sell very heavy drafts during the two busiest months of the year; and before the end of March he had found it possible to restore to the gold standard reserve about two millions of the gold which it had parted with. Such was the state of affairs when we last discussed the subject in this Council.

“When the current year began, the improvement in the outlook had become unmistakable. Northern India was safe with a fine spring harvest; and the foreign market for our yarns, cotton and oilseeds continued active, while the imports of bar-silver fell very substantially from the high figure they had reached in the previous year. In May began large exports of wheat, which were abnormally heavy while they lasted. They ceased abruptly in August, and brought to a close the first phase of the year's trade movement. During the five months from April to August the net exports on private account amounted to close on 20 crores, as against 16½ crores in the same period of 1906, 16½ crores in 1907 and an actual (though small) net excess of imports in the five corresponding months of the anxious year 1908. Up till August then everything was wholly favourable to the improvement of our position. In September there came a slight check. Wheat had worked itself out for the time being; and there was a sharp drop in cotton and seeds. Simultaneously with this, imports bounded up again; the new crop of Java sugar was coming into the market, and large consignments reached India of piece-goods and precious metals. On the month's account the net result was a balance of net imports to the extent of about 1 crore. In this, I need hardly say, there was nothing unseasonable, and I should not have referred to the point had it not been for the immediate effect on exchange to which I shall allude below. Clearly, however, the reversal of the balance in September was a merely transitory incident. By October the autumn harvests were safe, and a bounteous monsoon offered the best of prospects for the following spring. Trade soon flowed back into its normal

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channels ; and since then the balance has been steadily in our favour ; thanks mainly to the heavy exports of cotton, tea and jute, both raw and manufactured. During the third quarter of the year (last October to December) the exports as a whole exceeded the imports by 2 crores in value, against $1\frac{1}{2}$ crores in 1908 and 2 crores in 1907 ; but the excess would have been very much greater if it had not been for the large arrivals of gold (about $5\frac{3}{4}$ crores) in December.

“It is instructive to watch how closely the fluctuations in exchange followed the broad movements of trade which I have outlined above. Beginning April at 1s. $3\frac{2}{3}\frac{1}{2}d.$ the rate stiffened to 1s. $4d.$ by the end of the month, thus returning to parity for the first time since Christmas 1907. It slipped back a point or two after the middle of May, but the Secretary of State met with no checks in his sale of bills until well into August. With the abrupt stoppage of the wheat exports, a shade of weakness came over the market. The reduced supply of export bills, combined with easy money (Bank rates of 3 per cent. in both Calcutta and Bombay), forced down the rate once more below gold point. I immediately put into force what may now be regarded as the regular and stereotyped procedure for checking a slump ; and on the 2nd of September, and again on the 9th, the Comptroller General offered to sell bills on London at 1s. $3\frac{2}{3}\frac{1}{2}d.$ up to £500,000 worth in each week. The bills actually taken during the fortnight amounted only to £156,000 ; the Secretary of State at his end cut down his offers of remittances ; and the market was almost immediately restored to confidence, exchange rising by rapid stages back to parity on the 23rd of September. From October onwards there has been no further sign of trouble ; Council bills have been sold in very large quantities, at prices ranging from par to $\frac{3}{8}$ nds above, with $\frac{1}{8}$ nds for telegraphic transfers ; and gold has begun once more to come freely into the country.

“In currency affairs, effects sometimes follow causes with gratifying rapidity. As the result of the heavy demand for remittances to finance our revived export trade, the Secretary of State expects, in addition to satisfying all the requirements of his home treasury, to be able to raise the gold standard reserve by the end of March to over £14½ millions ; that is, to repay to it the whole of the gold which had to be withdrawn in 1908 in support of exchange. Our currency reserve in London stands at $1\frac{1}{2}$ millions ; but the sovereign is once more visible in India, the stock of gold held by us in this country having risen to over $5\frac{1}{2}$ millions at the end of January, when it was still rapidly increasing. Within two years after the first breaches had been made in our position, our walls have been rebuilt and we are engaged in the further strengthening and extension of our defences.

“I should be lacking in candour if I allowed the Council to think that we are yet satisfied with the sufficiency of our defences. We have come successfully through

one financial crisis and one famine. But there have been blacker times in the financial world than the crisis of October 1907, and there have been longer and more widespread famines in India than the one which is now happily at an end. My desire is to see our gold resources strong enough to carry us over not one, but two, years of short exports ; and to keep exchange stable through at least twice the period during which we supported it in 1908. I do not say that even then we should regard our position as absolutely clear ; but what I have indicated seems as much as we need aim at for the present. I should now like to add a caution on the other side. I wish to dissociate the Government from the notion that a reduction in our gold holdings is an evil *per se*, and I trust that nothing which I have said above will be taken as indicating sympathy with that idea. There would be nothing more fallacious than to conceive of our gold reserves as being something that we put away in safety and strive to protect at all hazards. They exist to be used ; and they are efficient only in so far as they are capable of being freely used for the purpose for which they were created. To hoard our gold when there is a clear case for employing it, would be fatal to our currency policy : and it may, and usually will, be just as much our duty to disperse our reserves when the balance of trade is against India, as it is our duty to build them up when the balance is in our favour. The increasing delicacy of the exchange standard and the more frequent manifestations of nervousness in the market—I use the term in no offensive sense—may require us to open our gold reserves more often than has hitherto been necessary : but we shall not hesitate to do so whenever exchange clearly needs support.

“ It is therefore with genuine satisfaction that I am able to announce two recent decisions which ought to increase the efficiency of our gold reserves. The Council will remember that, in August 1907, upon the advice of the Indian Railway Finance Committee, it was determined to employ one-half of the profits on our rupee coinage in capital expenditure upon railways. The sum of £1,123,604 was actually diverted in this manner. But for the future, as has now been decided, the whole of our coinage profits without reservation will be paid into the gold standard reserve until such time as the gold held by us, in that Reserve and in the Paper Currency Department combined, reaches the figure of £25 millions sterling. The second important change concerns the form in which the gold standard reserve is held in England. For the future, instead of tying up the whole amount in investments, the Secretary of State has consented to keep 1 million sterling uninvested, letting out this sum in short loans or putting it into bank deposits. Of the balance, he will hold a considerable portion in high-class securities with a near date of redemption ; and the remainder in Consols or other approved stock. When we are next obliged to sell sterling bills on London, the Secretary of State will thus be able to meet them in the first instance from cash which is virtually at call. When this is exhausted, he can draw on his short-dated securities, upon which cash can always

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be obtained by sale or loan if it is impossible to wait for their maturity. If the crisis still continues, it will become necessary to realize—and to realize gradually and carefully—the more permanent securities. It will be for the Secretary of State in Council to carry out this operation, and he accepts the responsibility for doing so if occasion arises. I trust that the Council, as well as the large and important community who are vitally interested in such matters, will find in these arrangements and in the actions of Government during the last two years, no uncertain proof of the determination of those who are responsible for the Government of India to uphold the gold value of the rupee.

Conclusion.

"In introducing the Budget last year I used the perhaps infelicitous expression 'a gamble in rain.' So far the gamble has resulted in a win, but I think every one will agree that, although the monsoon must always remain a dominating factor in forecasting the revenue and expenditure of India, it would be neither prudent nor right to approach the compilation of a budget from a gambling standpoint. Broadly speaking, it should be possible by the experience of past years, tempered by a careful review of possibly changed circumstances, to form a fairly close estimate of revenue and expenditure. The monsoon will, however, always be a factor in regard to which hope must of necessity take the place of calculation: and that in itself renders budgeting in this country a matter of abnormal difficulty. All we can do is to calculate upon a reasonably good harvest, and in the literal and best sense, put our trust in Providence.

"To the best of my ability I have estimated our assets and liabilities for the ensuing year. The outcome necessitates some additional taxation. I can understand a certain malicious satisfaction in extracting revenue out of multi-millionaires. But this is not a rich country. A large proportion of its people are poor, an appreciable proportion are very poor. No right-minded man can impose additional taxation on India with a light heart. To me it is a very genuine sorrow to be obliged to do so. I did not sow the storm, but I am reaping the whirlwind.

"I am confident that I may count on your sympathy.

"I believe I shall have your support."

INDIAN STAMP (AMENDMENT) BILL.

The Hon'ble MR. MESTON moved for leave to introduce a Bill further to amend the Indian Stamp Act, 1899. He said:—"This particular motion does not appear on the List of Business which Hon'ble Members have in their hands

and, with Your Lordship's permission, it will be followed by several other motions which also do not find a place in the agenda, but they are essential and integral parts of the Budget proposals explained in the speech to which we have just listened. The Hon'ble Finance Member has told the Council that, in order to make our revenue and our expenditure balance, it will be necessary to raise next year further taxation which will yield roughly 170 lakhs of rupees, and it is proposed to get this taxation from three separate sources—from increased duties on customs, from raising certain of the stamp duties upon documents, and from enlarged rates of excise under the orders of Provincial Governments. The third of these proposals will be for Local Governments to deal with. They will take measures at once to enforce the increased excise duties, either by notification or by such other legal processes as may be necessary. The processes which are required to obtain the extra revenue on customs and on stamps are matters for the Imperial Legislature and it is proposed at once to introduce the necessary Bills. We must do this without delay in order to prevent evasion of taxation. This legislation will take the form of three amending Acts, an Act dealing with the tariff law, the other two Acts dealing with the stamp law. The last two might possibly have been amalgamated in one, but it was found convenient to take each of the Acts which lays down the substantive law and to amend them separately.

“What I have to ask the Council to consider first is a Bill to amend the Indian Stamp Act Schedule in certain respects. The intention of the Bill is to take the extra revenue which we require from the smallest number of items with the least possible inconvenience to trade and the least possible hardship to the general public. Now the Indian Stamp Act deals with a very large number of documents. We require only about 20 lakhs of extra revenue. The consequence is that we endeavour as far as possible to avoid any interference with the general business of the community. We do not propose, for example, to interfere with the rates on bonds and mortgages, conveyances and leases, on receipts or cheques, or practically on any other of the ordinary incidents of every-day life. When these are eliminated from the schedule, we find ourselves left with the instruments of credit, *viz.*, bills of exchange and promissory notes, and with the instruments which affect business or the operations of the Stock Exchange. It is on these, accordingly, Sir, that we propose to ask for the extra taxation which we require. The precise items which we propose to touch concern the issue of debentures which at present pay a duty of $1\frac{1}{2}$ per cent., share warrants to bearer which at present pay $\frac{1}{4}$ per cent., and all documents affecting the transfer of shares and debentures.

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which at present pay $\frac{1}{4}$ per cent. The rates in force in England are exactly double of these rates, and the proposal which this Bill contains is that we should assimilate our rates to the English rates ; that we should double the rates on debentures, on share warrants and on documents of transfer.

“There remains only one other somewhat important transaction which I do not think will be affected, yet which is referred to by the present Chancellor of the Exchequer in words which I may very suitably quote. Mr. Lloyd George said : ‘ A block of shares may be sold and re-sold several times in the course of passing from one permanent holder to another, and the whole of these transactions may be covered by a single transfer from the first seller to the final purchaser. In such cases the intermediate transactions escape taxation altogether, except for the stamp-duty which is chargeable upon the broker’s contract note.’ That, I take it, is practically the law in India, and the duty for these intermediate purchases and sales and transfers is only one anna, whatever may be the value of the consideration involved. We propose to amend this by taking the rate up into a graduated scale and enforcing one anna for every Rs. 500 or part of Rs. 500 of the value of the security of the share or the amount of the bill which changes hands. As regards bills of exchange and promissory notes, we propose a moderate addition of roughly 50 per cent. That, Sir, closes the list of the enhanced duties which we propose in this Bill ; it is not a heavy or burdensome list, and I accordingly beg for leave to introduce it.”

The motion was put and agreed to.

The Hon’ble MR. MESTON introduced the Bill.

The Hon’ble MR. MESTON moved that the Rules of Business be suspended to admit of the Bill being referred to a Select Committee.

THE PRESIDENT declared the Rules suspended.

The Hon’ble MR. MESTON moved that the Bill be referred to a Select Committee consisting of the Hon’ble Sir Guy Fleetwood Wilson, the Hon’ble Mr. S. P. Sinha, the Hon’ble Mr. Brunyate, the Hon’ble Mr. Kesteven, the Hon’ble Babu Bhupendra Nath Basu, the Hon’ble Sardar Partab Singh, the Hon’ble Maung Bah Too, the Hon’ble Mr. Mazharul Haque, and the mover, with instructions to report on Friday, the 4th March.

The motion was put and agreed to.

COURT-FEES (AMENDMENT) BILL.

The Hon’ble MR. MESTON moved for leave to introduce a Bill further to amend the Court-fees Act, 1870. He said :—“ This is the second of the small

[*Mr. Meston ; Babu Bhupendra Nath Basu ; [25TH FEBRUARY 1910.]*
the President.]

measures to which I referred in my previous remarks. It is necessary to make a special piece of legislation of this, but all that we propose to do is to raise the present rates on probate. There is at present in India nothing at all corresponding to the large revenue which the English Government receive from death-duties, succession-duties and estate-duties. The nearest approach to it is the very small duty which we receive from probates, and these rates, these duties, may very reasonably be somewhat extended. The present duty in India, Sir, is 2 per cent. all round, whatever may be the value of the property in respect of which probate is granted, or letters of administration taken out. In England, before probate-duties were absorbed by the present estate-duties, the probate rate used to be 2 per cent. for estates of the value of £500 or less, it was $2\frac{1}{2}$ per cent. for estates valued at from £500 to £1,000, and it was 3 per cent. for estates to the value of £1,000 and upwards. We propose, however roughly, to assimilate our Indian rates to those, and in this Bill the suggestion is that the rate should be raised to $2\frac{1}{2}$ per cent. on estates which are valued at Rs. 10,000 and over and to 3 per cent. on estates valued at Rs. 50,000 and over. We believe that in this way we shall increase our revenue by the moderate amount of 5 lakhs. I beg leave to introduce the Bill."

The Hon'ble BABU BHUPENDRA NATH BASU :—"Is the Hon'ble Member aware that in applications for probate and letters of administration, the duty is paid at the time that application is made, and that probate or letters of administration are issued long after? The Hon'ble Member must be aware that in the present day, in many estates, the orders have been made for the issue of probate and letters of administration after the duty has been paid. Will he make these estates liable to pay the enhanced duty, or will they pay the old duty?"

The Hon'ble MR. MESTON :—"My Lord, I would suggest that the Hon'ble Member's suggestion be taken into consideration in Select Committee."

The motion was put and agreed to.

The Hon'ble MR. MESTON introduced the Bill.

The Hon'ble MR. MESTON moved that the Rules of Business be suspended to admit of the Bill being referred to a Select Committee.

THE PRESIDENT declared the Rules suspended.

The Hon'ble MR. MESTON moved that the Bill be referred to a Select Committee consisting of the Hon'ble Sir Guy Fleetwood Wilson, the Hon'ble

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Mr. S. P. Sinha, the Hon'ble Mr. Brunyate, the Hon'ble Mr. Kesteven, the Hon'ble Babu Bhupendra Nath Basu, the Hon'ble Sardar Partab Singh, the Hon'ble Maung Bah Too, the Hon'ble Mr. Mazharul Haque, and the mover, with instructions to report on Friday, the 4th March.

The motion was put and agreed to.

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble MR. MESTON moved for leave to introduce a Bill further to amend the Indian Tariff Act, 1894. He said:—"It is from this measure that we expect to get the greater part of the extra revenue which we require. As the Hon'ble Finance Member has explained, we aim at getting an additional revenue of one crore from the customs tariff, and we hope to get this amount by means of fresh taxation on liquors, tobacco, silver and petroleum.

"This does not mean tariff reform. Our schedule is not a particularly good one. In many respects it is out of date. It is full of anomalies, as I suppose most schedules are. But it is also studded with obsolete concessions and with favoured rates which the present state of Indian industries no longer justifies. There is thus a very strong temptation to take the schedule up, go into it scientifically and overhaul it.

"That temptation however we have resisted. The work must wait for another occasion. Our present proposals aim at getting the maximum amount of revenue out of the smallest number of commodities with the least inconvenience to trade and the least hardship to the consumer. If you take our tariff schedule for, say, the last year and look down the list of items, you will at once see how easy it is to single out a few important articles which yield the chief slices of revenue. They are liquors, which last year gave us about a crore; petroleum which gave us half a crore; silver which gave us half a crore; sugar and piece-goods. For our new proposals we have selected the first three of these categories. If we had selected more than these three, we should probably have got more revenue than we should absolutely require; and next to the mistake of insufficient taxation, there is no greater blunder than taking more than the Government really requires. But we have also selected tobacco, and you will not find tobacco in the list of articles which yield substantial revenues to our exchequer. There is probably no civilised country in the world where tobacco is so inadequately taxed as it is in India, and it is now time to remedy that omission.

