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**PROCEEDINGS
OF
*THE INDIAN LEGISLATIVE COUNCIL***

ASSEMBLED FOR THE PURPOSE OF MAKING

LAWS AND REGULATIONS

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GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Friday, the 7th March, 1919.

PRESENT :

The Hon'ble SIR GEORGE LOWNDES, K.O.S.L., K.C., *Vice-President, presiding,*
and 54 Members, of whom 48 were Additional Members.

STATEMENT LAID ON THE TABLE.

The Hon'ble Sir William Vincent :—“ Sir, I lay on the table
a statement regarding the appointment of Advisory Committees to examine the
cases of persons who have been interned under the Defence of India Act and
Regulation III of 1918; the statement has been prepared with reference to the
question* put by the Hon'ble Mr. Surendra Nath Banerjea at the meeting of
the Indian Legislative Council held on the 10th September, 1918.”

11 A.M.

QUESTIONS AND ANSWERS.

The Hon'ble Rao Bahadur B. N. Sarma asked :—

1. “ Will Government be pleased to state whether any, and if so, what
orders have been passed by the Secretary of State for India, with regard to the
future management of the East Indian Railway ? ”

The East
Indian Rail-
way.

The Hon'ble Sir Arthur Anderson replied :—

“ The Secretary of State has decided to extend the contract with the East
Indian Railway Company for a period of five years at much lower remunera-
tion to the Company than at present, and has indicated his intention of
terminating the contract on the 31st December, 1924. He has agreed that,

* *File page 190 of Council Proceedings of 10th September, 1918.*

[*Sir Arthur Anderson; Rao Bahadur B. N. Sarma; Sir Thomas Holland; Sir Fazulbhoy Currimbhoy; His Excellency the Commander-in-Chief.*] [7TH MARCH, 1919.]

thereafter, direction shall be transferred to India either under State or efficient Company management. He also proposes that, as soon as convenient after the termination of the war, an inquiry shall be instituted into the desirability or otherwise, on financial and administrative grounds, of modifying the present management of Indian State-owned railways either by substitution of management by Companies domiciled in India, or by extension of one or other of the existing systems. The proposed inquiry need not, however, delay transfer of the East Indian Railway beyond the end of 1924."

The Hon'ble Rao Bahadur B. N. Sarma:—" May I ask, Sir, as to what the proposed reduction in the profits would be ? "

The Hon'ble Sir Arthur Anderson:—" I am unable to answer that at present."

The Hon'ble Rao Bahadur B. N. Sarma asked :—

Liquor and drug shops.

2. " What is the number of villages and towns in which (a) liquor shops and (b) drug shops have been opened for the first time during the year 1917-18 ? "

The Hon'ble Sir Thomas Holland replied :—

" Figures are not available to show the number of villages and towns in which shops were opened for the first time ; but altogether 251 new liquor shops and 76 new drug shops were opened during the year 1917-18. In many cases, however, the opening of a new shop merely means a change of location. The Hon'ble Member would probably also like to know that 1,694 liquor shops and 193 drug shops were closed during the same period."

The Hon'ble Rao Bahadur B. N. Sarma:—" May I request, Sir, that the question may be considered as to whether it would not be desirable to compile statistics for the purpose of knowing in what new villages shops were opened ? "

The Hon'ble Sir Thomas Holland:—" I will give attention to the Hon'ble Member's request."

The Hon'ble Sir Fazulbhoy Currimbhoy asked :—

Termination of contract with the East Indian Railway Company.

3. " Will Government be pleased to lay on the table all papers in regard to the forthcoming termination of the contract with the East Indian Railway Company ? "

The Hon'ble Sir Arthur Anderson replied :—

" The Hon'ble Member's attention is invited to the reply to the question by the Hon'ble Rao Bahadur B. N. Sarma.

The details of the temporary arrangements therein referred to are still incomplete, and the papers cannot yet be laid on the table."

The Hon'ble Sir Fazulbhoy Currimbhoy asked :—

Aerial Mail service between India and the United Kingdom.

4. " What arrangements are in progress in regard to an aerial mail service between India and the United Kingdom ? "

His Excellency the Commander-in-Chief replied :—

" The Government of India are not yet in a position to make any statement on the subject. The matter is being discussed with the various Departments concerned in India, and I hope to be able to answer the Hon'ble Member's inquiry at a later date."

[7TH MARCH, 1919.] [*Sir Fazulbhoj Currimbhoy; Sir William Vincent; Sir James Meston; His Excellency the Commander-in-Chief.*]

The Hon'ble Sir Fazulbhoj Currimbhoy asked :—

5. "(a) What steps have been taken for the representation of Indian Commerce in the Imperial War Cabinet ?

Representation of Indian Commerce in the Imperial War Cabinet.

(b) Will Government lay on the table all correspondence with the Secretary of State in this connection ?"

The Hon'ble Sir William Vincent replied :—

"The Government of India received a telegram from the Indian Merchants' Chamber and Bureau, Bombay, at the end of November last, suggesting that a representative of the Indian Commercial community should be given a seat in the War Cabinet. But there has never been any question of giving representation in the War Cabinet to special interests as apart from the general interests of India, and the suggestion was not pursued."

The Hon'ble Sir Fazulbhoj Currimbhoy asked :—

6. "What is the total investment in English, Colonial and Indian securities, respectively, from (1) the Gold Reserve and (2) the Paper Currency Reserve ?"

Investment from the Gold Reserve and Paper Currency Reserve.

The Hon'ble Sir James Meston replied :—

"A statement,* giving the information required is laid on the table."

The Hon'ble Sir Fazulbhoj Currimbhoy asked :—

7. "(a) Has the question of the employment of men from Territorial and other units of the Army on demobilisation, and in some cases before demobilisation, been considered ?

Employment of men from Territorials and other units on demobilisation.

(b) If so, will Government lay on the table all papers in connection with such employment ?"

His Excellency the Commander-in-Chief replied :—

"(a) The reply to question (a) is in the affirmative, and I welcome this opportunity of giving further publicity to what is being done.

The question of the employment of men of Territorial and other units of the Army on demobilization, and in some cases before demobilization, has been under consideration—

(i) as to how those desirous of obtaining employment may be put in touch with suitable employers,

(ii) as to how those obtaining either definite or provisional promises of employment may be suitably released pending general demobilization.

Suitable registration forms have been drafted for the use of officers and men, British and Indian, who are skilled workers, artisans or clerks, which may be filled up by those desirous of assistance in obtaining employment. These applications are being dealt with by the Central Employment and Labour Board which, through Provincial organizations, is in touch with employers of labour throughout India.

The question of release pending demobilization is being dealt with by the Army Department in co-operation with the Central Employment and Labour Board.

Instructions have issued that all men of Indian units, who are leaving the army and who desire civil employment shall be furnished with a copy of India Army Form Y.-1962, a copy of which is sent to the Recruiting Officer concerned, who is charged with the duty of assisting such men to find suitable employment.

[His Excellency the Commander-in-Chief; Nawab Saiyed Nawab Ali Chaudhuri, Khan Bahadur; Sir C. Sankaran Nair.] [7TH MARCH, 1919.]

An Indian Soldiers Board, with the Hon'ble Sir George Lowndes as President, has been constituted and is in communication with Local Governments in regard to the various matters with which it has to deal.

This Board will advise on all questions affecting the interests of serving and discharged Indian soldiers and non-combatants and will deal particularly with—

- (i) the question of preferential treatment in obtaining Government employment;
- (ii) the consideration, in collaboration with the Military authorities, of the whole subject of demobilization in its civil aspect, in relation to prevailing conditions and the general interest.

Information is being furnished in advance to Provincial Indian Soldiers Boards of the number of Indian soldiers returning to each district in the Province, so that they may receive every possible assistance.

(b) The following papers relating to the subject are placed on the table* :—

- (i) I. A. F. Y.-1962.
- (ii) Registration form for skilled workers, artisans and clerks employed overseas, who desire assistance in obtaining employment in India.
- (iii) Non-military employment form (India). For other than Commissioned Officers, who desire assistance in obtaining appointments in civil life after release from employment under the Military Department.
- (iv) I. A. O. No. 1014 of 3rd December, 1918. Re-employment of Officers and others in civil life.
- (v) I. A. O. No. 2-S. of 4th January, 1919. Re-employment of Officers and others in civil life.
- (vi) Government of India Resolution No. 1778.
- (vii) Indian Soldiers Board letter No. 15 I. S. B. of 12th February 1919.
- (viii) Demobilization Instructions (British) No. 14."

The Hon'ble Nawab Saiyed Nawab Ali Chaudhuri, Khan Bahadur, asked :—

Appoint-
ment of
members of
the Provin-
cial Educa-
tional Ser-
vice to the
Indian
Educational
Service.

8. "(a) With reference to the reply given on the 5th March, 1918, to my question relating to the appointment of members of the Provincial Educational Service to existing vacancies in the Indian Educational Service, will Government state what action, if any, has been taken on the proposals which were then being considered in consultation with the Local Governments ?

(b) Are Government aware of the fact that the people of India are anxiously looking forward to the pronouncement of Government on the reorganisation of the Educational Services as recommended by the Public Services Commission ?

(c) Is any action contemplated on the report of the Special Committee appointed by the Government of Bengal under the Presidentship of Nawab Sir Syed Shamsul Huda in this connection ? If so, from what date and in what way ?

(d) Are Government aware of the existence of widespread discontent among the Indian educated classes owing to a differentiation of the Educational Services on the basis of domicile apart from intrinsic merit or academic qualification ? If so, what steps are being or have been taken to allay such discontent ?

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) The Secretary of State has recently sanctioned the permanent promotion of 12 officers of the Provincial Educational Service to the Indian

[7TH MARCH, 1918.] [*Sir C. Sankaran Nair; Nawab Saiyed Nawab Ali Chaudhuri, Khan Bahadur; Sir Arthur Anderson; Mr. Surendra Nath Banerjea; His Excellency the Commander-in-Chief.*]

Educational Service, and the question of promoting more officers of the former service to the latter service is under consideration.

(b) and (d) The Government of India are aware that the reorganisation of the Educational Services is regarded as a matter of considerable interest by some sections of the community, and that there have been expressions of discontent by members of the Indian educated classes at the differentiation alluded to. The whole question of the reorganisation of the educational services, as recommended by the Public Services Commission, is still under the consideration of the Government of India, in the light of the replies of the Local Governments and Administrations to the published circular of the Government of India, No. 866, dated the 6th October, 1917, and it is expected that a despatch on the subject will shortly be addressed to the Secretary of State.

(c) The Government of Bengal have submitted the report with their recommendations to the Government of India, who are considering it along with the general question of the reorganisation of the Educational Services mentioned above.

The Hon'ble Nawab Saiyed Nawab Ali Chaudhuri, Khan Bahadur asked :—

9. (a) When will the construction work of the proposed Tangi-Tangail Singhjani (Jamalpur) Railway line be taken up?

Construction of Tangi-Tangail Singhjani Railway line.