“These then are our proposals. On liquors the present standard rate is Rs. 7 per proof gallon. We propose to raise this to Rs. 9-6, which not only gives us a substantial enhancement, but has the great administrative advantage of being based on the easily calculated rate of one and half annas per gallon of proof. This we believe will be a very great convenience to our customs houses and to the trade. Convenience however is not by any means our chief reason for the new duty. We want a substantial enhancement and we want it for various reasons. I need not repeat that we want it for revenue reasons; we also want it in pursuance of our regular excise policy which, as Sir Edward Baker once put it, makes the duty on imported spirits the high water mark for our taxation of country spirit. It has always been our practice when, in the course of the steady and deliberate enhancement of excise rates, they have risen to the neighbourhood of the tariff rate,—it has been our practice to increase the tariff rate in its turn and to set up the new duty as the goal at which our excise rates ought to end. It is in this way that we are steadily increasing our taxation upon intoxicants of all kinds. There are now in nearly every, if not every, province considerable areas where the excise-duty on spirits exceeds Rs. 7 a gallon, and the Rs. 7 which we take on imported spirits has thus got notice to move. But there is one further reason—and a very powerful reason—for increasing the duties on our imported liquors. It has been pressed upon Government by a recent committee which sat in Bombay to investigate the import of foreign spirits and their effect. That committee was a thoroughly representative body, comprising officials and non-officials, revenue enthusiasts and temperance enthusiasts (though I do not mean to imply that the two forms of enthusiasm are necessarily hostile). That committee has pointed out how serious is the growth of the imports into India of cheap potato and similar spirits; how skilfully such spirits are doctored and decorated to catch the public taste; and how insidiously they are operating in promoting the tipping habit. The committee recommended that we should take over closer control of this class of spirits by influencing the retail price through the means of higher license fees. This proposal will receive full consideration; but in the meantime it is not too much to hope that we shall get at the same result by increasing the tariff rate. The other increases which the Bill proposes are more or less proportioned to the rise in the standard rate on ordinary spirit. It is proposed to tax liqueurs and perfumed spirits with a variety of their congeners at Rs. 13 a gallon without reference to the proof strength. This will avoid interference with consignments by opening them for the purpose of testing their strength; and it is based on the assumption that the average strength of such spirit is roughly 40 over proof.

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“Denatured spirit, commonly called methylated spirit, will remain at the present rate of 5 per cent. *ad valorem*. There is no intention of increasing it. Spirit used in drugs or medical preparations is at present subject to two rates according to the proportion of spirit contained; this division is difficult to work and it dates from a time when the tariff rate was low and freights were heavy, so that the 5 per cent. *ad valorem* rate was not disproportionate to the higher rate which the stronger spirit paid. We now propose to tax them all at their spirit strength, provided always of course that the strength is so great as to take the preparation outside the category of drugs pure and simple; but the actual rate which we propose is to be less than the rate on intoxicants; it will be Rs. 7-13 a gallon or the equivalent of $1\frac{1}{4}$ annas per degree of proof.

“I turn now to beer and wines. The duty on beer is only two annas a gallon or one-third of an anna on a quart bottle. This is considerably below the duty enforced in the United Kingdom and it is a mere bagatelle compared with the duty on imported beer in all the chief colonies. We propose to raise it to 3 annas with a corresponding enhancement of the excise on beer made in this country. This will bring it up to half an anna a quart, which will surely not be regarded as an extravagant contribution to the revenues. The duties on wine will also be raised by 50 per cent. They are extremely low at present and they have not been altered since 1875. There is no necessity to defend what we now propose to take, namely, Rs. 3-12 a gallon on champagne and sparkling wines, and Rs. 1-8 a gallon on still wines.

“Our next chief object for extra taxation is tobacco, and in regard to it I am afraid that our proposals will be considered as somewhat drastic. At present the taxation is absolutely negligible. Leaf tobacco pays nothing at all; other tobaccos pay only 5 per cent. on their invoice value, and I have no doubt that their invoice value is kept at the most modest figure. The result is an enormous growth in the imports of cheap tobacco, particularly of American cigarettes and raw tobacco which comes in from America and through the United Kingdom for the manufacture of the so-called Swadeshi cigarettes to compete with their American rivals. 12,000 lbs. of leaf tobacco were imported in this way last year, and over 3 million pounds of cigarettes. Some of us may be more familiar with the so-called Egyptian cigarettes than with other brands; but I have made a rough calculation which shows that out of every 100 cigarettes imported into India 2 are described as Egyptian and 98 come from other and less aristocratic sources. The flood of cheap cigarettes and cigarette tobacco which are pouring into India is bound to have its effect in time upon the public health of the people and more

particularly upon the health of the young. It is having its effect now. These packets of 10 cigarettes which are hawked about our towns and cities and railway stations are sold as low as $1\frac{1}{2}$ pice per packet. You can get a better quality for $2\frac{1}{2}$ pice, and the aristocrats of the market can be had for 3 pice, that is, 3 farthings for a packet which I understand sells for to $2\frac{1}{2}$ or 3*d.* in England. This must lead—of course we know it does lead—to detrimental use. We propose to put a duty of Rs. 2 a lb. on all cigarettes. This will be equivalent to about 8 annas a hundred and will increase the price of the ordinary packet of 10 to something between $1\frac{1}{2}$ to 2 annas. For this we think there is every justification. The other tobacco rates are made as far as possible proportionate to the cigarette rate. On our raw tobacco, which is at present free, we propose to put Rs. 1-8 a lb., Rs. 1-10 a lb. on pipe tobacco and Rs. 2-8 per lb. on cigars. If any Hon'ble Member thinks that these rates are likely to fall somewhat severely on a harmless luxury, I would invite him to compare them with the rates which are now being paid in England. Mr. Lloyd George's budget proposed 7*s.* a lb. on cigars, 5*s.* 8*d.* on cigarettes and corresponding rates on the less expensive articles. •

“ I come now to petroleum, which at present pays one anna a gallon. It is an article of which the consumption is very rapidly increasing in India and from which, it is understood, very large profits are realised. Something like 84 million gallons were imported last year, and we believe that the small additional duty could be collected without any trouble.

“ There remains only silver, and I approach it with some trepidation, because there is no more burning question among currency experts than the propriety of a heavy tax on silver in our present circumstances. The controversy has broken out in Bombay quite recently, and Government has been very strongly urged by one school of thinkers to take up the question again, in order, as some of our critics would put it, to prevent the competition of silver with Council Bills or, as others would prefer, to raise the rupee from its present bullion value to something more akin to its token value. In the widely divergent views which this question elicits there is much that requires careful study, and the Government of India may find some later opportunity for confessing its faith in the matter. The present is not such an opportunity. We do not profess to tax silver for currency purposes, we do not tax it for the purpose of strengthening our gold reserve, we do not tax it because we want to keep it out of the country; we tax it simply because we require money and because 4 annas an ounce, which is the rate we propose, is a moderate contribution to the revenues from an article which is introduced in such enormous quantities and a trade in which there must be

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very large profits. If our tax has incidentally the effect of raising the value of the small hoards of rupees or the silver ornaments which form the savings of many millions of humble people in India, we shall all be the more gratified.

“There is only one other alteration in our existing schedule to which I have not alluded. The present import duty on opium of 12 rupees a lb. is intended to be a prohibitive one; many of the derivatives of opium are now being brought into the country in large quantities for undesirable purposes. We propose therefore to tax the opium alkaloids at the same rate as opium itself, which will have the effect of bringing morphine and similar opiates into our net, unless of course they are introduced in the form of recognized medicines,—Dover’s powder and the like,—when they will simply be, as at present, amenable to the ordinary 5 per cent. duty.

“I now beg leave to introduce this Bill. The ordinary practice would be, following well established precedents, to move Your Excellency to suspend all the standing rules which would interfere with its becoming law at one sitting. There are obvious justifications for this. When a rise in customs duties takes place there is an inevitable tendency for the taxable articles to be rushed out of bond at the old rates. On this occasion we cannot afford the loss of revenue which this might involve, and we accordingly propose that the new rates should take effect from this morning. As however the alteration of the tariff schedule affects a variety of interests, we are averse to hurrying the Bill through Council without such consideration as may be possible between this and the next meeting of the Council. We propose accordingly, with Your Excellency’s permission, to refer the Bill to a Select Committee without prejudice to the liability of importers to pay the new rates from this morning onwards.”

The motion was put and agreed to.

The Hon’ble MR. MESTON introduced the Bill.

The Hon’ble MR. MESTON moved that the Rules of Business be suspended.

THE PRESIDENT declared the Rules suspended.

The Hon’ble MR. MESTON moved that the Bill be referred to a Select Committee consisting of the Hon’ble Sir Guy Fleetwood Wilson, the Hon’ble Mr. S. P. Sinha, the Hon’ble Mr. Holms, the Hon’ble Mr. Gates, the Hon’ble Mr. Todhunter, the Hon’ble Mr. Gokhale, the Hon’ble Raja of Kurupam, the Hon’ble Moulvi Syed Shams-ul-Huda, the Hon’ble Mr. Graham, the Hon’ble Sir Sassoon David and the mover, with instructions to report on Friday, the 4th March.

The motion was put and agreed to.

[*Mr. Maxwell ; Mr. Miller ; Mr. N. Subba Rao.*] [25TH FEBRUARY 1910.]

INDIAN COMPANIES (AMENDMENT) BILL.

The Hon'ble MR. MAXWELL moved that the Report of the Select Committee on the Bill further to amend the Indian Companies Act, 1882, be taken into consideration.

The motion was put and agreed to.

The Hon'ble MR. MAXWELL moved that the Bill be passed.

The motion was put and agreed to.

DOURINE BILL.

The Hon'ble MR. MILLER moved that the Report of the Select Committee on the Bill to provide for the prevention of the spread of Dourine be taken into consideration. He said :—" My Lord, the Report of the Select Committee on the Bill has been before the Council for a week. In moving that it be taken into consideration, I should like to refer to one or two changes which the Select Committee have made. The Bill has been criticised as in some respects too liberal, especially as regards the grant of compensation. There is no doubt that its terms are exceedingly liberal in this respect, but this was thought advisable not merely to prevent hardship to individuals but as a safeguard against concealment of the disease. As some check, however, against the possible award of excessive compensation, the Committee have provided in section 10 (2) that in certain cases, when the compensation exceeds Rs. 250, a reference should be made to the Collector. The Committee has also taken two provisions from the Glanders and Farcy Act, which appear as clauses 13 and 16 of this measure. The first is for the protection of the public against unnecessary or vexatious searches, and subjects any inspector who is guilty to severe punishment. The other one, on the other hand, protects persons who take proceedings under this Act in good faith."

The motion was put and agreed to.

The Hon'ble MR. N. SUBBA RAO moved that in clause 8, sub-clause (b) (ii), of the Bill, as amended, for the words "to be destroyed" the words "to be segregated in such place or places as the Local Government may fix" be substituted. He said :—" My Lord section 8 deals with animals afflicted with dourine. In the case of diseased horses, the proposal is to have them castrated. In the case of diseased mares used for breeding purposes, there are two remedies

[25TH FEBRUARY 1910.] [*Mr. N. Subba Rao.*]

provided to prevent the spread of the disease: one is to brand them and the other is to destroy them subject to the sanction of the Commissioner or other officer appointed by Government. There is no indication anywhere in the Bill that such animals might be segregated instead of being destroyed, and no provision is made for the purpose. This appears to be, I submit, a serious defect in the Bill which requires to be remedied.

“ I must confess that I am not aware of any circumstances which imperatively necessitate the destruction of mares afflicted with this disease. The Report of the Select Committee has not dealt with the point nor with the question of segregation of such animals. As to the probable operation of this section the United Provinces Government reports:—‘ If the disease of dourine is one which can only be stopped by the prevention of breeding from infected animals, it appears to him that probably all mares affected should be destroyed or at least purchased and employed under proper supervision to prevent them from being used for breeding.’ Thus two alternatives are placed before us: either destruction or segregation. My Lord, I have had the advantage of reading the note prepared by the Hon’ble Mr. Hyat Khan who is well entitled to speak with authority on the subject. He has kindly placed it at the disposal of the Hon’ble Members. From that it will be seen that the effective remedy against the spread of the disease is branding or ringing the mare. It appears that this remedy of ringing is freely adopted in the Punjab and is successful in attaining its object in connection with breeding purposes. He considers that it is the safest and easiest method of preventing the spread of the disease. The Hon’ble Mover will pardon me if I say that no case is made out for the insertion of this clause providing for the destruction of a diseased mare.

“ Even if the method recommended by the Hon’ble Mr. Hyat Khan is not accepted, I do not see why the diseased mare should not be segregated instead of being destroyed. The disease which this Bill deals with is not infectious but only contagious and that too under particular conditions. It appears to me, therefore, that segregation is amply sufficient to meet the objects which the Bill has in view.

“ My Lord, there are several asylums in different parts of the country where sick animals are taken care of and looked after—asylums supported by the public which form a striking feature of the civilization of this ancient land. There does not appear to be any reason why mares affected with dourine should not be segregated in such places, and if Government does not find them suitable

[*Mr. N. Subba Rao ; Lieutenant Malik Umar*] [25TH FEBRUARY 1910.]
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in any way, special arrangements may well be made for their protection. No doubt some cost will have to be incurred. Surely, it will not be anything like what is incurred to prevent the spread of plague.

"I may be told that under Act XIII of 1899, horses affected with glanders or farcy or any other epidemic disease could be destroyed. I understand that that Act deals with infectious diseases and we are not discussing here the propriety of the provisions of that Act. Whatever that may be, one wrong does not give authority to commit another wrong. I hope this Council will respect the feelings of the people of the country and show some consideration to animals which are afflicted with dourine for no fault of theirs, especially when it is not clear that destruction in any case is required to prevent the spread of the disease.

"My Lord, the principle underlying this amendment, I need hardly say, is that animal life should be held sacred. I hope that this Council will not brush aside this noble ideal cherished by large populations in this country and will not give its sanction to the destruction of dumb animals, if it can be helped."

The Hon'ble LIEUTENANT MALIK UMAR HYAT KHAN said :—"My Lord, the present Bill, which provides for the prevention of the spread of Dourine is a very important measure, as it deals with the safety of such animals as are very useful from every point of view. Any disease which may cause the destruction of such animals should be treated as *sericus* and requires some speedy legislation. This disease was first discovered in Germany in 1795, and has since made its appearance in some other countries. Happily it did not reach India till recently, and that alone in the upper portion of the country. I am glad to say that it is not prevalent anywhere at present, but prevention is always better than cure, and it is well to have a safeguard for an evil before it is actually faced.

"I am glad to say that I was put on the Select Committee and was by chance of useful opinion on the subject, having undergone a short course of veterinary training and being a breeder of horses on a large scale, which fact is well known to your Excellency. I have also had a bitter experience of epidemic and contagious diseases in losing some very valuable horses in the last few months, some of which were well known to horse-owners. I am, therefore, alive to the necessity of taking some useful measures, and this is one of the causes why I have not pressed many of my amendments which would have materially changed the Bill and caused an unnecessary delay in requiring its re-publication. The alterations and suggestions which I proposed to make may be found in my remarks

[25TH FEBRUARY 1910.] [*Lieutenant Malik Umar Hyat Khan.*]

offered for the consideration of the Select Committee together with a brief history, the symptoms and period of the disease and an analysis of the reasons for the amendments desired.

“ I started by omitting 5½ sections in a small Bill of 15 sections and proposed some 13 amendments. My main object in brief and without going into details was :—

Firstly, to include all the equine species in the Bill.

Secondly, to take precaution against misuse of the power given by it.

Thirdly, to provide some penalty for violation of the general purposes of the Act.

Fourthly, to dispense with the destruction of affected animals.

Fifthly, to award no compensation to the owners of such animals.

Sixthly, to afford protection against legal proceedings to persons working under this Act.

“ My Lord, the amendments my Hon'ble Colleague has moved were originally put in by me, though in another form which I have just alluded to in heading fourth.

“ I am not going to advance the arguments which are fully given in my suggestions to the Select Committee for dispensing with the destruction of affected animals, the consequence of which would have saved any compensation awarded to the owners.

“ I have given a brief reason for not pressing these arguments. When the necessary precautions are taken by castrating, branding, etc., and by another method which I had suggested or by segregating the animal affected, there is no necessity to destroy it; and the amendments of my Hon'ble Colleague go in the same direction and produce a similar result. If practicable, I think they may be useful if powers of destruction are also kept in extreme cases.

“ However, as some of my important amendments have been taken into consideration, I did not press the rest on the Select Committee. I am satisfied with the Bill and in supporting the Hon'ble Mover I respectfully beg that the Bill be passed into law.”

[*Mr. Gokhale ; Raja of Kurupam.*] [25TH FEBRUARY 1910.]

The Hon'ble MR. GOKHALE :—“ My Lord, I should like to say a word on this amendment. I think there is very considerable force in what has fallen from my friend the Hon'ble Mr. Subba Rao. I think that the destruction of mares afflicted with this disease would be far too drastic a course and would be against the sentiment of large sections of the people. At the same time I recognize that to throw upon the Government of India the responsibility of bearing the expense of segregating the animals would perhaps be a large order. I do not think that the times of the Emperor Asoka have come back, but I think that if asylums or pinjrapoles are willing to take charge of such animals, there should be some provision for making over these animals to such bodies. I think that should meet the requirements of the case.”

The Hon'ble RAJA VAIRICHERLA VAIRABHADRA RAZU BAHADUR of Kurupam said:—“ My Lord, with reference to the Dourine Bill, I would recommend the advisability of expunging the alternative course recommended in section 8 (b) (ii) which reads “ cause it to be destroyed ”.

“ The idea of destroying a dumb and helpless creature is repugnant to the Hindu feelings. Hindus, Jains, Parsis and Buddhists are at one in this respect, and yet these form no insignificant section of the people over whom your Lordship rules. We are taught from our cradle that life is sacred, and we hold that the horse and the cow, amongst a large number of other animals, as auspicious creatures, are worthy of religious veneration. The Hon'ble Council may perhaps consider this my objection as purely sentimental. Call them mere sentiments, if you please, but there they are exercising a tremendous influence on the conduct, the character, nay, on the very life, of the Indo-Aryan. Sentiment forms a potent factor in the up-building of a nation. Associations, domestic and religious, ceremonials and ideals of life have made the Hindu a bundle of sentiments. ‘ Ahimsa Paramo Dharmaha ’ is our religious motto.

“ Sibi, a great Emperor of Hindu mythology, in order to save the life of a poor pigeon which sought refuge in his lap from the hot pursuit of a hawk, is said to have given an equivalent weight of his own body's flesh to satisfy the hunger-stricken hawk. He said that the mighty Dharma of a Kshatriya is to extend his protecting hand to the weak and helpless, whether man or animal or insect of the lowest type, as long as they lived within the boundaries of his kingdom. Such are the traditions amidst which the Hindu mind is brought up. A wise and benevolent Government has always shaped its laws with due regard

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[*Raja of Kurupum.*]

to the sentiments of even an insignificant section of its people for whom it legislated. Matters are made more complex when a foreign Government has to legislate for a heterogeneous nation, differing from itself in ideals, feelings, tastes and associations. But no foreign Government has ever shown greater tact, statesmanship, sagacity and patient consideration in the matter of its legislation than the wise and benevolent British rule. Your Lordship's Government has always been humane and considerate in this respect, and I trust that my humble suggestion will find favour in its eyes.

“Plague and cholera are as much, if not more, contagious as the dourine disease. Judged from the human standard, human life is considered more precious and sacred than that of any other animal; and as such, in order to prevent a certain section of people from the plague epidemic, plague regulations might have with equal justification provided for the destruction of a plague-stricken patient. But fortunately this is not done. Why then this special clause be inserted in this Bill! In India there are many asylums for the treatment and protection of such animals. Let them be segregated and a trial be recommended to test if things cannot be set aright without taking away the life of a God's creature.

“I therefore support the amendment proposed by the Hon'ble Mr. N. Subba Rao Pantulu.”

The Hon'ble MR. MILLER said:—“My Lord, we must all respect the sentiments that underlie the amendments that have been proposed by the Hon'ble Member opposite; but I regret that I cannot advise the Council to accept the proposal which he has put forward. Throughout this Bill we have endeavoured in every respect to adopt as mild a measure as possible. The whole procedure from beginning to end is intentionally lenient, and as a matter of fact we have been criticised because the provisions were not sufficiently drastic. In the case of mares the ordinary procedure prescribed in the Bill is simply to brand them. Now branding is segregation in a mild form: a branded animal is a marked animal; and in places where the serious effects of the disease are recognised, I have no doubt that the branding of an animal would be, in ordinary circumstances, sufficient to prevent its being allowed to go among other animals. What exactly is meant by segregation I am not quite certain that I know, and one reason for my advising the Council not to accept this amendment is that if we accept it, we should have to make it a little clearer in the Act exactly what is meant: does segregation mean segregation by the owner, or as the Hon'ble Member has suggested, in an asylum, or segregation under the eye of some

Government official? We ought to make sure what is meant. But in that case we might be throwing a very heavy expense either on the people themselves or on public funds. I think it is very much better therefore to stick to the simpler proposal that we have made and simply to provide for branding, which does no harm to any one at all. Then the Hon'ble Member wishes to omit the power which is given to destroy animals in certain cases. I understood that my Hon'ble friend Malik Umar Hyat Khan considered it necessary to keep the power of destroying in reserve; but he also would introduce segregation; and my Hon'ble friend Mr. Gokhale also did not, I think, seriously object to the power of destroying. The power of destroying animals in certain cases is already given by certain Indian Acts: we cannot get over the fact that the Indian legislature has already, and very necessarily, given that power in certain cases. We were advised that it was necessary to have this power in reserve. There may be cases in which in the interests of mercy it may be better that the power of destroying should be exercised at once. But we have in this Act safeguarded the power in a way that will certainly, I think all Hon'ble Members will admit, prevent any recourse to it except when it is absolutely necessary. In the first place special sanction has to be got, and in the second place, and this is really more important, full compensation has to be paid. It seems to me perfectly certain that in such circumstances this power will never be exercised at all recklessly or rashly, and I think we ought to keep it in the Bill, and not to strike it but, as it would be necessary if we accept the amendment of the Hon'ble Member opposite. I am afraid therefore I must oppose the amendment that has been proposed."

The Council divided—

Ayes—14.

Noes—42.

The Hon'ble Pandit Madan Mohan
Malaviya.

The Hon'ble Mr. Abdul Majid.

The Hon'ble Malik Umar Hyat Khan

The Hon'ble Mr. Sachchidananda
Sinha.

His Excellency the Commander-in-
Chief.

The Hon'ble Mr. J. O. Miller.

The Hon'ble Mr. S. P. Sinha.

The Hon'ble Sir Harvey Adamson.

The Hon'ble Major-General R. I.
Scallon.

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Ayes—14.

The Hon'ble Babu Bhupendra Nath Basu.

The Hon'ble Mr. M. Mazharul Haque.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble M. R. Ry. Nyapathy Subba Rao.

The Hon'ble Raja Vairicherla Vairabhadra Razu Bahadur of Kurupam.

The Hon'ble Ahmad Muhi-ud-din.

The Hon'ble Mr. G. K. Gokhale.

The Hon'ble Sir Vithaldas Damodar Thackersey.

The Hon'ble Rao Bahadur R. N. Mudholkar.

The Hon'ble Mr. G. M. Chitnavis.

Noes—42.

The Hon'ble Mr. R. W. Carlyle.

The Hon'ble Mr. L. M. Jacob.

The Hon'ble Mr. W. Maxwell.

The Hon'ble Mr. J. S. Meston.

The Hon'ble Mr. J. B. Brunyate.

The Hon'ble Sir H. A. Stuart.

The Hon'ble Mr. S. H. Butler.

The Hon'ble Raja Sir Muhammad Ali Muhammad Khan.

The Hon'ble Zulfikar Ali Khan.

The Hon'ble Sardar Partab Singh.

The Hon'ble Mr. M. W. Fenton.

The Hon'ble Mr. F. A. Slacke.

The Hon'ble Maharajadhiraja Bahadur of Burdwan.

The Hon'ble Mr. J. M. Holms.

The Hon'ble Mr. C. H. Kesteven.

The Hon'ble Mr. C. G. Todhunter.

The Hon'ble Surgeon-General C. P. Lukis.

The Hon'ble Mr. H. W. Orange.

The Hon'ble Mr. J. M. Macpherson.

The Hon'ble Mr. J. Andrew.

The Hon'ble Mr. H. O. Quin.

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Ayes—14.

Noes—42.

The Hon'ble Mr. F. Rawson.
 The Hon'ble Mr. W. C. Madge.
 The Hon'ble Mr. C. W. N. Graham.
 The Hon'ble Sir Sassoon David.
 The Hon'ble Mr. F. A. T. Phillips.
 The Hon'ble Mr. M. B. Dadabhoy.
 The Hon'ble Mr. F. C. Gates.
 The Hon'ble Maung Bah Too.
 The Hon'ble Mr. P. C. Lyon.
 The Hon'ble Rāja Pramada Nath Roy
 of Dighapatia.
 The Hon'ble Mr. F. E. Dempster.
 The Hon'ble Mr. Mahomed Ali
 Jinnah.
 The Hon'ble Mir Allah Baksh Khan.
 The Hon'ble Lieutenant-General Sir
 Douglas Haig.
 The Hon'ble Sir T. R. Wynne.
 The Hon'ble Colonel F. B. Longe.

So the motion was negatived.

The Hon'ble MR. MILLER moved that the Bill, as amended, be passed. He said :—" I should merely like to say, my Lord, in making this motion that if there had been a very strong expression of feeling in favour of some modification, though we could not accept the principle of the changes proposed by the Hon'ble

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Member, we should be quite ready to consider it again. But this Bill has been before the public for a considerable time; there has been no change suggested in this particular respect and no objection taken to the proposal as drafted, and it was only yesterday or the day before that the Hon'ble Member proposed the amendments. I will now formally move that the Bill as amended be passed."

* The Hon'ble MR. SUBBA RAO :—"My Lord, I received the papers on Sunday, and I gave my notice on Tuesday. There was no delay on my part."

The motion was put and agreed to.

INDENTURED LABOUR FOR NATAL.

The Hon'ble MR. GOKHALE said :—"My Lord, I beg to move that the Council should adopt the following resolution :—'That this Council recommends that the Governor General in Council should be empowered to prohibit the recruitment of indentured labour in British India for the colony of Natal.' My Lord, I must at the outset express my deep sense of the manner in which the Government has afforded facilities for today's debate. It is a matter of some significance that the first exercise of the new privilege of moving resolutions in this Council should be in respect of a question which has not only roused intense feeling among all classes of His Majesty's subjects in India, but in regard to which the Government of India itself is understood to be of one mind with the people. That being so, I think it is not too much to hope that my motion will be accepted by the Council and that the Government will thus place itself at the head of what is undoubtedly the universal sentiment in the matter throughout the country. My Lord, my object in raising this debate today is twofold :—First, to call the attention of the Council to the position of British Indians in South Africa, and secondly, to strengthen the hands of the Government of India in applying a remedy to the situation to the extent to which a remedy can be applied. I think the first thing to realise in this matter is the fact that the whole of the Indian problem in South Africa has arisen out of the supply of indentured labour to Natal. The Indian population in South Africa may be divided into three classes :—(1) Those who are under indenture. This class is of course confined to Natal. (2) The ex-indentured and their descendants, by the ex-indentured being meant those who have completed their term of indenture but have not returned to India nor have got themselves re-indentured but who are struggling amidst great difficulties to earn their livelihood as free Indians. This class has of course grown out of the first. And (3) traders and other

Indians who have gone to South Africa at their own expense. These persons have gone there in the wake of the indentured Indians and primarily to supply their needs. It will thus be seen that but for the introduction of indentured Indians into Natal, there would have been no Indian problem in that Sub-Continent today. Now, my Lord, my own view of this system of indentured labour is that it should be abolished altogether. It is true that it is not actual slavery, but I fear in practice in a large number of cases it cannot be far removed from it. To take from this country helpless men and women to a distant land, to assign them there to employers in whose choice they have no voice and of whose language, customs, social usages and special civilization they are entirely ignorant, and to make them work there under a law which they do not understand and which treats their simplest and most natural attempts to escape ill-treatment as criminal offences—such a system, by whatever name it may be called, must really border on the servile. I strongly hold therefore that the system should be done away with altogether. This is also the view which the entire Indian community throughout South Africa takes of the matter, as may be seen from several petitions addressed by them from time to time to the authorities on the subject. But it is not merely on its own account that I advocate an abolition of this system; I also advocate it because this continued influx of indentured labour into South Africa and the consequent inevitable annual additions to the ranks of the ex-indentured tends steadily to lower the whole position of the free Indian population. The feeling of contempt with which the indentured Indian is generally regarded comes to extend itself not only to the ex-indentured but even to traders and other Indians of independent means. The struggle of free Indians to maintain themselves becomes more and more acute by these constant additions, and the whole community feels an intolerable and continuously-increasing economic burden placed upon its shoulders. I therefore urge the total abolition of this system of indentured labour. I may however be told that this is an extreme view to take and that though circumstances may arise which may lead the Government of India to prohibit altogether the supply of indentured labour to Natal, for the present it would be a more prudent course to utilise Natal's need for securing an improvement in the treatment meted out to Indians in South Africa generally and in Natal in particular. Now, my Lord, though this is not the highest view to take of the matter, I am prepared to recognise that from a practical standpoint there is a good deal to be said in its favour. The position of Indians in South Africa, which has gone from bad to worse during the last fifteen years, has now grown absolutely intolerable, and in any remedy therefore which the Government can apply to the situation, it is

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entitled to the strong and hearty support of the people of this country. What, my Lord, is the position of the Indian community today in different parts of South Africa? I trust the Council will bear with me while I present to it a brief survey of that position. The total Indian population in the four colonies or States of South Africa which have recently been federated into the South African Union is about 150,000. Of this number 120,000 are in Natal, about 15,000 are in Cape Colony, about 13,000 are entitled to be in Transvaal—though the actual number there owing to the struggle of the last three years is not more than 6,000 at present—and about 100 only are in Orangia. Let us take Natal first. I take it first both because the bulk of the Indian population in South Africa is within its borders and also because, as I have already pointed out, the Indian problem in South Africa has grown out of the industrial needs of this colony. The supply of indentured labour from India to Natal first began in the year 1860. And with the exception of a brief period of 8 years from 1866 to 1874, it has continued to the present day. From the figures kindly supplied to me by the Hon'ble Mr. Maxwell I find that the total number of Indians actually under indenture today in Natal is about 40,000. In addition to this there are about 65,000 ex-indentured Indians and their descendants, while the trading Indian community stands at about 15,000. The period of indenture is for 5 years, after which a person may return to India, in which case he gets a free passage to this country, or he may get himself re-indentured, or again he may remain as a free individual in the colony on the payment of an annual license of £3 for every male above 16 years of age and every female above 13. Now so far as the persons actually under indenture are concerned, the principal grievance is naturally ill-treatment by employers. Very grave allegations on this subject have been made, and I must say that I have not seen them satisfactorily answered. On some estates the Indians are no doubt well treated—at any rate as well treated as they can be in the circumstances,—but the very relations between the employers and the employés are such that they easily lend themselves to serious abuse, and flagrant cases come to the notice of the public from time to time. The Protector of immigrants being an officer of the Natal Government, he affords but little real protection to the poor Indian labourers. He is ignorant of their language and their ways of life and is generally imbued with the prejudices of the colony, and it is not his fault if he is unable to enter into their feelings or understand their grievances. A startling fact which has been mentioned and has not been contradicted is that the rate of suicide among the indentured is double of what it is among the ex-indentured and from ten to twelve times what it is among those classes in India from whom the

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indentured are drawn. My Lord, all these allegations require a searching and careful inquiry, and I think the Government of India should urge on the Government of Natal a joint inquiry by representatives of the two Governments in the matter. I also think that the Protector of indentured Indians in Natal should be an officer of the Government of India, periodically sent out from this country, and not an officer of the Natal Government. So much for those who are actually under indenture. Let us now turn to the case of the ex-indentured. Their number in the colony is, as I have already mentioned, about 65,000. The policy of the colony towards them has undergone a gradual and now a complete change. In the earlier years, after the system of indentured labour came into existence, the one anxiety of the Natal Government was how to keep in the colony those whose term of indenture had expired. Various inducements were offered, and one of the conditions then insisted on was that no indentured Indian should leave the colony before the expiry of ten years from the date of his arrival. There is no doubt that these ex-indentured Indians have deserved well of the colony. It is to their labour that the present prosperity of Natal is largely due. So recently as July 1908, Sir Leige Hulett, ex-Prime Minister of Natal, bore the following testimony on this point :—

‘The condition of the colony before the importation of Indian labour was one of gloom; it was one that then and there threatened to extinguish the vitality of the country, and it was only by the Government assisting the importation of labour that the country began at once to revive. The coast had been turned into one of the most prosperous parts of South Africa. They could not find in the whole of the Cape and the Transvaal what could be found on the coast of Natal—10,000 acres of land in one plot and in one crop—and that was entirely due to the importation of Indians.....Durban was absolutely built up on the Indian population.’

“Two other testimonies may be quoted. Mr. J. R. Saunders, a member of the Natal Commission on Indian immigration of 1884, in the course of his report says :—

‘If we look back to 1859, we shall find that the assured promise of Indian labour resulted in an immediate rise of revenue, which increased four-fold within a few years—mechanics, who could not get away and were earning five shillings a day and less, found their wages more than doubled, and progress gave encouragement to everyone, from the Berg to the sea. The colony was in dire straits in those days. The revenue was only about £4 per head of the white population, whereas now it is nearer £40.....If we mean to take up the matter in real earnest, we must be prepared to do away with indentured labour altogether;but, whatever we do, we must act justly, and remember that a certain number of Indians have been born and brought up in the colony, and that it is the only country they know and the only home they have.’

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“Mr. Neame, author of the ‘Asiatic danger in the colonies’, says:—

‘Indian coolies work the sugar and tea estates of the coast; Indians develop the coal-mines; Indians perform an increasing share of the work on the farms, for the farmers, who at first viewed them with distrust, are now as anxious to retain them as the planters. Since the advent of coolie labour, the white population has more than doubled, the value of land has increased, the cost of living has gone down. It is the Indian coolie who gives Natal the cheap fruit and vegetables which are the envy of the Transvaal, who has brought under high cultivation large tracts which, but for his presence, would today be barren. The Umbilo Valley, near Durban (recently swept by the flood), and some of the land near Maritzburg, bear testimony to his industry.’