(b) Are Government in a position to give an approximate date from which the line will be opened to passenger and goods traffic?

(c) Do Government contemplate extending the Rangia-Tangla Branch of the Eastern Bengal Railway to Tespore? If so, when will the acquisition of land and construction work for the line be taken up?

The Hon'ble Sir Arthur Anderson replied :—

(a) The Tangi-Tangail-Singhiani (Jamalpur) Railway has been surveyed and the project is under consideration. Government are not in a position yet to indicate when the construction of the line will be undertaken.

(b) For the reasons given in (a) the reply to this is in the negative.

(c) Though Government appreciate the advantages to be derived by the district from an extension of the Rangiya-Tangla Branch, it is not possible for them to fix a date for its commencement, as there are other more urgent projects which must take precedence of it.

The Hon'ble Mr. Surendra Nath Banerjea asked :—

10. (a) Will Government be pleased to state the composition and functions of the Committee sitting under the presidency of the Hon'ble Sir Verney Lovett to inquire into questions connected with the medical services?

Medical Services Committee.

(b) Will Government be pleased to explain the reasons for the appointment of the Committee?

(c) Has the attention of Government been called to the resolutions passed at the All-India Medical Conference which sat at Delhi under the presidency of the Hon'ble Sir Nilratan Sarkar?

(d) Will the Committee be invited to consider the questions relating to the growth of the independent medical profession in India?

His Excellency the Commander-in-Chief replied :—

(a) A statement* showing the composition of the Medical Services Committee is laid on the table. The Committee has been appointed to examine

* Vide Appendix B.

[His Excellency the Commander-in-Chief; Mr. Surendra Nath Banerjea; Sir Thomas Holland; Mr. V. J. Patel; Sir Arthur Anderson.] [7TH MARCH, 1919.]

and report on the reorganisation of the Medical Services in India, both civil and military.

(b) The Secretary of State has recently asked the Government of India to examine the question of the future organisation of the Medical Services in India to provide for military requirements. This necessitates a detailed and complete examination of the system by which the medical needs of India are to be met in future. As the case calls for early settlement, it was decided to refer the subject to a Committee representing the various interests involved.

(c) The reply is in the affirmative.

(d) No, the Committee is dealing only with the future organisation of the Government Medical Services."

The Hon'ble Mr. Surendra Nath Banerjea asked :—

11. "(a) Has the attention of Government been drawn to a statement which appeared in the *Bharatmitra* of the 13th February, 1919, giving the following particulars relating to the rise in the price of *dhotis* :—

	Rs. AS. P.	Rs. AS. P.
1. No. 84 from	4 6 0	to 5 2 0
2. No. 84 Phita from	4 7 6	„ 5 3 6
3. No. 84 Sari „	4 0 0	„ 5 9 0
4. No. 659 „	4 8 0	„ 5 0 0
5. No. 555 „	5 8 0	„ 6 1 0
6. No. 1001 „	8 10 0	„ 4 9 0
7. Lattu (<i>Trade mark</i>)	3 8 0	„ 4 6 0
8. No. 5563 from	3 8 0	„ 4 7 0
9. No. 460 „	3 0 0	„ 3 12 0
10. No. 28-28 „	4 10 0	„ 5 10 0
11. No. 2858 „	4 8 0	„ 5 8 0

(b) Do Government propose to consider the advisability of levying an export duty upon raw cotton, and to take measures to stop the stocking of raw cotton by speculators in order to prevent an artificial rise in its price?"

The Hon'ble Sir Thomas Holland replied :—

"(a) The answer is in the affirmative.

(b) The imposition of an export duty on raw cotton would not be possible without legislation, and the Hon'ble Member will have observed from the speech of my Hon'ble Colleague, Sir James Meston, introducing the Financial Statement that there is no proposal to levy an export duty on raw cotton. With regard to the last part of the question, Government have powers under the Articles of Commerce Ordinance (IX of 1914) to deal with stock unreasonably withheld from the market."

The Hon'ble Mr. V. J. Patel asked :—

12. "Will Government be pleased to state what, if any, has been the decision arrived at by them regarding the management of the East Indian Railway?"

The Hon'ble Sir Arthur Anderson replied :—

"The Hon'ble Member is referred to the earlier part of the reply to the question by the Hon'ble Rao Bahadur B. N. Sarma."

[7TH MARCH, 1919.] [*Mr. V. J. Patel; Sir William Vincent; Mr. Kamini Kumar Chanda; Sir C. Sankaran Nair; Mr. W. A. Ironside; Sir Claude Hill; Rai Sita Nath Ray Bahadur.*]

The Hon'ble Mr. V. J. Patel asked :—

13. "Have Government considered or do they propose to consider the question of forming Selection Committees composed of officials and non-officials for the purpose of selecting fresh recruits required to fill all posts in the public services carrying a monthly salary of Rs. 200 and above?"

Formation of Selection Committees composed of non-officials and officials for the purpose of selecting fresh recruits.

The Hon'ble Sir William Vincent replied :—

"Yes, Government have had this proposal under their consideration, and are disposed to favour it unless and until some better system can be devised. But the matter will be largely one for Local Governments."

The Hon'ble Mr. Kamini Kumar Chanda asked :—

14. "(a) What was the total expenditure on Secondary Schools in the whole of India in 1917?"

Expenditure on Secondary Schools.

(b) What part of this was contributed by the State?"

The Hon'ble Sir C. Sankaran Nair replied :—

"The educational statistics are compiled for the financial, not the calendar, year. The total expenditure from all sources on secondary education during the financial year 1917-18 amounted to Rs. 3,38,68,078, to which provincial revenues contributed Rs. 84,11,399 or 24.8 per cent."

The Hon'ble Mr. W. A. Ironside asked :—

15. "(a) Have Government taken any steps to act upon the recommendations outlined in paragraph 239 of the Report of the Indian Industrial Commission with regard to the compulsory acquisition of land for the housing and accommodation under modern hygienic conditions of Industrial and Factory work people?"

Report of the Indian Industrial Commission, paragraph 239.

(b) Are Government aware that several important Industrial organisations in Bengal are already waiting to carry out schemes for the provision of model dwellings and small townships for the benefit of their work people, but are prevented from giving full effect to their proposals for lack of sufficient land?"

The Hon'ble Sir Claude Hill replied :—

"(a) The Land Acquisition Act is administered by Local Governments, who are thereby empowered to decide in each case whether land can be compulsorily acquired. It is believed that Local Governments not infrequently acquire land for the purposes stated. Local Governments will doubtless consider the recommendation in paragraph 239 of the Industrial Commission's Report.

(b) Government are aware that important Industrial organisations in Bengal and elsewhere have adopted some, and are considering further, schemes for the amelioration of the conditions of their work-people. If they find that these schemes necessitate the acquisition of land, they will apply to Local Governments."

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

16. "(a) Is it a fact that a number of steamers and flats purchased for war purposes by Government from steamer companies in India for inland service in Mesopotamia will be sold there to the highest bidder?"

Sale of Steamers and Flats in Mesopotamia.

(b) If the answer be in the affirmative, will Government be pleased to state when such sale will take place?"

[*Rai Sita Nath Ray Badalur; His Excellency the Commander-in-Chief; Maharaja Sir Manindra Chandra Nandi; Sir William Vincent; Sir Thomas Holland; Raja Rajendra Narayan Bhanja Deo of Kanika.*] [7TH MARCH, 1919.]

(c) Will Government be pleased to consider the desirability of bringing the vessels back to India, and holding the auction in the respective places from which they had been purchased?

(d) In case the vessels are sold in Mesopotamia, will Government be pleased to state what facilities, if any, they would offer to purchasers to bring the vessels back to India?"

His Excellency the Commander-in-Chief replied :—

"It is not possible at present to reply specifically to the Hon'ble Member's questions. These vessels are the property of the War Office, and I am in communication with them in regard to their disposal. In the meantime, an officer of the Quartermaster General's Branch has been despatched to Mesopotamia to inspect and catalogue the various craft."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

Division of services into Imperial and Provincial branches.

17. "What recommendations have been made by the Government of India as to the division of services generally into Imperial and Provincial branches?"

The Hon'ble Sir William Vincent replied :—

"It is presumed that the Hon'ble Member is referring to paragraph 26 of the Report of the Public Services Commission. Speaking generally, the Government of India are disposed to agree with the principles there laid down, but they have not yet addressed the Secretary of State."

The Hon'ble Maharaja Sir, Manindra Chandra Nandi asked :—

Establishment of a Central Technological Institute in India.

18. "Is it intended to establish a Central Technological Institute in India? If so, will Government be pleased to state what progress has been made in the matter?"

The Hon'ble Sir Thomas Holland replied :—

"The Government of India are not prepared to proceed with this question till they have received and considered the views of Local Governments on the recommendations made by the Industrial Commission on the subject of higher technical education."

The Hon'ble Raja Rajendra Narayan Bhanja Deo of Kanika asked :—

Creation of a sub-province of Orissa.

19. "(a) Have Government taken any steps for the creation of a sub-province of Orissa, to give effect to the recommendation contained in paragraph 246 of the Report on Constitutional Reforms?"

(b) If not, do Government propose to ask the Local Government to frame a scheme for that purpose at an early date, and publish it for expression of public opinion on the subject?"

The Hon'ble Sir William Vincent replied :—

"The Hon'ble Member seems to have misunderstood the recommendation in paragraph 246 of the Report, which is that the possibility of constituting Orissa as a separate sub-province should be considered by the Local Government after the introduction of the reforms. The Government of India have advised the Local Government that this question should not be considered until the reformed provincial Government has been constituted."

[7TH MARCH, 1919.] [*Mir Asad Ali, Khan Bahadur; Sir Claude Hill;
The Vice-President; Sir James Meston;
Sir Fazulbhoy Currimbhoy.*]

The Hon'ble Mir Asad Ali, Khan Bahadur, asked :—

20. "(a) Will Government be pleased to state for each of the last ten years— Rice in the
Madras
Presidency.

(1) the quantity of rice (i) exported from, and (ii) imported into the Madras Presidency; and

(2) the total number of acres annually cultivated?

(b) What is the quantity of rice now held in stock throughout the Presidency and the period for which it can last?"

The Hon'ble Sir Claude Hill replied :—

"I lay on the table statements* showing :—

(1) the quantity of rice exported from and imported into the Madras Presidency during the ten years ending 1917-18; and

(2) the acreage under rice in that Presidency during the same period.

Regarding the quantity of rice held in stock in the Madras Presidency, the Hon'ble Member is referred to the reply given at the Council meeting on the 6th February to the question asked by the Hon'ble Rai Bahadur B. D. Shukul regarding the grain census of India generally, in which it was explained that the estimates of stocks furnished by Local Governments were too unreliable to justify any confident opinion being based upon them as to the sufficiency or otherwise of the grain supply of any particular province."

THE FINANCIAL STATEMENT, 1919-20.

FIRST STAGE.

The Vice-President :—"The Hon'ble Sir James Meston will now speak on the Financial Statement."

The Hon'ble Sir James Meston :—"Sir, I have no further proposals to lay before the Council."

The Hon'ble Sir Fazulbhoy Currimbhoy :—"Sir, I rise to congratulate the Hon'ble the Finance Member on the very able and lucid statement that he has laid before this Council. 11-18 A.M.

"Sir, the war has fortunately terminated in a brilliant victory for the Allies, but we have still to bear the heavy military and railway expenditure in consequence of the war, and I, therefore, consider this as a war Budget. What India's military expenditure will be in the future will depend on the decision of the Peace Conference and the success that is attained by the League of Nations in securing the world's peace. I am, however, satisfied for the present that, in estimating the military expenditure for the next year, His Excellency the Commander-in-Chief has exercised the strictest economy, consistent with the imminent requirements of military efficiency.

"Sir, I welcome the elaborate programme of Railway improvement. I think it is a sound decision and its results will be good. The money is urgently needed for renewing the permanent way and rolling-stock, and looking to the new era of industrial activity, that is foreshadowed in the country, I think the results will be beneficial. It will facilitate the movements of raw materials and help our export trade, upon which we have to depend largely until our industries have been fully developed. In this connection, Sir, I beg to suggest

*Vide Appendix C.

[*Sir Fazulbhoj Currimbhoy.*] [7TH MARCH, 1919.]

that when a final decision is arrived at by the Government on the recommendations of the Industrial Commission, the Government will allot a large amount to the development of the industries of this country and so make it depend more on its own manufactured products.

" Sir, there is another point of importance, that of irrigation, which I should like to point out. The Hon'ble the Finance Member has referred in his statement to the various difficulties owing to the financial stringency and the depleted conditions of the staff, which have prevented the various projected irrigation schemes being undertaken. I hope, Sir, that important schemes like the Sukkur Barrage project, which affects Sindh, will be undertaken very soon along with the other irrigation projects in the Punjab. In a country like India, which is constantly in danger of being visited by famines, the construction of irrigation works is of just as much importance, if not more, as railways.

" Sir, coming now to that portion of the Budget which directly affects the commercial classes in India, I humbly beg to submit that the whole of the commercial community in this country have patiently borne all interference with trade to meet the requirements of an effective prosecution of the war. They have never said one word of protest during the continuation of the war against taxes, which in many cases imposed large burdens on them. Many extra levies were made on them piecemeal, and this year they will have to bear the extra burden of the excess profits tax. Sir, I have already expressed the views the Indian commercial community holds about this tax when the Bill was referred to the Select Committee, and I still maintain that the levy of this tax will be a serious handicap to the industrial enterprise in this country. While stating frankly my views with regard to the consequences of this duty, I do not wish to upset any arrangement which, in the opinion of this Council, is necessary, but I would urge that as a compensation for the burdens which would be imposed on the business community in this direction, liberal concessions may be given to business men, wherever they do not entail a direct loss of revenue, or a direct financial outlay, and I hope that the Indian business-men also will come in for their share of the concessions at the hands of the Government.

" Before I conclude, Sir, I wish to congratulate the Government on the bold step they have taken in relieving a portion of the middle classes which was hit most by the rise of prices by raising the limit at which income-tax is chargeable from Rs. 1,000 to Rs. 2,000. The cost of collection would be greatly reduced by the elimination of so many small assesses. I would also submit that the yield, under this head, would increase very far beyond expectation, since the rules under the new Act involving a declaration of income have come into force. The increase will be welcome, and I feel that the concession, in regard to making up of any loss on account of the raising up of this limit, which the Finance Member proposes to make for the Provincial Governments, will not ultimately cost anything to the Government of India, because of the enhanced receipts under this head. The Hon'ble the Finance Member has mentioned in his statement that he has pitched his figures as high as prudence permits, but I still hope that, looking to the elastic conditions of the revenue of this country, the Budget will result in a larger surplus than expected. Sir, I beg to submit that a more liberal attitude should be adopted under the heads enumerated by the Hon'ble the Finance Member under Provincial Budgets, namely, education, industries, public institutions and services, developments of forests, agricultural experiments, etc. I would suggest to you, Sir, the omission of some of the limiting clauses in this, such as where the expansion of education is indicated with the proviso that, 'in directions where it has been hampered by war economy.' Sir, a free hand should be given to Provincial Governments to extend education and sanitation wherever it is possible; perhaps it would not be unwise to anticipate the proposals contained in the joint report of His Excellency the Viceroy and Mr. Montagu, in regard to Provincial finance, in leaving large discretion to the Provincial Governments to spend their own share of the divided heads and of provincial revenue as they like, and I would urge that the Local Governments should be free to draw not to a 'moderate' extent only, as Sir James Meaton mentions,

[7TH MARCH, 1919.] [*Sir Fazulbhoy Currimbhoy; Mr. G. S. Khaparde.*]

but to the full extent, on the accumulated balances which now stand at their credit with the Government of India.

" In conclusion, Sir, while frankly giving expression to our opinions, I can assure the Government on behalf of the Indian commercial community that it will be their endeavour to help Government, as far as possible, in the difficult times which are ahead and to make the task of Sir James Meston as easy as possible by the fullest co-operation."

The Hon'ble Mr. G. S. Khaparde:—" Sir, this annual Budget is like the annual X'mas pudding. All Departments come, all guests are there, some of them are invited, others are, I suppose, uninvited, but anyhow everybody is there, and everybody looks forward to get something out of it. Well, in this case as usual, all the Departments are here and everybody that wants anything out of the revenues has made his demand and it has been met; some more fully than the others as usual. The Railway people, for instance, are masters of locomotion; they reached first, and they get about the largest slice out of the pudding, and these people appear to be very fortunate. They have been exempted from paying the excess profits tax, and they are getting something more in the way of enhanced rates. They give nothing out of the enhanced rates that they charge for travelling. They give nothing out of the large amount of money that they make here on account of the great traffic. Furthermore, the Railway Kings think that their offices are located in England and they need not pay the excess profits tax here. They may be paying some tax in England, I quite agree, and very likely they will have to pay there, but at the same time they enjoy there all the benefits of a good climate and a good business centre. But I do not see why from the monies earned in India by the railways they should not pay their share of the profits to the State here.

" There is another thing about this matter. I do not grudge it. The soldiers have got about 33 per cent. and I do not grudge it, because after all they fought very well in the war and they should have it. I do not mind that amount. But to these Railway people I would not give so much. I would really give them half and distribute the other half between sanitation and education. After all, I suppose it is most important for a man to live, and the next important thing is he should learn how to earn something to live by and then enjoy the luxury of travelling and so on. So I would take away half of what has been given to the Railways and give it to education and sanitation.

" There is another matter which I forgot to mention, and that is this, there is one amusing figure in the charges for the Army. It is said in our sacred books that in the time of Rama, Ravana headed an army so big that he had Padma in those days. I do not know the exact figure, but it is said somewhere that it was beyond 16 million of drum boys in his army. Well, at any rate I do not go so far as 16 million, but we spent 8 lakhs—it is 8 lakhs on paying barbers for shaving our army. That is rather a large figure, but it is still there.

" Then there is another matter, about the currency notes, which I wish to speak one word about. I should not have said anything about them but that there is a sentence in the Financial Statement saying that a time may come when these notes will never be cashed at all, that is to say, the notes will remain as notes. They might get notes in exchange for them I suppose, but they never receive any cash, they will never be able to claim any cash for them. I hope that will never be so, but it will be really a very bad day when it does, because the poor ignorant illiterate villager understands nothing about this paper currency, and he is always unwilling to part with his silver and gold, and if that bit of paper can never be converted into gold or silver, I am afraid the paper currency will have a very poor chance indeed. This arises out of the circumstance of which I spoke about last year, that much of our money is locked up in England. Generally all countries keep their balances in the country itself. If we keep all our balances here, then they would get into the banks and would find their way into circulation and

[*Mr. G. S. Khaparde; Rai Bahadur B. D. Shukul.*] [7TH MARCH, 1919.]

thus help the merchants. I spoke about it last year too, and it was thought that because of the difficulties of transport, we began to keep our money here, and what money there was in England we tried to take it by drawing Bills on England payable in England, and in that way we tried to get all that money here. I hope that policy will now be pursued. One thing has materialised since then, and that is, that we have now got our own mints here and they are in full working order. England is a rich country, they do not really want money, they are very unwilling to pay interest, they pay about 2 per cent. or so, whereas, we borrow here at 5 per cent., so I think we had better keep all our money here.

"One more observation I wish to make, and that is about the raising of the taxable minimum. That is a great blessing to the poorer classes, because the limit of taxable income has been raised from Rs. 1,000 to Rs. 2,000. That will do a great deal of good, and I suppose a large number of these poor people will be very thankful to the Hon'ble the Finance Member for the concession he has shown them in this respect.

"Excepting this, the whole Budget is a war Budget and there is really not much to say. I feel very glad that it has been possible to introduce this piece of legislation in favour of poor people, namely, releasing them from paying any income-tax on incomes under Rs. 2,000 a year. That is all I have to say."

11-33 A.M.

The Hon'ble Rai Bahadur B. D. Shukul:—"Sir, I congratulate the Hon'ble the Finance Minister, Sir James Meston, on the lucidity of the Financial Statement which he presented to the Council on the 1st instant, and do so particularly on the wise and statesmanlike precept with which he concluded his Narrative. Sir, I refer to that part of his statement in paragraph 77 which contains the very essence of the future financial policy of the Government of India as it were, and with which every one of us, as I believe, must be in complete accord. I mean the statement that 'coupled with courageous outlay on the essentials of progress, a strict economy in all non-essentials will in the near future be more than ever necessary than it has ever been.' I wish a beginning had been made in that direction in the present Financial Statement, but in that we are rather disappointed. Provisions made on the expenditure side for the ensuing year are distinguished by the striking feature that nearly 33 per cent. of the total expenditure will be consumed by the Military Department, and a heavy capital outlay amounting to £17·7 millions besides 14·4 out of revenues has been budgeted for the railways, while other beneficial Departments such as education, sanitation, agriculture and industries are allowed to starve. It is the huge expenditure on railways that I do seriously complain of, and I do so for two reasons. In the first place, I think it is quite unfair that any one department should be pampered at the expense of all the rest, and secondly, because the allotments proposed are, in my humble opinion, disproportionately high.

"The present moment, Sir, is a great one. Questions of very great importance pertaining to the re-adjustment of social, political, educational, agricultural and industrial problems are awaiting solution at the hands of the Government of India. It is but in the fitness of things that the Government of India should now gradually divert their attention from the problems of war to the no less complicated and urgent problems of peace and reconstruction. The war of physical forces has no doubt come to an end, but a new war, a war of still gigantic character, is yet to begin. I mean the world-wide economic struggle to which India can no longer remain indifferent. Truly it is said that the 'horrors of war are now over and the horrors of peace are in sight'. Great opportunities for material progress are present, and if you do not care to avail of these opportunities quickly 'the country,' I dare say, 'will sink into greater poverty than before'. Do not let the present opportunity slip and do not let the urgent domestic reforms stand over till the very opportunities created by war pass away, and then the Government and the country will have to pay a very heavy penalty for their neglect.