“And yet these Indians who have done so much for the colony have for years past been making bitter complaints of the unjust and oppressive manner in which they are being treated. The early policy of inducing ex-indentured Indians to remain in the colony was gradually given up, and during the last fifteen or twenty years one of the principal concerns of the colonists in Natal has been how to get rid of the free Indian element there. A number of expedients have been tried to make their lot intolerable, of which the most serious, so far as the ex-indentured community is concerned, is the imposition by an Act of 1896 of an annual license of £3 for every male above the age of 16 and every female above the age of 13. My Lord, it is difficult to speak in terms of due restraint of this outrageous impost. It is a matter of some satisfaction that a Bill has now been introduced in the Natal Legislature to do away with this license so far as women are concerned. But the latest papers from Natal show that the measure has already been whittled down in Committee, and that instead of exempting all women it is now proposed to vest a discretion in the Magistrate to grant exemptions in such cases only as he deems proper. This cruel impost, which has to be paid by the ex-indentured Indian in addition to the £1 poll-tax, which everybody has to pay in Natal, has already caused enormous suffering; it has broken up families, it has driven men to crime, and grave as the statement is, it must be made, for I see it repeated in Natal Legislature and practically corroborated by the Commission appointed by the Natal Government last year—it has driven women to a life of shame. My Lord, who are these people who are called upon by the colony to pay this annual license of £3 for the right to remain in the colony? They are probably persons whose experience of indenture has been none too kind, and who are therefore unwilling to indenture themselves again; who at the same time not having been able to lay by anything during the period of indenture and having probably lost caste in India by reason of their going to Africa, dare not return to this country to face a

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life of poverty added to social disgrace; and who therefore have no choice but to stay in South Africa, for whose sake they have left their country, and to whose service they have given five of their best years. I think the Natal Government ought to be urged to withdraw at once this iniquitous impost. It is not, however, only the presence of the ex-indentured Indians to which the colonists object. They also object to the Indian trading community whose number is about 15,000 today and who have been feeling the weight of harsh and unjust treatment for the last fifteen years. At one time this community possessed both the political and the municipal franchise. The political franchise was, however, withdrawn in 1896, and during the last two years attempts have been made to take away the municipal franchise also. Then during the last five years endless trouble and much suffering and loss have been occasioned by the absolutely arbitrary manner in which the licenses to trade have been withdrawn or refused, the persons ruined not even being permitted to appeal to the Supreme Court. During the last two months a little improvement has taken place in connection with this question, for an Act has been passed, probably under pressure from the Government of India, allowing again appeals to the Supreme Court where renewals of licenses are refused. This however removes only a part of the grievance, because there is still no appeal to the Supreme Court where new licenses are refused or permission to transfer licenses is withheld. Again since last year the educational facilities enjoyed by the free Indian community have been greatly curtailed, there being now no provision for the education of Indian boys above the age of 14 or for Indian girls of any age. In 1908 two Laws were passed by the colony which were subsequently disallowed by the Imperial Government proposing to extinguish altogether the Indian trading community in the colony in ten years. My Lord, the whole policy of Natal today towards the Indian population is an utterly selfish and heartless policy, and the only way in which any relief can be obtained is by the Government of India adopting a stern attitude towards the colony in return.

“I have so far dealt with the position of Indians in Natal. Let us now glance briefly at the state of things in the Transvaal. The agitation of the last three years in that colony has overshadowed the standing grievances of the Indian community there, which date from the time of the Boer Government. These grievances are three. In the first place, Indians cannot acquire any political or municipal franchise in the Transvaal. Secondly, they cannot hold any immovable property there. And thirdly, they are liable to be confined to residence in locations. In addition to these three grievances, the doors of the Transvaal have since 1907 been absolutely shut in the face of all Indians who were not there

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before the war, no matter what their status or qualifications may be. Alone among British Colonies, the Transvaal has placed statutory disabilities on His Majesty's Asiatic subjects in the matter of entering that Colony. Alone among British Colonies, the Transvaal has sought to inflict galling and degrading indignities and humiliations on His Majesty's Indian subjects. The protest which the Indian community of the Transvaal has made against these disabilities and indignities during the last three years has now attained historic importance. It is not necessary for me to go on this occasion into its details, because the story has now been told from a hundred platforms in the country. The struggle has not yet ended—the end is not even in sight. But India has no reason to be ashamed of the part which her children have played in this struggle. The Indians in the Transvaal have suffered much for the sake of conscience and of country, but they have done nothing unworthy. And they have throughout been most reasonable. They have not asked for unrestricted Asiatic immigration into the Transvaal. They have only insisted that there shall be no statutory disabilities imposed upon their race, and that legislation subjecting them to degrading indignities shall be repealed. So far no relief has been forthcoming. But perhaps the darkest hour is already passed and the dawn is not now far.

“Of the Indian position in Orangia, not much need be said. The doors of this Colony are shut against all Asiatics except such as want to enter as domestic servants, and there are about a hundred Indians today there in that capacity. There were Indian traders at one time in Orangia, but they were forcibly turned out of the colony by the old Boer Government about 1893, and since then no others have been allowed to get in.

“Lastly I come to Cape Colony. Here on the whole a liberal policy is pursued towards Indians, and with the exception of East London the Colony treats them fairly well. The total number of Indians in this Colony is about 15,000. They are permitted to acquire both the political and the municipal franchise, and though they have difficulties in the matter of obtaining licenses to trade, and at times considerable suffering and loss has been caused by arbitrary refusals to grant or renew licenses, on the whole the position here is much more satisfactory than in other parts of South Africa. In East London, things are no doubt bad, but it is only a small part of Cape Colony.

“My Lord, I have described to the Council briefly, and, I hope, accurately, the present position of the Indian community in different parts of South Africa. I will now turn for a moment to the terms of the resolution which I have laid

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before the Council. The resolution recommends that the Governor General in Council should acquire statutory powers to prohibit altogether if necessary the supply of indentured labour to the Colony of Natal. Under the law as it stands at present the Government does not possess these powers, and I am sure that is a serious handicap to the Government in any negotiations into which it may have to enter with the Government of Natal on questions connected with the treatment of Indians in that colony. It is of course true that the mere taking of these powers does not mean that they will be necessarily exercised. Still this resolution, if accepted by the Council today, will be an indication to South Africa generally, and to Natal in particular, as to how strong and deep is the feeling which has been roused in this country by their anti-Asiatic policy. The idea to stop the supply of Indian labour to Natal is not a new one. Immediately after the close of the Boer War, Lord George Hamilton, in addressing a deputation headed by Sir Lepel Griffin, made an emphatic declaration that unless Natal treated the Indian community more fairly, the Government of India might be driven to this course. But obviously Natal has never taken such a threat seriously; for had it done so, it would not have endeavoured, as it has steadily done, to make the position of the free Indian community worse than before; also its representatives in its Legislative Assembly would not be talking today with easy assurance of getting the Government of India to agree to the proposal that the indenture of indentured immigrants should terminate in India or on the high seas. My Lord, I sincerely trust that today's proceedings in this Council will open some eyes at least in South Africa. I think the power to stop recruitment of indentured labour for Natal should go a considerable way in securing from the Natal Government fair terms generally for the Indian community resident in that Colony. Natal needs our labour. It cannot do without it. A number of its industries depend largely, almost entirely, upon it, and they would be paralysed if this labour was withdrawn. On this point the testimony of the Commission appointed by the Government of Natal to consider the question of Indian immigration is conclusive. The Commission says in its report:—

'Absolutely conclusive evidence has been put before the Commission that several industries owe their existence and present condition entirely to indentured Indian labour, and that, if the importation of such labour were abolished, under present conditions, these industries would decline and in some cases be abandoned entirely. These are:—sugar, tea, and wattle-growing, farming, coal-mining and certain other industries.'

"This is so far as Natal is concerned. The actual effects of the suggested prohibition, if carried out, will however probably go beyond Natal, and extend to

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the Transvaal. For as the Natal Commission of last year points out, the withdrawal of indentured Indian labour from Natal will necessitate a corresponding withdrawal of the Kaffir labour of Natal from the Transvaal. My Lord, I think the present is an especially opportune moment for the Government of India to acquire the power proposed in this resolution. Not only has public attention in this country and England been drawn to the condition of Indians in South Africa as it was never drawn before, but the control of all Asiatic legislation in South Africa will shortly pass from the several Colonial Legislatures to the Union Parliament which will meet in October. This Parliament will be largely dominated by Cape Colony views, as nearly one-half of its members will be from Cape Colony. Very probably Mr. Merriman will be the first Federal Prime Minister, and he declared himself only the other day in favour of a just and uniform policy towards Indians in South Africa, by which he no doubt meant the Cape policy. It is possible therefore that strong representations made by the Indian and Imperial Governments on behalf of Indians, backed by the power which this resolution suggests, may prove more effective at this juncture than they have hitherto done in securing a redress of several of our grievances. My Lord, I urge this resolution on the acceptance of the Council because I believe it will prove of some use in remedying the evil from which we suffer. But I confess that even if there had been no chance of its proving in any degree effective, I should still have proposed it, because I think it is necessary for us now to mark in a formal and responsible manner our resentment at the treatment meted out to us by the South African Colonies and not to take that treatment entirely lying down. At the same time I recognise that the problem by which we are confronted is one of enormous difficulty and that while threats of reprisals might go some way, our main, indeed our real, reliance must continue to be upon a constant appeal to those immutable principles of justice and humanity which alone can form the enduring foundations of a great empire. My Lord, behind all the grievances of which I have spoken today, three questions of vital importance emerge to view. First, what is the status of us Indians in this Empire? Secondly, what is the extent of the responsibility which lies on the Imperial Government to ensure to us just and humane and gradually even equal treatment in this Empire? And thirdly, how far are the self-governing members of this Empire bound by its cardinal principles? Are they to participate in its privileges only and not to bear their share of its disadvantages? My Lord, it is not for me to frame replies to these questions; it is for Imperial and Colonial statesmen to do that. But I must say this, that they are bound to afford food for grave reflection throughout this country. My Lord, only a fortnight ago this Council passed an important Bill

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imposing serious restrictions on what is known as the liberty of the Press. I was one of those who gave their support to that measure, and I did this in spite of my strong disapproval of some of its provisions. I supported the Bill because I felt that something deeper and even more fundamental than the liberty of the Press was at stake in several parts of the country and was likely to be at stake sooner or later in other parts, unless preventive action was taken now, namely, the unquestioned continuance of British rule, with which all our hopes of a peaceful evolution are bound up. But, my Lord, what is the good of preventing an expression of ideas incompatible with the continued existence of British rule, if causes are allowed to be at work which forcibly suggest such ideas to men's minds? I think I am stating the plain truth when I say that no single question of our time has evoked more bitter feelings throughout India—feelings in the presence of which the best friends of British rule have had to remain helpless—than the continued ill-treatment of Indians in South Africa. My Lord, I am sincerely glad that your Lordship's Government has allowed this question to be brought up before the Council. Your Lordship has had a time of extraordinary difficulty in our midst. During this time, while you have been driven from one repressive measure to another, you have also laboured incessantly for the permanent good of the people. I sincerely hope with Your Lordship that the shadow which the measures of repression have cast on our path will be only a passing one. But whether that hope is realised or not, this I know—that the good you have done will remain and it will grow from more to more. And of this good, I earnestly trust, a satisfactory settlement of the Indian question in South Africa will before long form an important part.

“ My Lord, I move the resolution which stands in my name.”

The Hon'ble MR. DADABHOY said :—“ My Lord, I support this resolution with all the emphasis and earnestness which a sense of deep wrong and a firm faith in the absolute necessity of the suggested course of action can induce. The action is as much to the interest of Government as to that of the people of this country. The treatment of the Indian settlers in South Africa, the Transvaal especially, is really too bad. It is not necessary to go into details. Practically all people who know anything about the subject are agreed about the existence of the evil. Outside this Council I have heard of differences of opinion about the minor details, but that the Indian does not receive the just treatment in the Transvaal to which British citizenship entitles him, and that disabilities and indignities are heaped upon him because he is an Indian, are broad facts which are not disputed. I believe Government, both here and in England, is equally anxious with the people to secure the Indian

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settlers better treatment. I am afraid, however, the urgency of the subject has not been fully realised by the Government. In dealing with this question it will be well for Government to constantly keep before them Lord Morley's salutary dictum of June 6, 1907:—

• 'The Indian Asiatic is a man with very vivid susceptibilities of all kinds, and with living traditions of a civilisation of his own; and we are bound to treat him with the same kind of respect and kindness and sympathy that we should expect to be treated with ourselves.'

"A self-governing colony, determined to make South Africa the exclusive home of Europeans, may ignore this truth; but it is obligatory upon the Government of this country, responsible as it is for the contentment of 300 millions of His Majesty's subjects, not to halt in the face of a growing evil of this kind, and to do all it can to secure to the expatriated Indian that kind and sympathetic treatment which will bind India to England with the golden chains of affection and gratitude. It is not that the subject has escaped the attention of this Government; it is not that Government has not moved in the matter. We know Government has made representation after representation to the Secretary of State, and has put the case for the Transvaal Indian fairly strongly before him; but the difficulty seems to arise from the relation in which the Imperial Government stands to the colony. Had this Government adopted a more autonomous policy in the past, the situation would at least have been far less trying and complicated than it is now. I believe there were cogent reasons for the adoption of the cautious policy the Indian Government has so far followed; perhaps it expected greater good to the Indian from the powerful support of the Imperial Government; perhaps it did not anticipate the South African Government would develop such a violent anti-Indian feeling; perhaps too the course of events induced the hope of an early and satisfactory settlement of the whole question. But everything has happened contrary to expectations; time has only added to the difficulties of the situation. Meanwhile, matters have come to a crisis, demanding early attention on the part of this Government to the subject. My Lord, in 1899 Lord Lansdowne feared the moral consequences in India of a conviction of the powerlessness of the British Raj to save the Indian settlers in the Transvaal from oppression and harsh treatment. That was when there was peace all over this country; when sedition, much more anarchism, was an unheard-of evil. If the situation was disquieting then, what is it now when the urgent problem of the moment is—How to put down and prevent the growth of unrest in the land? The masses do not understand the niceties of the relations between the Mother country and the colonies; they do not comprehend

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legal technicalities; the British Raj has so far revealed itself to them as a Power whose influence is irresistible. And when they find that with all its traditional omnipotence it has not succeeded so far in securing to their countrymen, admittedly a peaceable and decent body of settlers who rendered valuable services during the War—equal treatment at the hands of a small Dependency, they become disconcerted, and attribute the failure to the European colonist's influence over the Home Government. That is an impression which is fraught with incalculable potentialities of mischief and which British statesmanship should do everything in its power to dispel. The present political situation in India adds special urgency to the case. Besides, the danger to the Indian settlers promises to become acuter and more widespread with the formation of the South African Union. Already the infection has spread to Natal. The report of the Natal Commission recently published on the subject of indentured labour discloses a strong prejudice against the Indian. If the effect of the Transvaal immigration legislation was in 1903, in the words of the late Hon'ble Sir Denzil Ibbetson, then Home Member of this Government, 'the virtual exclusion of Indians from South Africa,' it has become most frankly and violently anti-Indian of late.

"The question arises—How to compass the object we all have in view? To my mind, the duty of Government is clear and the remedy is near at hand. We have had enough of correspondence and friendly pressure in the past; enough of assurances and hopes of responsible statesmen of England and South Africa. All that has failed. Let this Government now depend more upon its own resources; let the Government grapple with the question with its accustomed spirit; let the pressure of interest be brought to bear upon the Colonial Government; let the Government act on the lines suggested in my Hon'ble friend's Resolution. My Lord, the remedy suggested is not new, and eminent statesmen have in the past considered it, and have held out a promise to try it. The present prejudice of the colonist against the Indian being mainly commercial, as explained by the Colonial Secretary, Mr. Chamberlain, in his despatch to Sir Hercules Robinson of September 4, 1895, there must be something to touch the commercial conscience of the colonist to bring him to reason. The East Indian Association, an Association having for its members some of the most illustrious Anglo-Indian administrators as also English statesmen of the first rank, pressed the Government before 903 to stop the emigration of Indian labour into the colonies until the obnoxious laws had been repealed. Sir Lepel Griffin on June 8, 1903, in the course of his speech at the East Indian Association strongly recommended the policy. Lord George

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Hamilton, then Secretary of State for India, in reply to the Deputation headed by Sir Charles Dilke, on October 31, 1902, said :—

‘I do not like to make use of threats, but, after consultation with the Indian Government, if I find there is a disposition to get this labour and not to treat the people fairly, it will be a matter for serious consideration whether or not we should put some legal obstacles in their way.’

“Speaking in this Council of the supply of indentured labour from India on March 29th, 1905, Lord Curzon observed :—

‘It has seemed to us to be our duty—to lose no opportunity of pleading the cause of those whose natural protectors we are, and we make no concession whatever until we obtain a full *quid pro quo* in return.’

“My Lord, all this was said before the colony became a self-governing colony. With the change in the status of the colony matters have become far worse for the Transvaal Indian. My Lord, we cannot look calmly on when the best and the foremost Indian settlers, men distinguished alike by their position, wealth, and patriotism, are sent to jail like common felons and treated there with inconceivable hardship and indignity for presuming to assert their rights as citizens of the British Empire, solemnly and permanently secured to them by the noble Proclamations of their beloved Sovereigns. There is a strong feeling in the country on the subject, and it will be wise statesmanship to take note of it and to act in such a way as to calm the public resentment. Of the South African Colonies Natal employs a large number of Indians under a system of indenture. So many as five to six thousand labourers emigrate to that colony every year from India. This is a lever in the hands of the Government which can be used to great advantage in any settlement of the Indian question throughout South Africa. The prospective federation of the South African Colonies under the South African Union will shortly place this Government in an advantageous position in its fight for the Transvaal Indian, and for the matter of that for every free Indian settler in South Africa, through this system of indentured labour. If emigration of labour from India is stopped or even restricted, as the Resolution suggests it should be, by the Government, Natal, it is true, will be the principal loser; but what affects that colony will no longer be a matter of unconcern to its sister colonies. And in any solution of the Indian problem, the hope is not extravagant, the moral influence of Natal will be felt throughout South Africa, and its Indian policy will determine the policy of the other colonies. It will be prudent therefore to use this inoffensive means for the protection of the Indian settler. After the publication of the Natal Commission report Government cannot feel any hesitation

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in adopting this Resolution. Timely precautions are necessary. The arrangement cannot be all to the advantage of Natal as she coolly proposes it should be, and she cannot be allowed to have Indian labour on her own terms while the Indian settler is left hopelessly in the lurch. There are undoubtedly measures calculated to bring direct pressure upon the Transvaal. The Resolution before this Council indicates the line—surely the line of least resistance—on which the Government can act to bring about a wholesome change in the temper of the Colonial Government, without raising large issues of tariff protection. We are modest in our demand, and we beseech the Government to take a mild step and to exercise an undoubted right. I have every hope the Resolution will meet with the approval of this Council."

The Hon'ble MR. CHITNAVIS said:—"My Lord, I unhesitatingly support this resolution. The course suggested appears to be the only feasible one left open to this Government after the apparent decision of the Home Government not to interfere in the internal affairs of the colony, however unreasonable its treatment of His Majesty's Indian subjects. The Government of India, as guardians and protectors of Indians in whichever part of the British Empire they may live, cannot adopt the *laissez faire* when Indian settlers, whose very virtues—industry and frugality—appear to have excited the hatred of the colonist, are unjustly treated, and have perforce to try drastic measures. It will therefore be quite proper for Government to restrict emigration to the only South African Colony, Natal, which employs indentured labour. The people realise the difficulties of Government on account of its dependence upon the Imperial Government; they appreciate its sympathy and its past efforts at a satisfactory settlement of the whole question. They do not blame this Government; they only respectfully submit that the exigencies of the situation clearly demand a firmer policy. Your Excellency's illustrious predecessor, Lord Curzon, held decided views on the subject, and resolved not to help the Colony in exploiting India for labourers until South Africa adopted a more reasonable and humane attitude towards the Indian settlers. The Resolution requests Government to go a step further, and instead of simply holding its hand while Natal imports labour from this country, to boldly intercept the supply. The status of the Indian settler in the colonies must once for all be satisfactorily settled for the future good of India. With growth of civilisation and increased prosperity under the beneficent British Administration there may come a time, however distant, when the population will be too large for the country. There will then be need for providing settlements outside India for the surplus population. But if the British Indians are now denied the rights of citizenship in the colonies, they may come to be confined for ever within this country.

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The present colonial legislation regarding Indians thus carries in it the seed of future legislation, and unless it is moulded on humane lines the doors of the South African colonies will be shut against the Indian for all future time. It will create vested interests, and practice and usage will give it a rigidity which all future legislators, however broadminded, will find it difficult to soften. Natal should be used as a lever in settling this matter with South Africa on a satisfactory basis.

“Apart, however, from its moral effect upon the colonies in their relations with the Indian settler, such restriction of oversea emigration will, in my humble opinion, be productive of immediate good to India. The bulk of the labourers who emigrate to Natal are agriculturists either by birth or by choice. They can for a long time to come be usefully employed within the country. There is at present great dearth of agricultural labour in many parts of India, aggravated by the heavy plague mortality of recent years, which threatens to become perplexing with time and industrial development, and the most prudent course appears to be to attract intending emigrants to those parts. There are wastes now which by enterprise, helped by a judicious system of inland emigration, can be reclaimed and brought under cultivation. In congested parts too the great need is intensive cultivation, and although its success depends more upon the application of scientific methods than upon deep-ploughing, freer employment of manual labour is necessitated by the numerous demands of a complex system. In either case, therefore, a more copious supply of agricultural labour is desirable, nay necessary. The manufacturing industries also are in a difficulty for scarcity of labour. The restriction of oversea emigration is in the circumstances bound to help the development of the country, both agricultural and industrial. It may well be that the Natal Indians amass a small fortune during the period of indenture, but they will not be worse off here in India with extensive cultivation on an improved method and the development of her manufacturing industry. Wages have of late sensibly risen all over India, and every thing points to a further increase in the near future. In the Central Provinces the prevalence of high wages, due to ‘the insufficiency’ of the labouring classes ‘to meet the demand for labour of all kinds,’ has been the subject of comment in Administration Reports year after year.”

The Hon'ble MR. JINNAH said :—“My Lord, I beg to support the resolution that has been placed before the Council. The Hon'ble the mover has put the question before the Council so clearly and concisely that there is very little left for any one else to say. But the importance of this question requires that at least some of us should say a few words and express our feelings on this resolution.

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If I may say at the outset, it is' a most painful question—a question which has roused the feelings of all classes in this country to the highest pitch of indignation and horror at the harsh and cruel treatment that is meted out to Indians in South Africa."

His Excellency THE PRESIDENT: "I must call the Hon'ble gentleman to order. I think that is rather too strong a word, 'cruelty.' The Hon'ble Member must remember that he is talking of a friendly part of the Empire, and he must really adapt his language to the circumstances."

The Hon'ble MR. JINNAH :—" Well, my Lord, I should feel inclined to use much stronger language, but I am fully aware of the constitution of this Council, and I do not wish to trespass for one single moment; but I do say this, that the treatment that is meted out to Indians is the harshest which can possibly be imagined, and, as I said before, the feeling in this country is unanimous. It was in 1860, as far back as fifty years, that a cry came from the Colony of Natal for help, so to say from India. They wanted labour from India, and the authorities here as well as the authorities in Natal arranged that labour should go. For thirty years labour continued to be sent there from time to time, and as the Hon'ble the mover has put before the Council, a portion of that labour became the ex-indentured free Indians residing in Natal who naturally took to trade and various other branches. After what was best in the Indians was utilised for the purposes of the Colony, after the colony was developed, after the colony got its constitution and independence, the first measure against the Indians the Colony of Natal put on the Statute-book in 1891 was what was known as the Indenture Law; and that Statute was followed by various other statutes, in all numbering four, the last of them was passed in 1905, all intended to govern the indentured labour, and what are known as the Indenture Laws. Some of the provisions of that Law are opposed to every principle of justice. Some of the principles are of the hardest character that we can imagine. After that series of Statutes, having dealt actually with the indentured labour, Natal was not content with that, but they wanted to deal with free Indians, namely, the ex-indentured labourer who became free and those who followed in the tracks of the ex-indentured labourer, and the series of Acts, which I am going to mention in the shortest possible way, are directed absolutely with the idea of wiping out the Indian population from Natal. The whole object of the series of Acts of legislation is to extirpate the Indian community from Natal. The first Act is the Act of 1895, which is known as the Immigration Restriction Law. That was directed at the fresh entrants, so as to stop fresh migration into the

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colony. The first thing that Natal wanted to do was to see that no fresh Indians got into Natal easily, and, having passed that Act, laid down the severest possible educational test for Asiatics, whereas the test for the other races is a nominal one. Having dealt, my Lord, with the fresh immigrants who might come in, the next Statute which they passed in 1897 was what was known as the Dealers' License Act, which was passed in 1897 and the object of which was to try and get rid of the Indian dealers in course of time from Natal. This Statute shortly lays down this. That a licensing officer has the absolute discretion to issue, renew or transfer a license or not; but in two cases he is absolutely obliged to refuse a license, and that was in the case of sanitation on sanitary grounds, and, second, in a case where the dealer failed to keep his books of account in accordance with the provisions of what was then in force as the Insolvency Act. In those two cases he was obliged to refuse a license, but in all other cases it was his discretion to refuse a license or to grant it. This Act was worked times out of number, if I may say so, unjustly against the Indian dealers, and there are innumerable instances which have appeared in the public Press and in the Courts. Not content with that, the Natal Government in 1908 actually passed a Bill which I am happy to say has not received the sanction of the Imperial Government as yet because the Imperial Government thought that that measure was absolutely unjust; and the object of that Bill, which is also directed towards the dealers, is (1) that no new licenses should be issued to any Asiatic after the 31st December 1908, and no renewals to be made after 31st December 1918 with nominal compensation, *i. e.*, within 10 years all the Asiatic dealers in the colony were to be wiped out. In the course of 10 years, the scheme is, that there should not remain a single Indian dealer in Natal. Now the next branch of legislation that came in Natal was in 1896. That piece of legislation is known as the Bill to disfranchise all Asiatics; that is the general term in which that Bill is known. That Bill deprived Indians of political franchise except some of them who already happened to have political franchise. The next measure which the Hon'ble the mover has referred to, and which I am again happy to say has not received the sanction of the Imperial Government, was what is known as the Municipal Consolidation Bill. The idea of that Bill was to deprive the Indian population of municipal franchise. Then the last Act, and the only Act, my Lord, which I wish to refer to in regard to Natal, was the Income and Land Assessment Act of 1908. I only want to quote one provision from this Act which shows how unjust that Act is. This is one of the provisions—

'Land owned by a European shall not be deemed to be beneficially occupied if the same is occupied solely by natives (Kaffirs) or Indians, unless such land is not suitable for European cultivation.'

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"Therefore, my Lord, land owned by a European and if occupied by an Indian, is not supposed to be beneficially occupied unless it was unfit for cultivation for a European.

"Now the net result of a series of these Acts is obvious: that the Colony of Natal is determined to wipe out the Indian population from Natal. In this connection, there is the question of Transvaal which comes in indirectly—so far as the terms of the resolution go, but it is most serious of all the colonies. I see that Transvaal has gone further than Natal or any other and has laid down two Statutes which are known as the Asiatic Law Amendment Act and the Immigrants Restriction Act, both of them of 1907. Under that, no Indian, whatever be his position, can enter the Colony of Transvaal, much less can he live there. Now this being the position taken up by these colonies of South Africa, the question that arises is what is left for us to do. We have passed resolutions after resolutions, public meetings have been held all over the country, and opinion, as I said before, is absolutely unanimous on this subject. I have no doubt that the Ministers and the Government of India are earnestly endeavouring to get some solution of this question; but I am bound to say this, my Lord, that up to the present moment, although this struggle is raging in Transvaal and Natal, although it has been going on for the last three years now, we have got no definite reply of any kind however, except—and I believe I am correct—that substantially the answer of Ministers and the answer of the Government of India is that the matter is receiving their best consideration. In ordinary times, in ordinary circumstances, a phraseology of that character is entitled to great weight and is bound to command the patience of the people; but, my Lord, this is the answer that has been repeatedly given for the last three years, and today we are not a wee bit better than we were at the commencement of 1907 when the struggle reached its very height. This being the position, we are driven to bring this resolution before this Council; and although the Hon'ble mover has not stated in so many words,—I have no hesitation in stating it frankly here,—that the first and the primary object of this resolution is retaliation, and the secondary or subsidiary object which is no doubt in the interests of the labour itself and in the interests of our country that this indentured labour ought to be put a stop to. Now the Hon'ble the mover has given your Lordship a very heartrending account of the condition of indentured labour, and I do not wish to dilate upon them. The total number that has been sent to Natal by way of indentured labour I believe in the last four or five years does not exceed 5,000 or 6,000 men altogether, men and women, and I believe on an average every year there are about 2,000 or 3,000 and not more sent to

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Natal. Now if the labour sent to the colony is not treated properly, if their condition is well nigh that of a slave in practice though in theory they are free men, we should prevent recruitment of the Indian labour for Natal in their own interests. To begin with, it may be asked, what does it matter whether a few thousand Indians are sent out of our country or not, what difference does it make to the country, when there are 300 millions of people here, and room enough for them here, if a few thousands go out. But on the contrary we feel and we know that the growing activities in our own country, with irrigation works, railways, mills and buildings, etc., there is plenty of scope for labour in this country. Some times of the year the demand is more than supply. Therefore I venture to say that this resolution ought to be acted upon by the Government without delay. There is only one point of special feature which I should point out, and which the Muhammadans particularly feel, and that is the special sting that is involved in the legislation in the Transvaal against the entry there by Muhammadans. They are excluded not by virtue of colour or of race, not by virtue of a domicile in any particular country, but they are excluded because they happen to be Muhammadans. It is a religious bar. For instance, an Armenian Christian subject of the Turkish Empire can enter Transvaal, but a Muhammadan cannot, because he is excluded from entering Transvaal by virtue of his religion. I feel sure that this resolution will be accepted by this Council; and with these remarks I support this resolution."

The Hon'ble SARDAR PARTAB SINGH said:—"My Lord, the subject-matter of the resolution which has been put forward by the Hon'ble Mr. Gokhale has been so well described by the Hon'ble the mover of the resolution, that I personally consider it unnecessary to say anything more about it. With your permission, I will only make one remark, and that is I hope and I am sure the Government of India will take the present opportunity of showing that on this question it is at one with those who really desire to see the lot of the Transvaal Indian bettered. By doing so, by using their powerful influence with the British Cabinet, they will not only achieve success as regards the particular object in view, but they will remove the Transvaal question from the sphere, of Indian to that of Imperial politics, and will thereby effect, I am sure, an important reduction in the stock-in-trade of the disloyal secessionist. If the Government of India and the people of India speak with one voice on this question, there will be no justification for the continuance of any agitation adopted against the British Government. For this reason, my Lord, I beg to support Mr. Gokhale's resolution."

The Hon'ble MR. SUBBA RAO said :—" My Lord, coming from a part of the country from which emigrants go to Natal, I rise to give my cordial support to the resolution moved by the Hon'ble Mr. Gokhale. It is gratifying that on this question the Government and the people are of one mind. We are glad that the Government of India has been taking active steps to protect the interests of British Indians in South Africa, and our thanks are due to your Lordship for the stand which your Excellency's Government has made to enforce the rights of its subjects against the unjust and arbitrary proceedings of the colonists in that country. But I cannot disguise from your Lordship that there is a feeling among the people at large that the Government has not been fortunate in being able to effectually enforce its protests and save Indians from the insults that are heaped upon them and the monstrous treatment to which they are being subjected there.

My Lord, matters have now reached a crisis when it is no longer possible to allow things to drift on, as they have been doing, from bad to worse, leaving the small colony of Indians, numbering about a lakh and a half, including indentured labourers, against eleven times that number of European colonists, to fight for their very existence in the colonies against the combined strength of colour-prejudice, race-hatred, and trade jealousy. There is a growing determination today on the part of the colonists in Natal and other colonies to keep South Africa as the preserve of the white man and wipe out the British Indian from that country by various insidious methods under the guise of civilised legislation. The most startling and outrageous of all the methods pursued by Natal is to order boys to leave school at the age of fourteen, when one would expect that their actual education would just begin, a restriction which has of course no application to European children. The Hon'ble Mr. Gokhale has with his usual eloquence graphically described the position of the British Indian in South Africa. To state briefly, the British Indian is treated there as a helot, as a member of an inferior race whose very touch is pollution, and whose breath is poison. His very virtues, his sobriety, industry and thriftiness, which are testified to on all hands and more recently by the Natal Indian Immigration Commission appointed in November 1908, are counted as his drawbacks, and he is considered as an economic danger, though by his labour at least the colony of Natal has prospered, and several industries 'owe their existence and present condition entirely' to him, as admitted by the Commission. It is therefore time to devise means to put an end to the present deplorable state of things

"As a first step in this direction I submit, my Lord, that it is necessary to stop indentured labour into Natal, as those who once go out to the colony find

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to their bitter disappointment that what was made to appear to them as an El Dorado has turned out to be nothing but a mirage. It is found that at the end of the period of indenture the savings of their labours are so small as either to compel them to return to India with practically nothing in their pockets or to re-indenture themselves, as the majority of them are doing, under the same undesirable conditions. A tax has been imposed on freedom, an annual license-tax of £3 per head, and it has become practically impossible for them to earn their living as independent cultivators paying four times the tax to Government which a European cultivator has to pay for the same land. Further, the system of indentured labour is highly questionable and has been condemned by no less an authority than the late Sir W. W. Hunter as being perilously akin to one of 'temporary slavery'; but as the system prevails in Natal it is much worse, for the labourer is not sufficiently protected against the cruelty and ill-treatment of an unscrupulous employer. It is, therefore, as a matter of principle and humanity and not on the ground of retaliation, I urge, my Lord, that the system of indentured labour should be put an end to, at least to prevent any more of our fellow-countrymen from going to South Africa, there to be subjected to indignities which the colonists insist on imposing on them.

"But if Natal wants indentured labour for the growth of her industries, and the Immigration Commission reports that the colony cannot get on without such labour, then I submit, my Lord, that it should be supplied only on conditions which would ensure elementary rights of citizenship to British Indians that go to South Africa. Further, if the present system should continue, I beg to associate myself with the Hon'ble Mr. Gokhale in suggesting that the officer at Natal whose duty it is to safeguard the interests of the labourers, and who is today a Natal colonist responsible to that Government, should be replaced by an Indian officer appointed by and responsible to the Government of India. At the least, I would suggest that a responsible officer on behalf of the Government of India should be associated with him to look after and protect the interests of British Indian immigrants. We can then hope that the officer appointed by Your Excellency's Government will prove to be a real protector of Indian immigrants and not an abettor of a policy created directly in favour of the employer.

"I would also suggest that the Government should adopt measures to ensure that Protectors of Emigrants in this country should only countersign such representations to emigrants as are known to the Government of India to be true. For instance, the Madras Protector of Emigrants authorises representations to the intending emigrant that on his arrival in Natal he will be given

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a good house to live in and plenty of garden land to cultivate. Yet a high Natal officer has publicly declared that many of these *good* houses are simply piggeries, whilst the garden land for private cultivation is non-existent, except perhaps in very few cases. Besides, as the Emigration Act is administered the emigrant is not informed of the penalties which he would be liable for even trivial or technical breaches of the contract, while his remedy against the employer is almost impossible of enforcement under the Natal law.