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"Sir, India has already missed a great opportunity presented to her for the development of indigenous industries by the Great War, but there was no help. India was not prepared for the emergency. You never cared to make her sufficiently strong and self-reliant for the purpose, and what was the result? The imports from the enemy countries, no doubt, ceased as the result of war. But Japan stepped into the shoes and flooded the Indian markets with its own articles of merchandise and we remained where we were. That is why Lord Sinha in his speech at the Conference of the Overseas Press Centre declared that 'However efficient the system of government might be in India, it would be generally admitted that India is a very poor country, and unless the whole policy of *Laissez Faire* is changed, it is likely to remain so. India has not been prosperous for the long time past and is not prosperous now.' To those who think that India has made great profit during the war, Lord Sinha pointed out that 'the ownership of the Mills was exclusively British and that was where the profits went. They certainly did not go to the ryots who had to pay war prices for food, salt, cloth and other necessaries, but did not receive corresponding increased payment to meet their higher charges. India has been the heaver of wood and drawer of water for the rest of the Empire' and, Sir, I was not a little amused when in the face of this I heard the Hon'ble the Finance Minister say to the Council the other day that 'the good season of recent years and the full prices paid for agricultural produce must have accumulated unusual reserves of rural wealth and it may be expected that widespread or acute distress will be averted.' I dare say my Hon'ble friend is too optimistic. This is how the actual condition of the ryots misunderstood and their interests suffer.

"The perusal of paragraphs 4 and 5 of the Hon'ble the Finance Minister's Narrative amply shows how the failure of a single year's monsoon is sufficient to create a situation of acute distress and widespread famine, and how more easily susceptible the rural classes are to the attack of virulent epidemics like influenza and plague than urban.

"As for famine and scarcity the people have hardly got any staying power left in them. With their uncertain and slender resources they do not find themselves in a position to tide over the difficulties created by a single year's failure of harvest. Although the Government gave a solemn pledge to eradicate famine from the land, when the Famine Insurance Fund was formed, and although an amount of one and a half crore of rupees is carried away towards the fund every year, yet it is a pity to find that an earnest attempt has not been made to infuse a new life as it were into the ryots by improving their moral and material conditions. Sir, the time has come when the utmost resources of the State should be husbanded and utilized for the purpose, and the Government should redeem their pledge.

"Sir, the health of the country is bad. Influenza alone has carried away six million souls at one sweep and has added a big item to the already heavy bill of mortality which the people of India have to pay to malaria, cholera and plague every year, as an outcome of the insanitary condition in which they live and the want of cheap and adequate medical relief. Major F. Norman White of the Indian Medical Service and the Sanitary Commissioner in his report on the influenza epidemic bears testimony to the fact that 'the rural areas suffered considerably more than the towns'. And why so? Obviously because the masses living in rural areas are relatively poorer and cannot afford to have proper nourishment and sufficient food.

"Famine, scarcity, plague and pestilence have become the permanent factors of the existing conditions of rural life in India, and so long as you do not take care to help the improvement of public health and the development of industries and agriculture, the conditions of the people will not improve. Hitherto the policy of the Government has been to care more for its own revenues than for the development of the people's resources, and that is what ought not to be. Sir, I am not alone in holding this view and I would take this opportunity of drawing the attention of this Council and the Government to what Sir O'Moore Creagh, the late Commander-in-Chief of India, says in his book styled 'Indian Studies'—'the vital importance of the land question,' he observes, 'is not

understood either in England nor even by the Government of India itself. Although legislation about land is unceasing, it is not guided by any broad policy or intimate knowledge of the requirements of the dumb teeming millions who live directly or indirectly on agriculture, and it has become quite mechanical. The main object which the present land policy has in view is to screw money out of land. The official who carries it out thinks daily more and more of this and less about the condition of those who live in the land. There has been much discussion as to whether the tax taken from agriculture is too heavy or not. Certainly it is the heaviest tax on that industry taken in any country in the world and the worst of it is that it maintains an ever-increasing tendency. It is this tendency, Sir, which has to be checked. Other latent resources of the country must be tapped and larger sums have to be provided to enable the departments of education, sanitation, agriculture and industries to meet the ever-growing needs and requirements of the country. In that will lie the real salvation of the country.

"Sir, I therefore suggest that the allotment for the railways be reduced to half at least. No justification has been offered of the forward step taken by the Government in embarking upon such an ambitious railway programme. If we have been able to manage with the existing railway facilities so long, we can very well afford to wait for some time more.

"There are other crying needs of the country which have to be met, and to which I have already referred. By reducing the railway allotment as suggested by me, you will not only be in a position to sanction handsome grants for the purposes I have asked for, but you can also make a decent provision for the purpose of 'irrigation.' I for one am unable to make out as to why the Government should be so partial to railways. In my humble opinion irrigation should have as strong a claim upon the coffers of the State as the railways. Money spent on irrigation is never lost. It not only adds to the resources of the people by increasing the yield of land and reducing the pinch of scarcity, but it brings in more profits to the State than the railways. The percentage of net profit to capital outlay on productive works of irrigation during the past four years has remained steady between 5 and 6 per cent., whereas the percentage of profit to capital outlay on the railways did not exceed 3.03 per cent. at the best, and for the ensuing year it is estimated at 1.79 per cent. only. I would, therefore, suggest that a portion of amount saved from the Railway allotment should be carried to irrigation and to other beneficial departments such as I have already enumerated.

"Sir, when I demand larger allotments for such departments as education, sanitation, etc., it should not be understood that I am unmindful of the financial difficulties of the Government of India at present. The Hon'ble the Finance Minister in paragraph 77 of the Narrative has referred to the question of finding out ways and means for meeting the various heavy liabilities that are hanging over the heads of the Government of India in several directions, and he enjoins upon us to be prepared for a relatively high scale of taxation to get rid of our superfluous obligations. In this connection I may be permitted to point out that, considering the chronic poverty of the people of India, it would be no exaggeration to say that India is already an over-taxed country. The great drawback at present is, that the fiscal policy of India is influenced by interests other than purely Indian. So long as India is not given fiscal autonomy and the control of its own tariffs, the difficulty of finances will always remain and India will never be able to command the necessary funds, which will be commensurate with her requirements.

"Sir, further, I fail to see why a considerable portion of the large reserves of Indian money, held in England, which have been steadily increasing since the war began, should not be partly utilized for the purpose of the industrial development in the country. In my humble opinion a sum of Rs. 15 or 20 crores or so out of the 50 crores of gold standard reserve could safely be drawn upon for industrial purposes.

"Sir, there is yet another subject of importance to which I wish to make a passing reference. I mean the export of foodstuffs, especially wheat, which,

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as pointed out in paragraph 6 of the Narrative, reached the record figure of 1,500,000 tons. Sir, the people living in this country, in my humble opinion, have the first and foremost claim upon the produce of the land, and it is only the surplus grain over and above their actual wants that should be permitted to leave the shores of India. Is it fair and just to the people, I may be permitted to ask, that while famine and scarcity prevail in the country, thousand and thousand tons of wheat should have been allowed to be exported . . .

The Hon'ble Sir Claude Hill :—"I would like to intervene at this stage and ask the Hon'ble Member to what period he refers."

The Hon'ble Rai Bahadur B. D. Shukul :—"I refer to the period just before the recent restrictions on the export of wheat were imposed.

"Sir, before I resume my seat I wish to draw the attention of the Government and that of the Council to the two immediate needs of the Central Provinces, namely, the University and the High Court, which have to be provided for, and this the Government should have in view. Last year when I moved a Resolution with regard to the former the Hon'ble Sir Sankaran Nair assured me that the matter will not be delayed any longer than was necessary. About a year has passed since then and practically nothing has been done. The question may now be taken up in right earnest, and I request that the necessary legislation for the University of Nagpur may be introduced at the next Simla Session and that necessary provision for the University may be made in the Budget for the ensuing year. As for the second, namely, the High Court, the Hon'ble Mr. Dadabhoj moved a Resolution to have the existing Judicial Commissioner's Court raised to the status of a Chief Court, and an assurance was then given that the Local Government would be consulted, and there is no knowing what action has been taken since then. I am glad to notice that provision has been made in the Budget to raise the Chief Court of Punjab to the status of a High Court, and I hope the claims of the Central Provinces in this matter will not go unrecognized.

"Sir, I have done. I have only to thank the Hon'ble the Finance Minister for raising the taxable minimum of the income-tax to Rs. 2,000, which will go a long way indeed to afford substantial relief to the people of the middle classes—men of average means who have been seriously hit by an abnormal rise in the cost of living due to high prices."

The Hon'ble Rai Sita Nath Ray Bahadur :—"Sir, the Council is grateful to the Hon'ble the Finance Member for the lucid statement he has made regarding the financial position and the estimates. He has taken us over the financial field with great tact and consummate ability. 11-47 A.M.

"This is a Budget, if I may say so, of surprises and disappointments, and, I am sorry to say, the disappointments overshadow the surprises. The meagre provision for sanitation, education and the development of industries is a matter of great disappointment. For I cannot conceal from myself the fact that we had all along entertained high hopes that, with the cessation of war and the return of normal times, large sums of money would be available for the spread of education (I refer particularly to primary and technical education) without which, as the Hon'ble the Finance Member rightly observes, 'our political progress would be largely nugatory,' the improvement of sanitation and the establishment of industries in the country. The obligations of the Government in these matters have always been realised and admitted. And it would have been in the fitness of things if the victorious termination of the war in which India has borne her share of sufferings and sacrifices, had been signalled by the adoption of a more liberal policy in the matter of the discharge of these obligations. It would have gone to reduce, if not remove, discontent which furnishes breeding ground for the baneful germs of anarchy and Bolshevism which we all detest.

"The Financial Statement presented by the Hon'ble the Finance Member is one which belongs to the period of war as also to the period of peace—with

the prospect of reconstruction looming large in the horizon: I wish he had told us a good deal more about the reconstruction schemes which the Government of India, along with the other civilised Governments, must take up. England has already formed her Ministry of Reconstruction, and a Reconstruction Board in India would not be out of place. I am of opinion—and my apprehension is shared by some of my colleagues—that if we lag behind and fail to move with the changing conditions in a world which is now in the crucible, we shall have reasons to repent in the future. This matter deserves the consideration of the Government of India.