“ I would further suggest, my Lord, that the system under which intending emigrants are examined to test their free choice prior to the registration of their contracts should be placed on a more satisfactory footing than it is at present, and arrangements be made that they should be informed of the social conditions and other circumstances connected with Natal and some sort of check devised to disillusion them of their ideas of the enchanting picture of the colony impressed on their confiding ignorance by recruiting agents.

“ My Lord, these suggestions I have ventured to make but touch the fringe of the real question that stands at the back of this resolution, which affects vitally the future of this country and the solidarity of the British Empire. Shall British citizenship be a by-word among the nations of the earth or a reality under which British Indians shall enjoy equal rights with other subjects of His Majesty the King-Emperor? Shall India be the dumping ground for other countries and the Indian alone debarred from enjoying the elementary rights of citizenship in the self-governing colonies of the Empire? For the example of Natal and the Transvaal are contagious. Portuguese and German colonies have begun to take lessons from them and impose restrictions and disabilities on British Indians. The question may no doubt be a difficult one to solve. But it is humiliating to reflect that the Imperial Government has felt powerless before the demands of the responsible Government of the Transvaal and has given sanction to various Acts galling to the British Indians. We were deeply pained to learn that the Imperial Parliament by passing the South African Union Act gave sanction to the disqualification of non-Europeans to a seat on the Union Parliament and thus introduced the race-virus in an Act of Parliament, though with many protestations of good will towards India. However, it is a matter of congratulation that on this question there is no difference of opinion between the Government and the people of this country and that the Government are solicitous to secure for the Indians in the colonies the rights enjoyed by other British subjects. Fortunately the better mind of England is also with the Government of India. For, as pointed out by Lord Selborne and other British statesmen before the

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outbreak of the South African War, the question is :—‘ Whether the British subject wherever he goes, all over the world, whether he be black or white, whether he comes from Great Britain itself or from Canada or New Zealand, is to have the rights that his Queen has secured to him.’ As frankly stated by Lord Curzon recently in the debate in the House of Lords, the value which is attached to the rights of British citizenship is ‘ the only basis upon which you will expect the loyalty of an Asiatic population to an alien rule to be permanently developed or maintained.’ I may take the liberty to state that one of the potent causes of unrest in this land is the inferior status accorded to the British Indian, and any number of Press laws or other repressive measures will not tend to allay the excitement or give contentment to the people unless and until British citizenship is made a reality both at home and abroad. Our thanks are due to your Lordship for making a real and earnest beginning in this direction, and we confidently expect that the way shown by your Lordship will be followed up steadily, consistently and speedily, making the Government broad-based on the people’s will and their gratitude, so that the people of this country may realise that the Government is as much theirs as the British and feel proud that they are an integral and effective part of the mighty British Empire.”

The Hon’ble MR. MAXWELL said :—“ Before public attention was drawn in India to the matter under discussion, His Majesty’s Government and the Government of India had been trying to obtain satisfactory guarantees for the protection of the interests of His Majesty’s British Indian subjects in Natal, and these efforts have not been altogether unsuccessful. The chief grievance of the Indians in Natal arose in connection with the issue of licenses under Act XVIII of 1897 which relates to wholesale and retail dealers. The question of providing for the right of appeal against refusals to grant or renew licenses to trade has been one of the points in negotiation between us and the Colonial Government for some years past. These licenses are granted by Municipal Boards whose decisions under the Act of 1897 were not subject to review by, or appeal to, the Supreme Court. The Government of India pressed for an amendment of this Act so as to provide for a judicial review of the decisions of these Municipal Boards, and the Colonial Parliament recently passed an Act giving the right of appeal to the Supreme Court against refusals to renew existing licenses. The Government of India could not, however, accept this concession as a satisfactory settlement and have recently obtained the Secretary of State’s sanction to undertake legislation to prohibit emigration from India on grounds such as exist in the case of Natal. The Government of India

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hope to be able shortly to introduce a Bill for this purpose and will be prepared to give effect to it if negotiations with the South African Union do not result in an agreement which the Government of India can accept as a proper settlement.

“The Government of India are prepared therefore to accept the Resolution of the Hon’ble Mr. Gokhale to the effect that they should be empowered to prohibit emigration to Natal. They can assure the Council that the treatment of His Majesty’s British Indian subjects in South Africa is receiving their constant and sympathetic attention, and everything that lies in the power of the Government of India is being done to improve their position.

“My Lord, I have nothing further to say at this stage, but later I shall have a few observations to make regarding some of the points that have been raised by Hon’ble Members during the course of this discussion.”

The Hon’ble SIR VITHALDAS D. THACKERSEY:—“My Lord, after what has been said by the Hon’ble Mr. Maxwell, I will not detain the Council long, and will confine my remarks to only one point. My Lord, it has been said that this resolution is to be adopted and that recruitment is to be prohibited on grounds of retaliation; but there are also other considerations why, for the benefit of the labourers themselves and for the benefit of the country generally, the Imperial Government may well take this measure. It has been pointed out here that the total saving of a labourer returned from Natal averages Rs. 130 in five years, or Rs. 26 per year. Now, my Lord, I can speak with some experience so far as the labour conditions in the Bombay Presidency are concerned, and during my tour throughout India as a member of the Factories Commission, I had the opportunity of closely examining the conditions of labour throughout India and Burma. I can say without the slightest hesitation that the condition of the Indian labourer in factories is one which may be considered as absolutely independent. The labourers in India at present—so far as factory labourers are concerned—are masters of the situation. They can dictate their own terms to their employers. Not only that, but after eight or nine months’ work in factories they go out to their native districts and take rest or employ themselves on their own land in agricultural operations for three or four months in the year on the savings of their work during the previous eight months. Now is that condition not considered better than the condition of a Natal labourer returning after five years of hard work away from his family and from his relations and friends, with the big sum of Rs. 130 as the saving of five years? I say if it is the fact that the labourers, in addition to other

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disadvantages, can only save Rs. 130 in five years, I say the condition of labour in India is a hundred times better. There are loud complaints everywhere. The Bombay cotton industry clamours that there is an insufficiency of labour. Here in Bengal we hear from jute manufacturers that they are suffering from insufficient labour. We hear reports from agricultural areas that the immigration of agricultural labourers to the industrial cities is rather too rapid to be consistent with the interests of agricultural operations. Taking all these things into consideration, I think it would not be at all a hardship to the labourers if the Government of India prohibit immigration to Natal."

The Hon'ble MR. MUDHOLKAR said:—"My Lord, I wish to associate myself with the resolution which has been moved by my friend the Hon'ble Mr. Gokhale. The subject with which he deals—the treatment of Indians in South Africa—has deeply stirred my countrymen. There exists in regard to it a singular unanimity of opinion among men of all the races, creeds, castes and sections who inhabit this vast continent. Public opinion in England, has been equally scandalized, and men of all parties have joined in condemning the attitude of the South African Governments and people towards Indians and the treatment that is accorded to them. Even the better section of the colonials denounce these things. And well they all might. For it is a one long story of injustice, of colour prejudice, of race-hatred, of insults and indignities heaped upon law-abiding and peaceful subjects of the King-Emperor, and of cruelties practised towards helpless people. The attitude of the ordinary colonial, who now practically wields unchecked power, the sentiments which he entertains towards the Indians, the language which he adopts, and the course of conduct which in but too many cases he follows, are such as not only go counter to the Imperial idea, but are morally indefensible and shock our feelings of humanity. And there is absolutely no cause, no just excuse, for this bitterness towards Indians and the persecutions to which they are subjected. They are disliked and pursued not because they are turbulent, unruly or vicious. They are hated, as Your Lordship's predecessor pointed out, on account of their very virtues. It is because they are sober, thrifty, industrious, more attentive to their business than the white men, with whom they come into competition in their trade and business, that their presence in the colonies is considered intolerable. It is not possible within the time available here to give anything approaching an adequate recital of the numerous woes they suffer. A mere indication of some of the grievous ones can alone be attempted.

"It is in the two colonies of Natal and Transvaal that Indians have most to bear these insufferable wrongs. The Transvaalers with their characteristic exclu-

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siveness have for well nigh thirty years been working to prevent the entry of Indians within their territory and to turn out those who were already there by imposing restrictions against them, by making their life miserable, and subjecting them to various pains and penalties. Till recently they were however unable to fully enforce their unjust laws, because the British Government stood by its subjects. One of the reasons for which the British Government went to war with the Boer republics was their ill-treatment of Indians. But this object of the War has been lost sight of. What those republics could not do is now being done by a Government which in law is subordinate to the Imperial Government. Indians in the Transvaal cannot hold landed property, they cannot trade without licenses, and that too in fixed localities; howsoever refined or cultured they might be, they are not permitted to reside anywhere except in locations which are kept in conditions not far removed from pigsties. They are not allowed to walk by the footpath or travel in the tram-cars, except on the outside. They cannot travel over railways without restrictions. No Indian is permitted to enter the Transvaal, unless he is registered and his finger-prints and photo taken as if he were a criminal. Even those who had lived in the colony for years before the War and had been already registered both before and after the War, were required to get themselves re-registered with these degrading ceremonials. And this in spite of the solemn assurance of the Queen's representative. No self-respecting man can stand such treatment. And naturally they refused compliance with an unjust edict. Then followed those sickening episodes of forcible deportations, of refusal to allow people to land, of imprisonments and ill-treatment in jails.

" My Lord, it is beyond question what the Transvaalers want. Persons holding high positions in that colony have publicly avowed their policy of getting rid of the 'Indian cancer' by making the Indians' life unbearable. Putting aside the course of conduct followed towards the passive resisters, the Government of India and the Government of His Majesty cannot and ought not to permit the bar sinister to be placed against so many millions of His Majesty's subjects: It is impossible for us Indians to quietly submit to this. Previous Viceroy, Secretaries of State for India, Colonial Secretaries, Prime Ministers, have all protested against it, but to no purpose. The condition of the Indians in the Transvaal is worse today than what it was in Paul Kruger's time. The number of Indians has dwindled down from 15,000 to 6,000.

" In Natal the state of things is almost equally deplorable in regard to the free population and greatly worse in regard to indentured labourers..

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Of the one and a half lakhs of Indians who are estimated to be residing in South Africa, about $\frac{1}{4}$ ths are in Natal. Of these about 32,000 are serving on indenture, 71,000 are ex-indentured or the descendants of ex-indentured Indians and some 15,000 are traders. It was to save the colony from the bankruptcy, and ruin with which it was threatened, and at the solicitations of the colony, that the Indian Government allowed labour under indenture for Natal to be recruited in India. The system has been in vogue since fifty years, and Indian labour has been mainly instrumental in converting what was once a wilderness into a garden. But gratitude, or, for the matter of that, ordinary feelings of humanity are not mental possessions greatly prized in South Africa, and the appalling roll of suicides and annals of the local Courts testify to the inhuman treatment which in but too many cases these unfortunate men suffer. There are masters and managers who treat their labourers kindly and humanely. But the cases which have come before the Courts and authorities show that a very large portion of the employers of labour regard the coolies, as they are called, as less deserving of consideration than cattle. The condition of the indentured labourer is not far removed from slavery. Most of the employers work them and treat them as slaves. Compelled to work from 4 A.M. to 7 P.M. or even 9 P.M., abused and assaulted for every slight mistake by overseers and masters, many coolies when brought before the Courts have preferred imprisonment to living under their masters. Persons prosecuted for attempts to commit suicide have declared in Court that they tried to do away with themselves because they could no longer stand the cruelties they had to undergo. They cannot walk about without written permits. If they do so, anybody can arrest them. Men brutally assaulted who went and complained to the Magistrates and established the truth of the complaint have been sentenced to hard labour for six months, because they left the master's premises without a written permit, while the master for his assault escaped with a light fine. It cannot be said that the cruelties are accidental and due to individual perversity. The whole system is vicious and utterly indefensible. The laws and rules are unjust and one-sided and are against the labourers. The supposed safeguards are worse than illusory. The so-called Protector is hardly ever a real protector and has indeed at times shown himself to be a persecutor.

“ Apart from the badness of the law and the temptations to cruelty which it affords, the very system of indentured labour must be condemned as wrong in principle. It is degrading and debasing to the labourers, and it has a demoralising effect on the employers. The Government of India will, I fervently hope, come to the rescue of these poor people. Lord George Hamilton, while Secretary

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of State for India, said on a memorable occasion: 'Now, there is certain interest in South Africa, which, we are told, requires imported labour, and I believe that a very large proportion of the Native Indians in Natal are engaged in the developing of the sugar industries and kindred pursuits. I do not like to make use of threats. But after consultation with the Indian Government, if I find there is a disposition to get these labourers and not to treat people fairly, it would be a matter for serious consideration, whether or not we would put some legal obstruction in their way. * * * * I should not hold the position I do and continue to tolerate the treatment, which seems now to be wholly undeserved and unnecessary.'

"It is not only the indentured labourers who suffer grievous wrongs at the hands of the Natal colonists. There is not indeed in Natal that total avowed exclusion of the Asiatic which is the great feature of Transvaal law. But the spirit of exclusiveness and unfairness is there, though things are done in a more refined manner. In addition to a heavy poll-tax of one pound per head, there is a license-tax of three pounds per annum per head, which an ex-indentured labourer wishing to stay in the colony as a free worker has to pay for himself, his wife and children.

"And as to traders and others there is the same story as in the Transvaal of deprivation of old rights, of persecution by trade rivals, of degrading restrictions, of heavy imposts, of interference with the right of residence, the right to carry on trade, of arbitrary exercise of the licensing power, and in some places there are the same restrictions about walking on foot-paths and travelling in tram-cars.

"My Lord, there is absolutely no justification for the cry which is raised that the Asiatics will flood South Africa. For the Indians there and in this country have accepted the view that the claim of Asiatics to unrestricted immigration is beyond the pale of practical politics and is not to be pressed as things stand. All that they ask in the Transvaal is for the old Indian residents to be allowed to live peaceably, as in Cape Colony for instance, without being treated like habitual criminals, for men of education and position to be allowed to come in, so that they might have teachers, ministers of religion and doctors for themselves and their people. In Natal they ask for the maintenance of the rights and privileges they have had for years and years. But both these colonies are actively pursuing a hostile policy calculated to reduce Indians to a state of servitude. They do not want Indians to remain in the country except as indentured labourers, from whom they would take the best of work that is in them and then throw them away like a squeezed orange.

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“My Lord, the people of India cannot accept a colour bar. Every English Minister of position, every true Englishman, has denounced it as utterly unworthy of persons who want to be partners in a world-wide empire. Your Lordship's Government will refuse to permit the Indian subjects of His Majesty to be ill-used. The evil example of the Transvaal and Natal is being imitated elsewhere also. On grounds of humanity and as a protest against injustice it is only proper that the help which the Indian Government is giving to Natal to obtain the labour without which the work of the colony cannot go on should be stopped and the recruitment under indentures should be prohibited. This is the first step to be taken in the efforts which must be made for securing just and equal treatment to the Indians in the South African colonies and elsewhere, and the country confidently expects that the Government of India will take it.”

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN said :—“ I heartily congratulate the Government on having accepted the Resolution which has been put before the Government in such an able manner by my Hon'ble friend Mr. Gokhale. I take this opportunity on behalf of the non-official Indian members here to convey our grateful thanks to Mr. Gokhale for this most opportune Resolution.”

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said :—“My Lord, evidence is not needed to show that there is a deep feeling throughout the country and in every section of the community as regards the unjust treatment of British Indian subjects in South Africa. That feeling is daily growing in strength and intensity, and your Lordship's Government can no longer rest content with addressing remonstrances to the Home Government in England which are not heeded by the Transvaal Government. I am perfectly aware that your Lordship, the Secretary of State for India and also the Ministry are desirous of seeing justice done to the Indians in the Transvaal, but unfortunately the Government of that Colony has persisted in imposing humiliating disabilities upon the Indian residents without a shadow of any justification or any need whatsoever. After the Transvaal became a British Colony it was reasonable to expect that the administration would be informed by a sense of British justice and British toleration. But it is the reverse that has happened.

“The Asiatic Law Amendment Ordinance assumed without any foundation guilty knowledge on the part of all Indian residents of a wholesale introduction of unlawfully resident Asiatics. The deputation that waited upon Lord Elgin was given an assurance that the Ordinance would not come into operation till

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it had been considered by the Transvaal Parliament. But the Ordinance was passed as an Act of 1907 and this was followed by the movement of passive resistance. The Immigration Act was passed in December 1907 and immediately afterwards followed a number of arrests of the leaders of the two Asiatic communities. In consequence of the general agitation in England and India and also in South Africa the Immigration Act was suspended on the understanding that voluntary re-registration would be accepted and the Act repealed. In accordance with this assurance the leaders voluntarily registered, but the promise made to them was broken and compulsory registration was revived. The struggle recommenced and is still going on and is likely to go on unless better counsels prevail with the Transvaal Government.