“The only tangible scheme of reconstruction placed before us is a huge provision for the railways amounting in all to something like £24 millions, exceeding Lord Inchoape's bold estimate by about £12 millions. The Council is aware that from my place in this Council I have repeatedly advocated railway extension and sufficient financial backing to support it. Last year we were told by Sir William Meyer that with continued wear and tear of rolling-stock and absence of adequate facility for renewal, a time must come at which the railways cannot carry all the passengers and tonnage that they might otherwise convey. The situation was serious; and I, as a member of the mercantile community, know from personal experience the inconveniences which have been suffered by the people for want of rolling-stock. Even now with superhuman efforts one can hardly secure wagons for the transport of goods. Yes, to many of us it is a marvel that the railways have been able to do what they have done with a wholly starvation-allowance for even their barest necessities. And I agree with the Hon'ble the Finance Member that we should cheerfully assist the Railway Board in making up the necessary lee-way. The allotment for renewals must be welcome. But I have seen the allotment of £17½ millions for 'Capital Programme' adversely criticised as far in excess of the requirements. It has also been said that much of the rolling-stock could be saved by proper reorganisation of transport arrangements on European or American methods. This, Sir, is a highly technical question, and I feel great diffidence in mentioning this matter to the Council. I am, however, only voicing the informed opinion of a number of men who have had considerable railway experience. It was in Lord Curzon's time that the late Mr. Thomas Robertson came here and reported on our railway system. Time has come for another periodical inquiry into the whole organisation, including the Railway Board.

“Next in order comes the expenditure on the Army which the Hon'ble the Finance Member has provided for at £41 millions. “To a man of peace this is a huge amount. But we have the satisfaction of knowing that we have in His Excellency the Commander-in-Chief one who is a keen economist; and we must rely on him for retrenchment and economy. Though I cannot reconcile myself to the notion that in future our army must cost more than in pre-war days, we can be reasonably sure that money allotted would be spent to the best advantage of the army and the country. Sir, £41 millions against our normal of £20 millions is, however, a great burden on Indian revenue. Out of the £41 millions, £8½ millions represent India's additional war contribution undertaken by this Council in September last. Thus the actual increase comes up to about £12 millions. And this is, indeed, a substantial increase for a poor country like India—a vast peasant Empire where comparative prosperity depends on the caprice of the clouds and famines recur with the periodicity of climatic changes. I take this opportunity of mentioning that in view of the Mesopotamia Commission Report our whole military system requires careful re-consideration. We have now reaped the harvest, the seeds of which were scattered in agony and tears, and the time has come when careful attention should be bestowed upon the findings of the Commission which could not be considered at a time when the responsibilities of the war absorbed all our energies, and we all supported the Premier when he deprecated their discussion and said ‘Get on with the war.’ I must say that while the country will not grudge legitimate expenditure on the army, that expenditure should be commensurate with its fiscal capacity.

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" There has also been a substantial increase of expenditure in the Civil Department. A provision of £24 millions has been made against an average of £18 millions. I confess that I fail to see where the economy comes in. In the concluding paragraph of his Statement the Hon'ble the Finance Member has emphasised the necessity of exercising rigid economy. This certainly is a consummation devoutly to be wished. And I would like to know how the Hon'ble the Finance Member proposes to translate his wishes into action. My own conviction is that the mere issuing of circular letters will not be of much use.

" Sir James Meston has given us a frank and graphic account of our currency position. He has referred to the hoarding habit of the people. Sir, old superstitions die hard and no wonder the superstition about the hoarding of silver by poor people still flourishes in official circles. But the sooner our Finance Members get rid of the incubus of the mythical millions buried underground, the better for us. I hope to be pardoned when I say that from my experience I can assure my Hon'ble friend that the hoarding habit no longer exists. People now try to invest their savings, however small, to secure a return ; and the success of the Cash Certificates is an indication of the eagerness with which people seek outlets for investment.

" Sir, in conclusion, I thank the Hon'ble the Finance Member for the relief that he has given to 237,000 assesses out of a total number of 381,000 assessed to the income-tax. The amount sacrificed is such as the Government of India can well afford to sport with, but at a time when prices have gone up and scarcity has cast a gloom over the country, the relief afforded will be much appreciated by the middle classes who have suffered most by the abnormal rise of prices. Moreover, the relief afforded is well deserved ; for, no class of assesses is more harassed than that on the lowest rung of the ladder of assessment."

The Hon'ble Maharaja Sir Manindra Chandra Nandi :— 11-58 A.M.

" Sir, the first Financial Statement of Sir James Meston is at once a great surprise and a riddle. I quite realise that Finance Members have not the opportunities of writing on a clean slate, and they are generally not the masters of the circumstances through which the fortunes of a country pass in years of orisis. Sir James Meston, in the Statement which he presented to this Council last week, has had to deal neither with *ante-bellum* nor *post-bellum* condition of things, nor is it quite a war or a peace Budget either. Naturally he has to deal with very large military commitments, and faces all the legacies of a long and arduous war in a heroic spirit. While he is not afraid to raise money in both hands, he does not seem to be very nervous in spending it generously either. While he preaches throughout his Narrative the wisdom of the gospel of retrenchment and economy, he seems to cast this doctrine very often to the winds and go in boldly for daring expenditure. As a result of this state of financial mind, he takes the fundamental principle of economics upside down and, unlike ordinary human calculations, he does not cut his coat according to the cloth he has, but examines the needs of the spending departments of the Government in order to arrive at a total revenue which will be necessary to provide for them. This appears to me to be a novel economic dogma and an unwise fiscal theory.

" I hope I will not be misunderstood when I criticise Sir James Meston's first Budget as a great financial surprise. I find him remitting taxation on the one hand, while raising revenue of the State by a fresh taxation on the other. Yet he fails to take courage in both hands to raise our revenue from opium, lest our respect for conventions may be misinterpreted by well-meaning humanitarians and philanthropists in other parts of the world. It may not be generally known that, while we have sacrificed a huge revenue for a mere mawkish sentimentality, China is not at all feeling abashed to cultivate poppy in her own soil and offer numerous temptations to her people to smoke and drink opium. I am sorry Sir James' courage has failed in a singular way to tackle this opium question adequately. With no other additional

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sources of revenue in hand, I do not blame Sir James for imposing a tax on excess profits. When you have got to raise your revenue by taxation, it is well that the burden should fall on the capable shoulders of the well-to-do rather than on the broken back of the never-do-wells. I take this opportunity, however, of congratulating Sir James for the only fiscal concession which has been granted to the people of this country in his first Budget. In view of the present high range of prices of all necessaries of life, it is a great satisfaction to note that no fewer than 2 lakhs and 37 thousand Indians, belonging to the middle classes, will no longer be caught in the meshes of our income-tax levy. It would mean a great relief to these people. On the revenue side of our finance, Sir, I have no other criticism to make.

"I now pass on to the expenditure side of the Budget, and I sympathise with Sir James for his having to meet the legacies of a great war. I have no quarrel with Sir James for his heavy military disbursements, but it strikes me as something very wrong that a country which has no more than £123,190,800 as its total revenue should be asked to spend £41,195,000, or nearly a third of it, on her military services alone. It is a great pity that a poor country like India should be saddled with England's war expenses in Mesopotamia and East Africa, but I suppose we had no alternative. I only hope that, when the world enters into a new era of peace, our normal military requirements will figure as only a minor item in the Budget, and that our State finance shall not again be allowed to 'be outpaced by the imperative demands of military efficiency.'

"Speaking of military expenditure, I beg to avail myself of this opportunity to ask for more commissions in His Majesty's army for qualified Indians and greater facilities for our people to get admission into it. I hope the time will soon come when it will be possible to pay our soldiers a higher scale of pay and give them more decent accommodation and barracks to live in and when citizen armies will be trained to do garrison work in times of need and emergency.

"I do not also intend to join issue with Sir James for his daringly optimistic railway programme. I am not the man to jib at railway expenditure, for I realise what a great asset our railways are to the State, or how necessary they are for the distribution of the agricultural produces of the country. The railways appear to me to be the only item of our public expenditure which benefit both the State and the people equally well. So I do not grudge Sir James spending more than £17½ millions upon capital outlay on railways alone for the next year. I pray, Sir, you will allow me leave to express the hope in this connection that our railways should be nationalised as early as possible, the main lines should be put under State management immediately, and most of the materials required for them should be manufactured in India so far as possible.

"While I recognise and appreciate Sir James Meston's effort to make a courageous outlay on one of the essentials of modern progress, I regret he does not take a very bold step or initiate a courageous policy for the proper development 'of our national intelligence and earning power.' Sir James, unfortunately for us, contents himself by expressing the pious hope that in near future 'we shall have to launch into very heavy expenditure for the education and well-being of the people, without which our political progress would be largely nugatory.' How we wish that Sir James had budgetted for a courageous outlay on our education, sanitation and industries, without the proper development of which we shall never be able to stand or get on as a nation. British rule in India would have been greatly justified to-day before the eyes of the world if, after so many decades, the percentage of literacy in this country could have been shown at a higher figure than 50 per cent. instead of less than 10 per cent. that obtains at the present moment. Our developments in industrial and sanitary conditions have been equally disappointing, and very badly need looking after. While Sir James stints money for education, sanitation and industries, he gives away 2 million pounds to the British troops as war bonus. This attitude of Sir James is a riddle which perplexes me very much.

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"Sir, I will mention one other point before I come to my conclusion. Sir James is an optimist financier and believes 'in the accumulation of unusual reserves of rural wealth,' and thinks that 'there is much diffused prosperity in the country which even high prices and local scarcity cannot seriously impair.' Sir James, I am afraid, has very little knowledge of the real condition of our people, and how hard they have been hit by the persistently high range of prices of all the necessities of life that have obtained in this country since nearly a year. The condition of a people, amongst 80 crores of which about 2 lakhs and 27 thousand only are able to invest small sums in State loans, at even 5½ per cent. of interest, and amongst which also 3 lakhs and 81 thousand men only earn more than Rs. 1,000 a year, and whose average annual income does not exceed Rs. 30 a year per head, must be considered very low and must be a special anxiety of the Government. For such a people to be hard hit by high prices opens up a vista of sorrow and suffering, miseries and privations, which no language can sufficiently describe. If it is a fact that these high prices have been forced up by general world-factors and by the inflation of our paper currency, it is high time for the Government to look into the whole question with great care and consideration. I find in the Budget itself several statements made by Sir James himself regarding this unwelcome inflation, though we are assured it has not been allowed to go 'beyond the sheer necessities of the time.' The 'sheer necessities of the time' require a very satisfactory explanation, when we find that, while our paper currency stood on the 31st of March 1915 at 55½ crores, to-day it is about 150 crores. I know that every belligerent country in the world has had to finance itself in some measure by an abnormal recourse to the inflation of paper currency, or, as Sir James puts it, to the printing-press, but I am afraid the conditions of India do not go on all fours with those of the other countries of the world. Sir James himself admits that expanded currency, particularly credit, which takes the form of paper money, has a tendency to send up prices of things high. If that be so, and distinguished economists in different parts of the world maintain that it is so, then the Government must move at once to set matters right. A denunciation of India's 'sterile hoard of precious metals' and of 'the unassuaged thirst of her people for metallic currency'—which has been responsible for the addition of nearly 120 crores of rupees to our currency during the last four years,—may indicate the nature of the sore but is no remedy by itself. Sir, I appeal to Government to give this matter their most anxious consideration, for high prices of all necessities of life mean a lot of suffering and trouble to a people so poor as we have in this country. Sir, I do not care to repeat here the truism that a discontented and a hungry people stands as a great danger and menace to the peace and prosperity of a State."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, before I address myself to the substance of the Budget, may I be permitted to offer my congratulations to the Hon'ble the Finance Minister on the form and the manner of his presentment. Sir, owing, it may be, to a constitutional infirmity, or speaking as a Hindu, owing perhaps to my sins of omission and commission in a former birth, the figures, the dry-as-dust figures of a Financial Statement have a profoundly soporific effect on my nerves; they are apt to put me to sleep. But, Sir, on Saturday last as I listened to the speech of my Hon'ble friend the Finance Minister, my interest was roused, my attention was rivetted, my soporific tendencies for the moment disappeared, and when his speech was over I was filled with admiration for the clearness, the force and the skillfulness of his presentment. 12-10 P.M.