“ My Lord, domiciled Indians have been deported, there have been hardships of every kind in gaols, Muhammadan prisoners have not been able to observe the fast of the Ramzan to keep which they have a religious obligation and have been cynically told to go and observe the fast when they would be set at liberty after the month of Ramzan. Indians have been financially ruined, lawful residents have been persecuted, delegates to India have been arrested on the eve of their departure, and the policy of irritation has been pursued with the utmost rigour. Of 15,000 Indians before the war there are barely 6,000 left in the Transvaal. Between January 1908 and June 1909 no less than 2,500 sentences of imprisonment were passed, the age of the prisoners varying from 16 to over 60. What appears to be utterly incomprehensible is that all this has been done on the ground that the Natal Government is free to manage its own affairs. And what of the Empire? Is the Transvaal Government free to ignore the effects of its policy upon the people of India? That is undoubtedly its attitude, but it is perfectly clear that it cannot be shared by either the British Government or the Government of India. My Lord, the prohibition of the emigration of indentured Indian labour to Natal may not directly affect the Transvaal Government, but it will certainly produce a wholesome effect when the Union Parliament will come into existence and will mark the disapprobation of the Government of India of the highly injudicious course taken by the Transvaal Government. With these few words I support the Resolution which I hope will be unanimously adopted by the Council.”

The Hon'ble MR. MAZHARUL HAQUE said :—“ My Lord, the resolution moved by my Hon'ble friend Mr. Gokhale deals with one of those questions about which there is absolutely no difference of opinion amongst the Indian

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people. Hindus and Muhammadans, Parsis and Sikhs, Christians and Buddhists, vie with each other in condemning the treatment our countrymen are receiving in South Africa, and insist upon their grievances being redressed, and speedily redressed. The entire European community, and specially the important European mercantile community, I am glad to say, is also largely in active sympathy with us, and is ready to co-operate. It is true now and then we hear a jarring note from some Anglo-Indian journals, but we need not take notice of them. They suffer from chronic Indo-phobia, and cannot see any justice in our claims. They would not even credit us with ordinary human feelings and emotions.

“ My Lord, we have reason to believe that the Government of India also sympathises in our efforts to ameliorate the deplorable condition of our brethren in the South African colonies and would greatly like to help us but for its constitutional limitations. The Imperial Government itself is inclined to take a broad and statesmanlike view of the question but for the obstinate attitude of the colonists, who having received responsible government cannot be interfered with.

“ My Lord, the question is a very serious one, and the feeling in the country is very strong. The insulting and humiliating treatment of the Indians affects not only the educated community, but the country at large. The labourers who return to India after their period of indenture is over carry the tale of their woes and sufferings with them, and the country from end to end rings with the inhumanities of the colonists. The result is that the whole country is simply saturated with the stories of the maltreatment of the Indians in South Africa, and, my Lord, the tale is certainly grim enough to send a thrill of horror through the heart of every Indian.

“ There are three classes of Indians residing in the South African colonies. The first is that of the indentured labourers. They go to work in the tea, coffee and sugar plantations, on the railways, in Government and Municipal service, in the coal mines, agriculture, and in domestic employments. On landing in South Africa they are allotted to different employers of labour and have to serve out their term of contract. The second class is of those men who have completed their period of indenture and have settled in South Africa and made it their home. The third class is that of traders, merchants, lawyers, and other professional men, who have migrated in the wake of the above two classes to supply their ordinary wants. The fate of none of those Indians is enviable. The indentured labourer, the moment he lands in the colonies and

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is handed over to his employer, becomes for all practical purposes a slave of his master. Numerous laws have been enacted to curtail his freedom. New offences have been created specially for him, and he is punished, fined, whipped and sent to jail for most trivial acts—acts which are not and cannot be treated as criminal offences in any civilized country. Redress against his employer for maltreatment he has none. He may be brutally assaulted, but he cannot leave his place even for lodging a complaint without making himself liable to criminal prosecution.

“There are authentic cases on record which prove that for the most inhuman treatment meted out to these wretched creatures there is no redress beyond a paltry fine imposed upon the employers. Take for instance the case of the man who cut off a lobe of his coolie's ear, and when put upon his defence raised the curious and outrageous plea that as the law allowed him to cut off the ear of a sheep, why should he not be allowed to cut off the ear of his coolie, who was no better than a sheep? And what was the redress that the poor coolie got for this outrage? The Magistrate let the criminal off with the option of a fine of £20. Could human depravity go farther? Could there be a greater travesty of justice than that revealed in this case? My Lord, this one instance alone is sufficient to damn the whole system of indentured labour. Then again look at the number of suicides committed by these unhappy men. The rate of suicides for the whole of India is only 37 per million, while that of the indentured Indians in Natal alone is 551. My Lord, why should these poor Indians take their own lives, if not because of the unbearable oppression and cruelties perpetrated upon them? My Lord, the whole system of indentured labour is vicious in principle. It brutalises the employer. It demoralises the employed. It perpetrates the worse form of slavery in the guise of legal contract. It is bad in its inception, inhuman in its working and mischievous in its results, and ought to be done away with without any further delay.

“Then there is the case of those men who have completed the term of their contract and have made up their mind to settle in South Africa. There are no less than 61,000 of such men. By a strange irony of language, they are called free Indians. These men have given the best part of their lives to the development of the country. Many of them were born and bred there and know no country other than South Africa. These are the greatest eyesores, and every attempt is made either to turn them out or to compel them to re-indenture themselves, and thereby to relapse into their former state of slavery. Many devices have been invented to achieve these objects. The most formidable and success-

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ful is the imposition of an annual tax of £3 on every male of 16 years and upwards, and every female of 13 years and upwards. Over and above this they have to pay a poll-tax of £1. Most of these poor men are unable to bear this heavy burden of taxation, and to keep their body and soul together are forced to re-indenture themselves. It is not the love of wages, because in all conscience that is small enough, but sheer necessity, that compels them to take this course. They are taxed not for the purposes of revenue but on the express and declared ground of being undesirables. This is colour-hatred and race-prejudice with a vengeance.

“ My Lord, European historians are never tired of impressing upon us the infamous nature of the poll-tax—the hated *Jezia*—imposed by the early Muslim conquerors on their non-Muslim subjects. *Jezia* at least had the merit of being optional to the non-Muslim. He had the freedom to choose between the tax and military service, a freedom denied to the Muslim, for he had to render compulsory military service. However, my Lord, that was in the 7th century, more than 1,300 years ago, when the greater part of the world was steeped in ignorance. Is there any justification for this poll-tax in the beginning of the 20th century? Is it right or just to tax a man because he is either black, brown, or yellow, or because he comes from the Asiatic continent? My Lord, Buddha, Christ and Mohammed were Asiatics.

“ Lastly, I come to the case of those who are neither indentured or ex-indentured men—I mean traders, merchants, lawyers, doctors, school-masters, priests and men of similar classes. Many of them are ex-soldiers from His Majesty's army. They are men of wealth and education, culture and refinement, but are treated like parias in all the South African colonies, and much more so in the Transvaal. One of the most loudly-proclaimed reasons for the Boer War was the ill-treatment of the Indians by the Dutch Government. The lot of the Indians after the war is still worse. By Law III of 1885 the Boer Government labelled every Indian a coolie—a word now made historic in this Council. Under the British régime, the same insulting definition is maintained. There are no Indians there, but all are coolies, how high their position or attainments may be. The colonial law of the Transvaal knows no distinction, and the richest Maharaja or the wealthiest Nawab, the moment he enters the Transvaal territory, is instantly metamorphosed into a coolie. My Lord, we Indians may aspire to the highest place in the services of the British Government, we may occupy seats on the High Court Bench, we may sit with Your Lordship in this Council chamber, we may hope to secure the portfolio of an Executive Member, we may enter the India Council, we may be sworn in as a Privy Councillor of His Majesty, we

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may even knock at the portals of that holy of holies, the British Parliament, and sit with the highest, the ablest, and the noblest of England; but in the Transvaal we must not travel on the railway in the same compartment with a white man, we must not ride a municipal tram-car except in the company of the Kafirs, we must not walk on the public footpaths, nor use the public baths. We are unfit to live in European quarters, and must be relegated and confined to filthy locations, nor must we stir out of our houses after 9 o'clock in the night. We must register ourselves for the purposes of identification, and impress the print of the 10 digits on our certificates, like ordinary criminals; otherwise we must go to jail. A little band of heroic Indians headed by that noble patriot Gandhi have been time after time incarcerated in jail, suffered unspeakable indignities and hardships, broken stones like felons, done filthy work of the scavenger, for the sake of their conscience and national honour. My Lord, this is how the King-Emperor's Indian subjects are treated in another part of His Majesty's dominions. No wonder that the Indian people resent it and look to Your Lordship's Government for the redress of these wrongs.

"My Lord, I cannot conclude my remarks without referring to a point which is nearest my heart, and which I have been specially commissioned by the people and the community whom I represent in this Council to bring to Your Lordship's notice. Apart from the fact that the largest number of traders are Musalmans and therefore these disabling and insulting enactments affect them most in their worldly concerns, the religion of Islam itself has been attacked. Our Hindu, Parsi, Christian and Buddhist brethren are ostracised on the ground of their colour and country only, but we Musalmans have been excluded on the ground of our religion as well. Law III of 1885, confirmed by the Asiatic Law Amendment Ordinance of 1906 and Act II of 1907, enacts that 'the so-called coolies, Arabs, Malays and Muhammadan subjects of the Turkish dominion,' cannot obtain rights of citizenship in the Transvaal. Now if you take away the non-Muslim elements included in the word coolies, the rest are followers of Islam. The Arabs are wholly and the Malays are mostly Musalmans. Turkish Muhammadans have been expressly forbidden. Why should the Musalmans be excluded as Musalmans? This is an insult which no Muhammadan can brook without a protest. To us Musalmans our religion is not a philosophical abstraction nor it is a creed of idealism. It is a religion which enters the stern realities of everyday life. It pervades and models our very existence. If Islam is insulted in one corner of the globe, it sends a thrill of indignation into the heart of all its votaries throughout the

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world. Have these colonists counted the cost to the Empire by this ill-fated legislation of theirs? Do they not know that our King-Emperor is the first Muhammadan Monarch in the world—for it is to His Majesty that the largest number of the followers of Islam render willing allegiance—not even excepting the Sultan of Turkey himself. And His Majesty has no more loyal and braver subjects in his dominions than these very Muhammadans.

“ My Lord, such are the wrongs of the Indians in South Africa. The educated classes in this country know and realize to the fullest extent the difficulties of both the Indian and the Imperial Governments. Indeed they gratefully acknowledge the sincere and earnest attempts made by the Government of India to change the lot of these unhappy men. But the masses do not understand the nice distinctions and subtleties of high politics. They look to the result and not the cause. They see that His Majesty’s subjects are ill-treated in one part of the Empire, and they wonder at the failure of England’s might to secure justice for their ill-treated brethren. This is an impression which should not be allowed to go forth in the interests of the Empire.

“ Is there no way out of the difficulty? We think that there is, and this resolution points out that way. The colonies are dependent for their prosperity and development on the Indian labour. We simply tell them, that unless and until you behave better and treat our people like human beings, with fairness and justice, you shall not have our help in securing that labour which you so much want.

“ My Lord, as I have already said, the Indian people are absolutely united on this point. Is it too much to request the European members of this Council, official or non-official, to stretch a helping hand to us to stop this legalised form of slavery, to save our people from indignities and humiliations, and to vindicate our national honour? My Lord, I think not, I hope not.”

The Hon’ble BABU BHUPENDRA NATH BASU: “ After what has fallen from the Hon’ble Mr. Maxwell, it is needless to add any observations of mine. On behalf of the community which I have the honour to represent in Your Excellency’s Council, I associate myself with every word that has fallen from the Hon’ble Mr. Gokhale regarding the grievances of our countrymen in South Africa and the remedies that may be applied. I render to Your Excellency our humble and most loyal thanks for the ready response which Your Excellency’s Government has given to the resolution.”

The Hon'ble MR. SACHCHIDANANDA SINHA said :—" My Lord, after the very able and exhaustive treatment which the subject-matter of this resolution has received at the hands of the mover, the Hon'ble Mr. Gokhale, I do not think I shall be justified in inflicting on the Council a long speech, and yet the question is one of so vital an importance to the well-being of my country that I would fain say a few words in supporting the proposition. The first important point to note in connection with the subject is the almost absolute unanimity that exists on it, amongst all the sections of our rather heterogenous population. But whatever our differences on other questions may be, on this one question, that of the status of Indians in the South African Colonies and the remedial measure proposed by the Hon'ble Mr. Gokhale, there is, I am glad to say, an absolute agreement amongst thoughtful and educated Indians. This in itself is a great advantage. We know that what often passes for public opinion in this country is as often as not but the opinion of a particular community or of a small section of the people. Fortunately this is not the case in connection with the subject under discussion. Here the representatives of all the Indian communities stand on a common platform and are working shoulder to shoulder to have this great grievance redressed. Nor is the vast bulk of the great Anglo-Indian community unsympathetic in the matter, to judge from the writings of many of the leading exponents in the Press, of Anglo-Indian opinion. There might be here and there a dissident voice, but I believe that the great bulk of His Majesty's European subjects in this country are at one with their Indian fellow-subjects, so far as this question is concerned. Last, but not least, some of the greatest British statesmen—members of both the great political parties—have repeatedly expressed their sympathy with the claims of the Indians in South Africa and suggested the adoption by the Government of some such measure as that urged by the Hon'ble Mr. Gokhale. Such unanimous support, official and non-official, British, Anglo-Indian and Indian, ought to materially strengthen the hands of the Government in grappling with the problem in the way suggested by the mover of the resolution.

" My Lord, speaking recently at Edinburgh on 'The Place of India in the Empire' Lord Curzon said that 'Strong language may well be justified in condemning some of the disabilities to which Indians of education and position have been subjected in the Transvaal and other Colonies.' And he himself, speaking in the House of Lords, summarized the Indian grievances in the following terms :—Said His Lordship :—The Indian 'is invited and even encouraged by our Government to emigrate from India. We send him to a colony which he enriches by his labour, and then society there appears to turn round on him, as if he were a pariah dog. He is penalised there, not for his vices but for

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his virtues. It is because he is a sober, industrious, frugal and saving man that he is such a formidable economic danger in the situation. And then the Indian remembers that, at any rate, in a large number of cases he has fought for the British Empire in South Africa and that it was largely owing to his efforts that Natal was saved. Natal would not have been saved in the Boer war but for the contingents that were despatched to the scene of war from India.' But though I have one of the highest authorities on Indian questions in justification of the use of strong language in speaking on this subject, I shall nevertheless refrain from doing so, as I believe the case of the Indians in South Africa is so strong as to render the use of strong language more or less unnecessary and superfluous. The tale of woe narrated by the mover of the resolution should satisfy all reasonable and all open-minded men that the statement of facts contains a most serious indictment that can be brought against any Government with any pretensions to a civilized system of administration. And when we remember that the principal cause of the Boer war was alleged by so responsible a Minister as Lord Lansdowne, and other responsible statesmen, to have been the ill-treatment of the Indians in the Transvaal, it is all the more regrettable to learn that though ten years have elapsed since that time, the condition of the Indians in the British Colonies in South Africa has far from improving, but grown worse. It is worth while quoting the very words of Lord Lansdowne: 'Among the many misdeeds of the South African Republic, I do not know that any fills me with more indignation than its treatment of these Indians. And the harm is not confined to sufferers on the spot; for what do you imagine would be the effect produced in India when these poor people return to their country to report to their friends that the Government of the Empress, so mighty and irresistible in India, is powerless to secure redress at the hands of a small South African State.' I wish those who are opposed to a policy of intervention by the Imperial Government on the ground of the Colonies being self-governing States could realise the feelings of the Indian people, seeing that these Colonies are now not independent but an integral portion of the great British Empire. For it is beyond a shadow of doubt that the substitution of the British for the Dutch Government has, so far from bringing any relief, but served to make the position of the Indians worse in many respects, and that these ten long years have been one long night of suffering and tribulation to our fellow countrymen in South Africa.

"My Lord, it was expected that matters might take a more favourable turn when the Colonies would be federated into one united commonwealth, but that occasion is also come and gone and we are now even farther than before from

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the destined goal; for strange to say, for the first time in the history of legislation of the Imperial Parliament, the racial bar-sinister has been accepted as a principle in the Act of Union. It is an irony of fate that the great British people who have given us Indians the rudiments of self-government should have sanctioned legislation for South Africa, the one effect of which would be the political degradation of the Indians in that country, by refusing them the possibility today of enjoying the ordinary rights of men, let alone the rights and privileges which we justly assume and claim to be the birthright of every British subject, in all parts of the Empire. I venture to say that unless the grievances are removed before long, the irritation and soreness in this country will deepen to an extent which no well-wisher of the Government can look forward to with equanimity.