"Sir, various criticisms have appeared in the newspapers regarding the Budget statement, and we have had a repetition of those criticisms in this Council Chamber to-day. One newspaper commenting upon the Budget says that in one sense it is a peoples' Budget. Another newspaper belonging to a different school of thought observes that it is ominous; a third says that it is disappointing. In the midst of this conflicting guidance, the

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situation becomes somewhat puzzling. If our guides sing in these divergent and contradictory tunes what should we do? It seems to me, Sir, that our duty is plain. We should be a law unto ourselves, and I take it, Sir, that it is the high and exalted function of this Legislative Assembly—it will be one by and by—to give the lead to public opinion and to determine its attitude. For a Finance Minister at a time of stress and strain to remove taxation yielding an annual revenue of Rs. 75 lakhs, because it presses hard upon a poor section of the community is a financial achievement which is bound to appeal to the popular imagination and evoke popular gratitude. Sir, no financial reformer, not even the most ardent of his class, has ventured to make this suggestion on an occasion like this. The conception is the Government's own, and the Government has carried it out without the intervention of extraneous advocacy or extraneous pressure. Sir, we are here more or less critics of the Government, some of us very relentless critics, but I say that we should render unto Cæsar the things that are Cæsar's. Sir, to remove a tax of this kind and to impose another tax upon super-profits is evidence of the spirit of democracy leavening a bureaucratic administration on the eve of the introduction of responsible government. May this spirit grow and deepen, for nothing is more calculated to smooth the path for the introduction of representative institutions and to ensure their success than a broad-minded, sympathetic, democratic spirit like this. Sir, while there are those who have been making large profits as the result of this war, there is no class of the community which has been more hard hit than those in receipt of moderate and fixed salaries. Prices have gone up; their incomes have remained the same; their sufferings are great. To them the raising of the taxable minimum of the income-tax from Rs. 1,000 to Rs. 2,000 would be a welcome and grateful boon. And, Sir, this uprise in prices is a world-wide movement, and India cannot escape it. I take it, therefore, that the relief now given will be a permanent feature of our financial arrangements, and the fact that the Government of India, though confronted with enormous financial difficulties, should introduce this reform, is, to my mind, evidence of its firm determination to make this relief permanent, and that there will not be, as in the case of salt, a reversion to the old scale. For it is not expected that prices will go down to their former level when normal conditions have been restored. In the same spirit and in conformity with it, it is a small matter, but I feel bound to notice it, the Government has made a grant of a lakh and a quarter to the Bengal Government to increase the pay of the ministerial establishment. Sir, this was a question in which I took deep interest while I was a Member of the Bengal Legislative Council. I pleaded for these clerks in the ministerial establishment, and I am glad that I did not plead in vain, and I find that the process of amelioration is now proceeding apace. In this connection may I make an appeal to my Hon'ble friend the Finance Minister in regard to a memorial which has been addressed to the Government by the clerks of the Accounts Branch of the Postal and Telegraph offices praying for an increase of their salaries. It is a long-standing matter. Their grievance has not been looked into; it has certainly not been remedied, and I trust my Hon'ble friend will be good enough to pass early and sympathetic orders in regard to this matter.

" Sir, I find it stated on page 10 of the Financial Statement that it has become necessary again in the interests of the poor to commence the manufacture and the distribution of cotton cloth. In reply to the question which I put and which has been answered to-day, the Hon'ble Sir Thomas Holland has admitted the fact that there has been a steady rise in the price of cloth. I suggested the remedy. The remedy has not at present, at any rate, been accepted. I do not know what the action of the Government would be in regard to this matter, but I do know as a public man intimately associated with public affairs that the tactics of the speculators have played a considerable part in raising the prices of the necessaries of life and of cotton cloth in particular. Sir, rice at the present moment in Delhi, good rice, is selling at Rs. 18 to Rs. 20 a maund, almost a fabulous price, a famine price. In Bengal, it is a little better. But in October last when the upward trend first began to manifest

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itself I interested myself in the question and found from my personal inquiries that the rise in the price was largely due to the holding back of stocks by interested persons who wanted to force up the prices. Speculation by traders is the gravest problem in the interest of the poor for the consideration of the Government. What the solution should be I do not know, it passes my comprehension, I am not an administrator, I am not a Statesman, but I do venture to submit with all the emphasis that I can command that it is a problem which in the interests of the poor the Government is bound to take in hand and find a solution, whatever it may be, and that as early as possible. The ungrateful personality of the speculator has thrust itself into far greater prominence than should have been allowed and has helped to raise prices. It seems to me that the Government must find a remedy for that.

" Sir, let me now refer to the statement of the critic who says that the Budget is ominous. That critic belongs to a school of thought different from my own. He has not taken me into his confidence. I do not know what is at the back of his mind, but I suspect that what he means to suggest, what he intends to imply, is that the military expenditure is excessive. It is undoubtedly very large and it has to be justified. But, Sir, we must recognise that we have just emerged from a great war, that the situation is peculiar, that the conditions are abnormal. The safety of India, the safety of the Empire with which the prosperity of India is bound up, with which are linked the prospects of our future advancement, must always be the first and foremost consideration. No educated Indian will grudge the expenditure that may be necessary for this purpose. But every educated Indian, in view of the enormous expenditure that has to be incurred in connection with our domestic and industrial developments, will also insist that this expenditure should be reduced at the earliest possible opportunity. There is indeed a downward trend. The expenditure of this year has been reduced by £2 millions below that of last year; but it has been increased by £8 millions in consequence of the grants that were made in this Council. Be that as it may, we the representatives of the educated community, assembled round this table, we insist that in the re-adjustment of the financial burden in regard to military expenditure between England and India, the amplest justice should be done to the interests of India. That has not always been done, I am sorry to have to say. I invite the attention of Hon'ble Members to the minority report of the Welby Commission of 1897 signed by Mr. Dadabhoj Naraoji, Sir William Wedderburn and Mr. Caine. They distinctly point out that in many past transactions— I hope it is ancient history—in many past transactions the financial interests of India have been sacrificed by the dominant partner. Let me, however, gratefully acknowledge that the Government of India have always championed the interests of India and have pressed for financial justice to this country. I am sure the Government will follow its ancient and traditional policy and with even greater emphasis than before, in view of the claims of our people confirmed and consecrated by their blood and their treasure. My Hon'ble friend to my right referred to a bonus of £2,000,000 which has been granted to British troops. I should like to know something about the details. I do not wish to make any comments on that, unless I am in possession of the necessary information; but, Sir, it will be in the recollection of Hon'ble Members of this Council that at the Delhi Conference held in April last a unanimous resolution was adopted in favour of a substantial increase in the pay of Indian soldiers. Sir, the Indian soldiers have deserved well of their country and of the Empire. Their gallantry and devotion are beyond all praise. It is necessary in their interests, as well as in our own and in those of the Empire, to improve their status and increase their emoluments. If an addition is made to the pay of the Indian troops, I will undertake to say this on my own behalf, and I trust on behalf of my Hon'ble colleagues here, if an addition is made to the pay of the Indian troops and if it adds to the burden of our financial responsibility, we shall be glad to bear it in the interests of these poor men who made such large sacrifices and are prepared to make even heavier sacrifices for the sake of the Empire. I have spoken of an improvement in their emoluments. There ought to be also a raising of their status. My Hon'ble friend to my right has referred to the grant of King's

Commissions to Indians, six of them to fighting men and six of them to non-belligerents. I am bound to say that the number is inadequate, inadequate in view of the claims of our vast population. I would earnestly appeal to His Excellency the Commander-in-Chief to add to the number, to raise the status of Indian soldiers, and thus spread contentment and satisfaction among our people.

“ One of the *post-war* problems that is likely to engage attention is the replacing of the Territorials who are now employed in this country. The wisest course to follow would be that they should be replaced by Indian battalions. This would ease the financial situation, spread contentment, pave the way for the formation of a Territorial army in India. The war has taught us many lessons, not the least notable of which is that India should be self-reliant and self-contained. So far as our numerical strength is concerned, we are as multitudinous as the stars of heaven, as countless as the sands of the sea. Why not organise and equip us and thus England may bid defiance to any combination that may be formed against her? I have an appeal to make to His Excellency the Commander-in-Chief in this connection in favour of the Bengali battalion that has been raised. I hope that battalion will not be disbanded. I hope their number will not be reduced. It will cause very grave disappointment in Bengal. The experiment is one that ought to succeed under proper encouragement and proper safeguards. Sir, you talk of anarchy and revolution, and we have been dealing in this Council Chamber with those problems. Find employment for the adventurous youths of Bengal in suitable military positions, and you will have taken a long forward step towards creating an atmosphere which will be an antidote to revolutionary and anarchical movements. These young men are adventurous, they want to risk their lives and do something daring. Place them in the front rank of battle if you like, expose them to the enemy's guns, then their ambition and their spirit of adventure will be satisfied, and you will have provided an antidote against anarchical crimes.

“ Sir, reference has been made to railway expenditure. £24 millions have been budgetted for. I do not grudge it, I do not want to minimise the importance of railway expansion, but there are other branches of public expenditure, ‘essentials of progress’ to quote the words of my Hon'ble friend the Finance Minister, which have been starved, in regard to which no suitable stimulus has been provided in this Budget. Take for instance education and sanitation. I have got some figures for comparison. Railway expenditure for 1919-20 is put at £17,700,000, which means a 300 per cent. increase over that of the previous year, education £4,884,000 for 1919-20 as against £3,973,000 for 1918-19. Sanitation £957,000 as against £688,000 for 1918-19. In truth expenditure on railways (£24 millions), including capital and revenue expenditure, has increased over the revised figures of 1918-19 by 300 per cent., while expenditure on education has increased by 22.9 per cent., and that on sanitation by about 39 per cent.

“ Well, Sir, sanitation is the most vital of all our problems. People must live before they can travel by railways or profit by them. In Bengal, malarial fever counts its victims by lakhs every year. We have had this terrible scourge in our midst for over 60 years. They have had it in other parts of the world; you have had it in England; they had it in Italy; they had it in Panama. Everywhere the problem has been solved; in India alone, I am sorry to have to say it, the problem remains unsolved. Am I to understand that British statesmanship—which, in the words of Lord Morley, has never been found wanting—is unable to cope with the situation? I do not and cannot accept this view. British statesmanship in this matter has not done justice to itself. British statesmanship in this matter has not roused itself to the gravity of the situation. It is wanting in that earnestness which is the essential condition of all statesmanship. You have provided 13 lakhs for next year for anti-malarial operations in Bengal. Of what avail would be 13 lakhs when crores are wanted? Then there is the

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plague which is always present with us, counting its victims by millions. Take again that terrible visitation of influenza which has exacted a toll of 5 millions of our population. Now, Sir, I want to put this question to the Hon'ble the Finance Minister—if ours was a national government—would this state of things have been allowed to continue for so long? You are moving, rapidly moving, if not in respect of your personnel, at any rate in respect of your ideals and aspirations, towards a national government. I invite my Hon'ble friend the Finance Minister to imagine for a moment that he was the Minister of a national government. Would he then hesitate to transfer a few millions from railways to this great Department upon which the health, the lives, the happiness and prosperity of millions of my countrymen so largely depend? I think not. Would he be jeopardising railway development if he were simply to transfer 2 or 3 millions from railways to this head? And after all the health of a people is their truest wealth, their most valuable asset, the indispensable equipment for industrial, political, social and all kinds of advancement.

“ Next to sanitation, I place education as its ally and helpmeet. For the ends of national advancement, for the advent of that era to which we are all looking forward, officials and non-officials alike, education is the one indispensable condition. If you want that responsible government should succeed, that we should build up an educated electorate, that we should train our young men to be the future captains of our industries, that our masses should be penetrated with sound sanitary ideas, education again is the one indispensable condition. Next to the maintenance of law and order, education is the first and foremost consideration of Government. The preservation of the public peace, Sir, is only a means to an end, and the end is always greater than the means. And what is the end? It is the happiness, the contentment of the people; their growing efficiency; their increasing responsiveness to their civic duties. I appeal to the Government of India to apply themselves to this exalted function, by making adequate provision for education and sanitation. My suggestion would be: ‘Take away 5 millions from railways, give 3 millions to education and 2 millions to sanitation. My Hon'ble friend the Finance Minister has urged—I quote his own words—a ‘courageous outlay on the essentials of progress’. Could there be two more fundamental essentials of progress than sanitation and education? I appeal to him to stand by his own programme, to redeem it, to educate our people, to spread broadcast the blessings of health and happiness. The village homes of India have been depopulated by the prevalence of insanitary conditions. It is the supreme duty of the Government to restore happiness and contentment, health and prosperity, to them. I am sure my Hon'ble friend will realise the gravity of his responsibilities, when to him is entrusted the task of saving the lives of millions of our people and educating them as they desire and deserve to be educated to the height of their civic duties.”

The Hon'ble Mr. Kamini Kumar Chanda :—“ Sir, the Hon'ble Sir James Meston is entering on his new official career with the blessings of at least 2½ lakhs of people, men with that modest fixed incomes who will be relieved of the liability to income-tax—a relief which will be greatly appreciated in these hard times; and on their behalf I wish to offer my most cordial thanks to him. Sir, to a Hindu like me, this is a happy augury, and I sincerely hope and trust that he will be able to go further in the same direction and before laying down the reins of his high office will be able to take off that obnoxious tax—the Salt Tax—which deprives the poor man of what is looked upon as a luxury but what is really a necessity of life. . .

“ Leaving on one side this pleasant aspect of the Budget, I must express my sense of disappointment at the Budget as a whole. The outstanding feature of the Budget is, to my mind, the colossal growth of expenditure, Civil and Military; a huge provision for Railways, and an absence of any generous measure of amelioration for the millions tottering under the weight of their utter economic helplessness. Sir, this is the first Budget after the War, and

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regard being had to the fact that very acute distress is prevailing in all parts of the country, regard being had to the fact that during the War restrictions had been placed on expenditure on all projects for the promotion of social and national progress, one expected to find some proof of the practical application of the dictum laid down by the Hon'ble the Finance Minister 'courageous outlay on the essentials of progress and a strict economy in all non-essentials.' But what do we actually find? We find civil and military expenditure mounted up to an almost giddy height. We find an almost fabulous provision for railways; but nothing worth mention for subjects like education, sanitation and medical relief. I ought to say, Sir, that we desire railway expansion. It is absolutely necessary as an adjunct to an era of industrial activity which we need for the good of the country, and especially for the easy and speedy transport of foodstuffs. But, Sir, the pace of railway development must not be disproportionately high, it must bear some proportion to the capacity of the country to afford this programme. Sir, it will be said that these are repetitions of old complaints. Well they are so, but is it our fault that we have to repeat these complaints year after year? Why do you not remove the cause of our complaints? Take, for instance, the question of medical relief and sanitation.

"We heard the other day from the Hon'ble Sir C. Sankaran Nair and this statement is confirmed in the report on influenza which has just been published by the Sanitary Commissioner, Major Norman White. To quote his words 'without exaggeration the toll levied in British India alone by influenza is no less than five millions, and fifty to eighty per cent. of the whole population have been affected by it.' He says that 'this total is more than half the mortality from plague within the twenty years' that it has been our guest, and that fifty to eighty per cent. of the total population has been affected.' He further says:—'In many countries the epidemic assumed proportions of a national calamity; this was certainly the case in India. From the incomplete information at present available, it would appear that 'no country suffered as severely as did India during the last quarter of 1918.' Can anything be more appalling than this, Sir? What have you done to prepare the country, to arm the people better to meet epidemics and visitations like these in future? You have piled crores upon crores for civil and military expenditure and upon railway construction, but what have you done for health? It may be said, no doubt, quoting from the words of Major Norman White, that 'had we possessed health and medical organisations comparable in efficiency to those of the most progressive States in the world, we should even then have been unable to effect anything appreciable to check the ravages of the disease.' But he at the same time admits that our health organisation is absolutely inadequate and demands immediate expansion. What has been our experience during the epidemic? It was felt and realised everywhere that we could not get the smallest fraction of medical men required in the country. Speaking from my experience as chairman of one of the first class municipalities in Assam I say, Sir, that even in towns we could not get men with even moderate medical qualifications for the purpose of distributing medicines and reporting the progress of the disease although we offered tempting terms. How could it be otherwise? What is the position as regards the supply of medical men in the country? Take the case of Bengal, for instance, which has got the largest number of medical institutions, Government as well as private. In Bengal, the number of medical men with registrable qualifications is only some 8,000. What is this in a population of 45 millions? A mere drop in the ocean. Can this be at all a hopeful state of things? Where are the people in the rural areas, the poor people to go to when they require medical help? Who can tell the number of men who died for want of medical assistance? Well, Sir, this is the condition of the whole country, not in Bengal only. I believe, Sir, in the whole of India there are only five medical colleges and 15 other medical institutions. Is this at all adequate? The number of seats in the colleges is limited. I know that in the Calcutta Medical College they cannot admit more than one-tenth of the applications for enrolment.

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There is no reason to believe that the state of things in other Provinces is much better. Well, something must be done to remedy this. I would ask you to take steps for multiplying the supply of medical men. It is not necessary that you should supply highly qualified graduates; men with modest qualifications will do for the rural areas. In this connection, I must regret that the unanimous resolution of this Council passed in 1916 which had the approval of the late Sir Pardey Lukis and Sir Reginald Craddock to establish medical institutions in the whole of the country, to teach medicine in the vernacular, to turn out a large number of practitioners for rural areas, has not been given effect to. I respectfully urge, Sir, that the decision of the Government should be reconsidered. If that resolution had been carried out, I am sure that during the late epidemic we would have had a much larger number of men to assist us in the rural areas. Sir, it is a matter for regret that not only is there no substantial allotment for sanitation and health, but health is not even mentioned as one of the subjects for expenditure on which Local Governments are now permitted to draw on their cash balances, presumably on the ground that expenditure on health is not reckoned as remunerative. Is it necessary to point out the fallacy of this assumption? It has long been exploded in England. I do hope, Sir, that something will be done for this. I would suggest that you make a big cut, & big slice from the huge railway budget and distribute it on sanitation and education and other projects like these. Then, Sir, I must say that I am disappointed to find that there is no mention of or provision for industrial development. No doubt, you are perusing the report of the Industrial Commission and considering it; but while you are perusing and pausing and pondering valuable time is passing. The war came and is as good as gone, but we are still standing where we were, passive lookers-on, not passive resisters, in our utter helplessness and realise our absolute dependence on others, while our markets are being captured by other people because we are not prepared. I would suggest, Sir, that there ought to be some provision for industries, cutting it either from railway or military expenditure. The other day we were encouraged by the message of hope and sympathy which His Excellency as Chancellor of the Calcutta University delivered to us at the last Convocation. He said 'we do not want mere Indian capital. We want men and not Indian men only, as labour, but as leaders who will turn their attention to industrial enterprises and equip themselves for a great industrial regeneration in India.' Let not the hope which was raised be deferred and deferred till the heart becomes sick.

"Then there is no reference, Sir, to the acute distress which I have already said is prevailing in almost all parts of the country. Famine and scarcity are localised, confined to specified parts of the country, and we are grateful for the provision made for famine expenditure. But what about the distress caused to a much larger population by oppressively high and ruinous prices for almost every commodity? We will be grateful, Sir, if some of the more ambitious projects be outdone and the money diverted to some measures for alleviating the misery of these people.

"Then coming to the military expenditure we provide for 41½ millions, more than half the total revenue; deducting the special contribution of £8·7 millions, we find our ordinary expenditure is £32½ millions. There is an increase of 10 millions in four years, the expenditure in 1915-16 having been £22,261,353, and an increase of 13 millions over the Nicholson Committee's recommendations. Now this enormous sum of £32½ millions does not provide for any increase in the number of troops; the increase in expenditure is entirely due to increase of salaries and provision for equipment. I hope, Sir, that the Indian point of view will be realised, and that some portion of this increase will go to the Indian sepoy. It must be obvious that you cannot go on increasing military expenditure like this indefinitely without endangering the stability of the financial state of the country. In this connection, Sir, I would like to quote from a minute of Lord Mayo speaking about the increase of military expenditure:—'A single shilling taken from the people of India and spent unnecessarily on the Army is a crime against the people who need it for their moral and material development'. While on this point I must plead for

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some substantial increase in the number of commissions in the Army, and associate myself entirely with the remarks of the Hon'ble Mr. Banerjea and the Hon'ble Maharaja of Kasimbazar.