“My Lord, the claim of the Indians in South Africa is based upon the noblest traditions associated with the conception of the British Empire. Seventy years ago Lord Palmerston in defending his foreign policy used the memorable words:—‘As the Roman in the days of old held himself free from indignity when he could say *civis Romanus sum*, so also a British subject, in whatever land he may be, shall be confident that the watchful eye and the strong arm of England will protect him against injustice and wrong.’ This was said with reference to the rights of the British subjects in foreign States and is thus all the more strongly applicable to the case of the British subjects within the dominions of His Majesty the King-Emperor. This doctrine has never been repudiated by any responsible statesman; on the contrary it was confirmed only two years back by Lord Curzon who, in the course of the debate on the South African question in the House of Lords, said that the Indian ‘claims the full rights of citizenship of the British Empire.’ ‘I do not think,’ continued his Lordship, ‘it is for us to blame him for that, as we have taught it him and inspired him with those ideas,’ and he significantly added that it is ‘the only basis upon which you will expect the loyalty of an Asiatic population to an alien rule to be permanently developed or maintained.’ If I may say so without impertinence, these are wise words and lay down the only sound and healthy ideal of citizenship on which the great British Empire can exist as a real political unit. Set aside this ideal and the Empire will be reduced to a mere agglomeration of States and the nominal allegiance to the Crown will not be sufficient to stop its disintegration. I am aware that, of late, attempts have been made to whittle away the accepted view of British citizenship by some Ministers not sufficiently strong to put pressure on the colonies, and a leading Anglo-Indian journal—fortunately the only one—has tried more than once recently to furnish us with what it calls ‘a re-statement of

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what citizenship of the Empire imports and what it does not import'. It has told us that 'Imperial citizenship confers no right to wander and settle throughout the Empire', and it has not been afraid to say that 'the conception of citizenship and what it connotes in the British Empire must be retaught to Indians.' My Lord, I think I can safely say on behalf of my educated countrymen that we refuse to be taught anew the conception of British citizenship and that we are not prepared to accept any such new ideas as would make us but the footstool of the Empire. But apart from that I may be permitted to say that it seems to me a tactless thing to ask educated Indians to un-learn the lessons they have been taught for over a century and which have been instrumental in securing their willing allegiance to the Crown and to learn afresh lessons of doubtful wisdom the one effect of which would be to make them lose their self-respect. Besides, once the process of unlearning begins, one does not know where it may end and what difficulties it may not land us in. I therefore feel bound to repudiate this new conception of British citizenship and urge the claim of my countrymen to justice and fair play in all the British colonies on the basis of the ideals of citizenship propounded by some of the greatest British statesmen and administrators.

"My Lord, it is all the more regrettable that the anti-Indian legislation in the South African colonies is based upon considerations of birth and colour. It is often said by those who are supporters of the colonial Government that their anti-Indian attitude is not inspired by racial considerations but purely economic. If that were the case, I think I could understand it. But I have the authority of Lord Curzon that the colonial standpoint is only 'partly economic and partly sentimental,' since, says Lord Curzon, 'they are averse from the permanent introduction into the territories which they have won and are endeavouring to develop as white-men's lands.' This is just what we mean by saying that the colonial objection is based on what is called 'the crime of colour.' That this should be so in the twentieth century and in countries in which the type of civilization is what we understand by the word 'christian' is distressing to those who—albeit in the remote future—look forward to the Parliament of man and the federation of the world. It is distressing to find that in this particular matter not only has modern European civilization made no progress beyond the point attained by the ancient, but that it has actually retrogressed. Comparison is often instituted by students of history between the ideals and principles of the Roman Empire and the British Empire, and generally the verdict on most counts is in favour of the latter. It has, however, to be noted with regret that in the matter of the treatment of the peoples of dependencies, the Roman Empire

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whether in Asia or Africa, displayed a much greater liberality than we can claim for the colonies of the British Empire, so far as birth and colour, playing any part in shaping political affairs, are concerned. We have lately had the benefit of studying a masterly exposition of the subject by so distinguished an administrator as the Earl of Cromer—who has had practical experience of both India and Egypt—and this is what he says in his luminous essay on ‘Ancient and Modern Imperialism’:—‘Mere colour antipathy does not appear to have existed among the Greeks any more than amongst the Romans I have been unable to discover any distinct indication that colour antipathy existed to any marked extent in the ancient world. The dominant Roman and the intellectual Greek thought themselves without doubt very superior alike to the savage Gaul or Briton and to the more civilized Egyptian or Asiatic; but in estimating his sense of superiority, neither appears to have taken much account of whether the skins of the subject or less intellectually advanced races were white, black or brown.’ ‘My own conjecture is,’ says Lord Cromer, ‘that antipathy based on differences of colour is a plant of comparatively recent growth, and I cannot help thinking that antipathy based on colour is a much more prominent feature in the government and social relations of the world than was the case in ancient times.’

“My Lord, all efforts to bring the colonists to take a reasonable view of the affairs having failed, it now remains for us to devise an effective remedial measure, and the remedy suggested in the resolution is the one which seems to me likely to be the most effective and one which will produce least discomfort to the parties concerned. As the four African colonies are now united together, they are jointly responsible for all such acts of any of them as affects the Indians, and by bringing pressure to bear upon even one of them we are likely to produce an appreciable indirect and reflex effect on the others, their interests being now intermixed. It has been conclusively shown by the Hon’ble Mr. Gokhale that on the admission of the Commission appointed by the Governor of Natal in 1908, that colony is materially dependent on Indian labour. ‘Absolutely conclusive evidence has been put before the Commission,’ we read in the report ‘that several industries owe their existence and present condition entirely to indentured Indian labour and if the importation of such labour were abolished, under the present condition these industries would decline and in some cases be abandoned entirely.’ Here then is our chance. And we have to resort to this expedient not in any spirit of retaliation or vindictiveness against those who, however misguided, are nevertheless our fellow-subjects, but solely with the object of protecting the just and legitimate rights of our own people and thereby indirectly upholding the great and glorious traditions associated with the conception of British citizenship, embodied

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in the expression *civis Britannicus sum*. Nor is it that the step proposed in the resolution is one that is not sanctioned by the highest authority. It is some years since Lord George Hamilton speaking as Secretary of State for India declared, in replying to a deputation, as follows :—‘ I do not like to make use of threats, but if I find that there is a disposition to get this labour and not treat the people fairly, it will be a matter for serious consideration whether or not we should put some legal obstacles in their way.’ ‘ After all,’ said his Lordship, ‘ India is a very big place and a few thousands taken from here and there does not make any difference.’ ‘ But I should not hold the position which I do ’ said Lord George Hamilton, ‘ and continue to tolerate treatment which seems to be wholly unnecessary.’ Similar language was used by Lord Curzon, in the course of his address at Edinburgh. He said :—‘ The Government of India is entitled to make what stipulations it may please in lending its labour to other parts of the Empire, for this loan is, as a rule, a greater benefit to them than it is a relief to India : and I did not hesitate, when Viceroy, to say that I would contemplate with equanimity the complete cessation of Indian emigration to South Africa, unless I could obtain better terms for those who were there. It is a part of the duty of the Indian Government to put every form of pressure that it legitimately can upon colonial Governments, disposed to exercise their self-governing rights in a selfish or invidious fashion.’ We have thus on our side the support of two of the highest officials and, curiously enough, both Conservative statesmen. Resolutions to the same effect have been passed at many representative meetings in South Africa and in all parts of India. Such being, my Lord, the consensus of opinion on the question, I think your Excellency’s Government will do well to place itself at the head of this great popular movement, behind which India stands up as one man. Endless remonstrances have been made to the colonial Governments, but to no purpose, and the time for some action has certainly arrived. This is, in the direction suggested in the resolution, all the more necessary at a time when it is contemplated to abolish indentured labour in Assam. To abolish it in Assam, where the system can be supervised by the Government, and to continue it in the case of colonies which by manifestation of racial prejudice have violated the first principles of the unity of the Empire, would be to maintain a practice absolutely indefensible. It seems to me, in my humble opinion, to be the clear duty of the Government no longer to countenance a system under which the colonies obtain the benefit of Indian labour, while they withhold from Indian emigrants even the elementary rights of citizenship. Besides, the development of our own industries has brought us face to face with the problem of a larger supply of trained labour than is available at

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present. Expert opinion is agreed that one of the coming problems of the day would be the deficiency of trained Indian labour to meet our own growing industrial requirements, and there is no reason why we should be altruistic enough to benefit our colonial fellow-subjects, at our own expense, by sending them labour which we badly require. On all these grounds I support the resolution before the Council. I sincerely hope the Government will see their way not only to accept but also to give effect to it. By doing so they will not only have served the best interests of the people of this country, whose destinies they wield, but will have drawn them closer to themselves, by standing up for their rights and privileges. I am sure the Government sympathise with this resolution and, by rising to the height of their duty on this occasion, will fulfil the just expectations of India."

The Hon'ble Mr. GHUZNAVI said :—" My Lord, I rise to support the resolution now before Your Excellency. It must indeed be a matter of satisfaction to us all that the first occasion on which we have been permitted the privilege of moving a resolution should be one in which the sympathies of Englishmen and Indians converge on the same worthy cause. The struggle that is being carried on in South Africa by our brethren for the honour of their country is a memorable one.

" My Lord, it is not necessary for me to expatiate on the sufferings of our countrymen in South Africa. The facts are already quite familiar to the Government of India and to the educated public, before whom they have been placed again and again. Petition after petition, representation after representation, public meetings after public meetings, have brought the matter before the Government of India, before Parliament and before responsible Ministers of the Crown, till the whole question has been worn threadbare. Your Excellency's Government have gone into the matter deeply and have considered it from every point of view. We know that Your Excellency's Government have made strong representations to His Majesty's Ministers on behalf of India and her people. We are also aware that great British statesmen of all parties with a sense of their sacred Imperial responsibilities have unanimously recognised the wrong that has been done to India. It is such statesmanship that keeps burning the hallowed fire of loyalty in our hearts, the indubitable trust that some solution will be found to this most difficult question. Hitherto, in spite of the unanimity of opinion as to the reality of the grievances and sufferings of our brethren in South Africa, British statesmen either in the United Kingdom or in India have been unable to find a solution to the problem.

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“Our countrymen are struggling for the rights of citizenship in the Empire, but the Empire is so constituted that the colonists in South Africa claim that they are in the best position to determine what is good for the internal administration of their country, and they have to be left free to do their will. They forget that the treatment of the races of one part of the Empire in another portion is an imperial and not a parochial question; but this at the same time raises the difficulty that there is no imperial Zollverein to decide Imperial matters. The colonies are not likely to leave the decision of such questions to the mother country, in spite of her being the senior partner in the great concern. In this difficult situation the Government of India may assert the same unrestrictedness in deciding matters of our internal policy. By accepting this resolution therefore we hope to strengthen the hands of the Government of India; we hope to assist British statesmanship in its sincere attempts to find a solution to this problem; and we hope to apply the only practical remedy that has so far been proposed.

“My Lord, if any measures had been proposed to get a modification of the Indentured Labour Laws or for the prohibition of emigration on the indenture system on its own merits, I would have heartily supported the ending of a system of virtual slavery, which is quite inconsistent with the dignity of human labour. If the system be found unworkable in my own province and if it has been decided to end the system there, I submit in all humility, my Lord, that it ought to be scarcely allowed to continue in so distant a country, where we cannot have our own officers to supervise it. I support the resolution with the greater conviction, as I believe that, by refraining from assisting the emigration of indentured labour to Natal, we can put indirect pressure upon the whole of South Africa, for South Africa will soon be a federal Union, and Natal, as an equal member thereof with the other States, will in her own interest exercise no little influence.

“In the memorial to Indian valour in South Africa, which stands on the outskirts of Johannesburg, there are three tablets, on one alone of which is inscribed the word ‘Mussulman,’ on the other two are the words ‘Christian-Zoroastrian’ and ‘Hindu-Sikh’ respectively. It is on account of the large numbers of Mussulmans who pour their life-blood for the Empire on the battlefields of South Africa, it was thought worthy that they should have a separate tablet to themselves. As a Mussulman I cannot but take pride in this fact, but it is painful to think that the brother co-religionists of those who died so bravely are denied now the free exercise of their religion, though we are privileged to live under the most potent monarch of Muhammadan Empires.

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My Lord, the majority of Indians domiciled in the Transvaal belong to the Muhammadan faith. In addition to the indignities which they have to suffer in common with their brethren of other faiths, restrictions are put upon them which preclude them from having their simplest religious needs satisfied ; such of them as are bravely undergoing imprisonment for the honour of their country are refused facilities for practising their religion in prison. By the Immigration Law, III of 1885, article 1, my co-religionists from European Turkey were singled out for inclusion within the provisions of that law, when the least educated of Europe and the lowest classes of Servia and Bulgaria could freely emigrate into that country. The immigration laws were thus based not only on race-prejudice and colour-prejudice but also on religious prejudice. Though this Act has been recently amended, removing the restrictions upon Muhammadans of European Turkey, all other Muhammadans are still included within its scope.

“ With these few remarks, my Lord, I beg leave to support this resolution.”

The Hon'ble RAJA OF DIGHAPATIA said :—“ My Lord, of all Imperial tragedies, there appears to be none more sad and bitter than the treatment which our fellow-countrymen in South Africa are receiving at the hands of some of the self-governing colonies in the British Empire.

“ We had hoped that under the direct Imperial sway of England the condition of the Indians would everywhere improve in South Africa, but we regret we have been disappointed. Our countrymen are treated in most of the South African Colonies as undesirables and aliens, and they are municipally disenfranchised, socially degraded and in fact deprived of all elementary rights of citizenship which we have the privilege of enjoying in this country. I may be permitted to point out to your Lordship that no less than three ex-Viceroy's of India have publicly denounced the treatment of Indians in South Africa as a reactionary step in Imperial Government and as quite out of keeping with the best principles and traditions of the Empire.

“ It is really deplorable that no Indian subject of His Majesty,—however high, cultured or influential he may be,—is permitted to enter some of His Majesty's territories in South Africa without going through an education test and taking out a certificate of identity—a certificate which he has to show to every constable or any other petty officer who may be pleased to demand it. If either intentionally or by chance he does not carry with him such a certificate, he is at once arrested and thrown into prison. In the case of Muhammadans, facilities are very often denied to them for their religious observances.

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“Coming to the question of indentured labour in Natal, I need hardly point out to your Lordship that various authorities from Secretaries of State downwards are agreed that the life of the Indian labourer in that colony is extremely hard and badly needs immediate redress. The high rate of suicide alone amongst indentured Indians is a convincing proof of the hardships they have to undergo. As all previous attempts to awaken the Natal Government to its sense of responsibility in the matter had proved fruitless, the only alternative left to us was to appeal to your Excellency's benign Government to take steps for the effectual prohibition of Indian emigration to Natal in the future,—not only as a measure of retaliation but also of protection for the thousands of poor Indian subjects of His Majesty who have been committed to your Lordship's charge.

“In conclusion I beg to thank the Government of India for their prompt and favourable response to so popular a resolution brought on by the Hon'ble Mr. Gokhale.”

His Excellency THE PRESIDENT said:—“I consider that the resolution proposed by the Hon'ble Mr. Gokhale has been sufficiently discussed and will now call upon the mover to make any remarks which he desires to offer.”

The Hon'ble MR. GOKHALE : “My Lord, I have no further remarks to make.”

The Hon'ble MR. MAXWELL :—“My Lord, I now wish to add a few words with reference to such of the points raised by Hon'ble Members in the course of this discussion as seem to call for any observations at this stage. The Hon'ble Mr. Gokhale has enumerated the disabilities imposed on British Indians in Natal, and I have already dealt with the most serious one which relates to licenses. The grievance with respect to education is under consideration, and I am therefore unable to make any statement regarding it at this stage.

“As regards the municipal franchise, I may state that in the Natal Municipal Bill of 1905 it was proposed to disfranchise Indians, but the proposal was not carried into effect, and we are not aware that the subject has come up again.

“Reference has been made to the condition of indentured labourers in Natal, and it has been suggested that the Government of India should have an independent inquiry made on the subject. With regard to this proposal I may say that the Government of India carefully review the reports of the

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Protector of Immigrants on the condition of indentured labourers in the Colony, but they have found no occasion to take action regarding the ill-treatment of this class of emigrants and no complaints have been made to them by the labourers themselves; on the other hand, no difficulty is experienced in obtaining recruits for Natal. These circumstances do not indicate that the condition of indentured labourers in Natal is unsatisfactory and that a special inquiry by the Government of India is required. The Hon'ble Member's suggestion will, however, receive due consideration.

"The Hon'ble Mr. Jinnah has drawn attention to the terms of the Income Tax and Land Assessment Act as operating harshly on Indians in Natal; but I may point out that this Act will cease to be operative in June 1910.

"Mention has been made of the Natal Immigration Commission's Report. A copy of this Report has been furnished to the Government of India, but they have not yet been asked for their views on its findings. Hon'ble Members may, however, rest assured that the various questions with which it deals will receive the most careful consideration.

"As several Hon'ble Members have alluded to the treatment of Indians in the Transvaal, I may be permitted to state that the situation there is likely to improve considerably before long. The Transvaal Government have expressed their willingness to introduce legislation in order to repeal the Asiatic Law Amendment Act of 1907, which was strongly objected to by Indians, and to allow of the entry of six educated Indians annually as permanent residents. These concessions do not fully meet the wishes of the Indians resident in the Transvaal, but they mark a distinct step towards the solution of the problem in that country.

"In conclusion, I beg to acknowledge the eloquent and lucid manner in which the Hon'ble Mr. Gokhale has moved his resolution and the moderation of the language used by him and most of the speakers; but I wish to say that in accepting the resolution the Government of India do not endorse all the statements made by the Hon'ble Members who joined in the discussion."

The resolution was put and adopted.

DISCUSSION OF FINANCIAL STATEMENT.

His Excellency THE PRESIDENT said:—"The Council is adjourned until Friday, the 4th March. On that day, after the ordinary business of the Council

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is concluded, the first stage of the discussion of the Financial Statement will begin.

“The second stage of the discussion will begin on Monday, the 7th March.

“In order to facilitate business and simplify procedure, I have decided to admit questions relating to either stage of the Budget discussion at two clear days' notice, instead of the ten clear days which the rules ordinarily require. This relaxation however is strictly conditional on the question being merely an inquiry as to the meaning of some specific figure in the estimates, and it will remain in force only for the purposes of the discussion on the Financial Statement.”

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA ; }
The 8th March 1910. }