"Now, taking the expenditure of the civil departments, we find an increase of 10 millions in ten years and 3½ millions in a single year, the great bulk of it being due to increase in salaries. It was £20,855,868 in 1917-18 and it jumps up to £24,336,400. Can the country possibly bear this? What has been the growth in Revenue? Why, we had to increase the salt tax, increase the income tax, introduce a super tax, increase the customs duties, introduce a motor spirit tax which coming as a war measure, is to be retained for fiscal purposes. Then we are to have another tax. Then take the Railway programme. We are allotting 17½ millions for capital outlay in addition to 6½ millions for renewals from current revenue. Lord Inchcape's recommendation was for £12½ millions annually. Now apart from the question of their relative importance as compared to other matters, protective irrigation for instance, there can surely be no question that regard being had to their character as a highly commercial success, there should be no objection to investment of money on railways. We desire expansion of railway construction, but you cannot indefinitely increase capital expenditure. Spend as much as you can borrow; use all your loan funds, but do not draw on any surplus from the current revenue. No doubt part of the surplus is due to income from railways, but even then you should not use the surplus from capital. That should be spent on non-recurring subjects like education and sanitation. My submission is to cut down the allotment for railways to the proceeds of the loan you intend raising. Lord Inchcape's Committee recommended an expenditure of £12½ millions. While I am on this point, I should like to plead for 3rd class passengers. I must remind the Council of the answer the Hon'ble Sir Robert Gillan gave me about a year ago that when rolling-stock was increased, provision would be made for preventing over-crowding in 3rd class carriages. I trust we shall hear no more of 3rd class passengers being packed in goods wagons. I am sure such a state of things would not be tolerated elsewhere. I read only a fortnight ago that a number of passengers on a certain line were packed in a goods wagon which could not even be cleansed, with the result that some straw which was left on the floor caught fire and a number of passengers were injured when jumping from the moving train when the wagon was ablaze. Such scandals ought to be put a stop to.

"Then I come to the building of new Delhi. I know it is crying in the wilderness, or shall I say among the tombs in the desert of Raisina. What is the urgency of the work that 45 lakhs must be found for it, ignoring pressing necessities. Sir James Meston speaks of the new official capital; this I interpret as the new ceremonial capital. What is the urgency of the matter, when people are dying and cannot provide meals for themselves; when women are committing suicide for inability to cover their nudity for want of clothes? I repeat what is the urgency; if this could wait for eight years it surely could wait for another year at least? It reminds one of Lord Lytton's Durbar in 1877 when people were dying by lakhs for want of food during the Madras famine. I trust therefore that this item will be cut down.

"I have two submissions to make in connection with the Budget. We have seen how frightfully the expenditure is increasing. We see there is no further room for increasing the taxation; we must find money to carry on works of national importance requiring large sums of money and if we are not to commit national suicide. Our whole financial position will have to be looked into and systematically overhauled. This can only be done by an independent commission. I would urge that this matter receive consideration; it is more than 20 years since we had the last Commission which sat in 1897. I would submit this point for the consideration of Government. My second submission is this. At the present time we can only make general observations about the Budget because we do not know the details of the financial administration. Unless we are allowed better

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access to these, unless we have opportunities of scrutinising the materials on which the Budget is based, our criticisms cannot possess the value which they might otherwise have. My submission is that it is desirable to let us have such opportunities and, if necessary, to form small committees of additional Members. I do not advocate the formation of glorified so-called Finance Committees of Provincial Councils. Many of us have experience of such committees, and I do not know if any one's experience justifies the belief that anybody was wiser because of our association with the officials in such committees. I trust the matter will receive consideration. Finally, I must appeal to the Hon'ble the Finance Member to help us in the matter of the Government College at Sylhet which is long overdue. In 1916, we had an assurance from the Chief Commissioner that if we gave a contribution of Rs. 18,000, the College would be put on a proper footing. We hope now that the war is over that money will be forthcoming and that the Government will give us the necessary funds to put the College on a sound financial footing."

The Hon'ble Mr. W. A. Ironside:—"Sir, I greatly regret that there has been so little opportunity and time at my disposal during the last few days to give the care and attention that the Hon'ble the Financial Member's statement merits, and I consequently feel some diffidence in rising at all at this stage to make any general criticism of the main features of the Budget. However, the opinions that have been expressed by some Hon'ble Members this morning on the railway programme proposals have filled me, I assure you Sir, with amazement; the whole tone is seemingly to cut down the efficiency of one department irrespective of the results to the community at large in order that some other departments may benefit. Now, if we are to have a reduction in efficiency,—for that is what it amounts to,—of one department like the Railways, the whole future of the country is endangered, and I look to the railway programme as a vital necessity and it must be maintained at any cost. Some speakers have appealed for a reduction of the Railway Budget for other necessary projects, such as sanitation, medical relief and matters of that sort. I can give the assurance of the commercial community that there is nothing we feel affects the future of this country to an equal extent, but this can only be effectively done by finding money in other directions. The proposals we have heard to-day prove that the financial future of this country is to be one of extreme difficulty in all directions. We have appeals for increased expenditure, increased salaries, always demands for expenditure in one form or another, but, apparently except for this reduction in the vital chord of the economic future of the country, we have not had one concrete suggestion for finding the wherewithal to meet the position. I think that some of my friends who have spoken recently can have but little idea of the necessities of railways in India; for four years they have been maintained with the greatest difficulty. 'Make good, carry on as best you can,' has been the rule.

12-58 P.M.

"One has only to travel to see the state of the equipment; travel in the rains and the roofs of the carriages are leaking. Travel in the hot weather and the equipment as regards the electric fans is reduced by half. Everything is in a state, as one leading railway official put it to me the other day, 'my equipment is scarcely better than a scrap heap'; it is not fair to ask the railway administration to carry on, as it has been suggested, without the means of doing so with efficiency. Any lack of efficiency is immediately taken hold of and the Government is blamed for failure. Our friends cannot have their cake and eat it as well, and I can assure them that the lack of sufficient transport in India has been, in my opinion, and I know it is generally shared by anybody who has got any practical experience, the lack of sufficient transport has been the cause to a large extent, of the lack of progress in industrial and economic matters. Now leave industries altogether, leave the European merchant alone. We can scarcely move in an ordinary year the average crop of the country; you have only to travel in an ordinary year, north south, east or west, to see at the railway stations the hard-earned products of the soil lying rotting, waiting for transport which cannot be provided, and

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who are the people who suffer? Not the gentlemen who come here and appeal for Education and Sanitation, but the people who by the sweat of their brow provide these products and are waiting and are prevented from getting their due return for them. If there is anything that I have to say on the subject of this railway programme, it is the disappointment that it has not gone far enough. We have to make up four years' lee-away. I have already mentioned the fact of the equipment. But to make good that lee-away, to make good every locomotive and every piece of railway line, the Government will have to pay three times as much as they did in pre-war years and on the basis of which Lord Inchcape's Committee recommended 12 million sterling annually. I have only last week, sitting on the Board of a Railway, seen quotations for locomotives, the increase in price was 250 per cent. Yet in face of this fact gentlemen of this Council stand up and ask for still further reductions. It does seem to me, that they are not studying the interests of the people for whom they speak.

"But take another problem. You speak of the lack of industrial progress. I will give you one feature of it. Had we sufficient transport in Bihar and Orissa at the present moment, not from the fault of anybody except as a result of this war, we could employ thousands of people from the famine-stricken districts on very remunerative pay and get over a difficulty which is taxing the energies and wits of every Government official and everybody who has the welfare of the people at heart. I have only to suggest that the Hon'ble the Finance Member will in future bear this feature in mind. The railways cannot be starved. I do not think Sir James Meston will starve us simply in order to listen to clamour from other quarters. The transport of food-stuffs from one district to another has been during the past four years one of the most difficult problems that we have had to face, and it has taxed the energies and the brains of every man concerned. The money to be provided by the suggested loan is to be put to capital account, but the plant is going to cost three times, twice as much at any rate to be absolutely safe, twice as much as on the pre-war standard. The money, I presume, will be borrowed at 5½ per cent. and to make it a paying proposition to Government, the railways have got to show twice that amount of profit or more.

"Now speaking from the point of view of a commercial man, I think that we should have taken some of that capital in a year of stress out of revenue. I know I shall be accused of talking heresy to speak here of additional taxation, but one of my friends, I think, has described the Budget as ominous. It is ominous. We have now got to the length that we have got to face taxation and taxation has got to come, whether we like it or not, and every class of community must bear its share. The commercial community, I think, have borne their share, and now, I think, it is for other people to do something if we want progress. If we cut down the expenditure on railways to-day, you need not go any further with industrial progress, you need not give effect to any of the recommendations of the Industrial Commission, simply because the railways cannot carry beyond what they are already doing."

[At this stage the Council adjourned for Lunch.]

2-20 P.M.

The Hon'ble Mr. V. J. Patel :—“Sir, the Financial Statement as presented by the Finance Minister is, in my respectful opinion, nothing if it is not unsatisfactory. I say so with all the sense of responsibility of an Additional Member of this Council. I look at the Budget from the tax-payer's point of view, and what is that point of view? The tax-payer expects that a substantial if not a greater portion of the money that he pays should go towards the amelioration of his condition. Now consider for a moment what the pressing problems of this country are? Any one who goes about the country knows what they are. It requires no proof. The extreme poverty is one, the proverbial illiteracy is another, and the fearful mortality is the third. Now I put it to this Council to consider whether adequate provision has been made in the Budget to meet any of these pressing problems. We have the

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estimated revenue of £128 millions. In order to break illiteracy you should find some decent provision under the head of Education. In order to check poverty you would expect some adequate provision under the heads of Agriculture and Industry, for, in my opinion, without industrial development the poverty of the country will not vanish. And, thirdly, the high mortality could to some extent be remedied by appropriate provision under the heads of Sanitation and Medical. Now looking to the figures, Sir, you will find that out of this £128 millions, a provision of £4,884,900 is made for Education. Under the head of Medical you find a provision of £1,388,100. Under the head Sanitation £957,200, while under the head of Agriculture you have £101,800, and on Scientific and Miscellaneous, including Industrial, I understand, it is £865,700. All told it amounts to a magnificent provision of something over £8 millions out of £128 millions of the estimated revenue of this country. Now, is that an adequate provision, an appropriate provision, for meeting the pressing problems of the day? I say it certainly is not, while the rest of the revenue is distributed on military, railway, interest, posts and telegraphs, mint and the like. The main features of the Budget to my mind are, firstly, that the military expenditure has mounted up to double the pre-war figure. Now, with regard to this particular point, I may mention, as my Hon'ble friend Mr. Chanda remarked, that in 1914 or 1915 the provision on this head was £22 millions, and I find from the proceedings of the Council that my late Hon'ble friend Mr. Gokhale complained bitterly against a provision of even £14 or £16 millions under the head of Military. So practically one-third of the total revenue of India is budgetted for on account of the military expenditure of this country. Then the second important feature in the Budget is that no additional grants worth the name are sanctioned for Education and Sanitation. The third is that the outlay on Irrigation has been curtailed by £400,000. And the fourth is that railways, as has been remarked by so many Hon'ble Members, have come in for special favour, the allotment for capital outlay only being £17 millions and something more. This provision exceeds, in my humble opinion, the wildest dreams of the railway magnates themselves. The fifth is that to adjust the balance, it is proposed to raise a loan of 15 millions—not for the purpose of sanitation, not for the purpose of agriculture, not for the purpose of medical relief—but, as I put it, to adjust the balance. The last important feature is the absence of any provision whatsoever to carry out the recommendations of the Industrial Commission.

“ The only favourable feature of the Budget is the concession in regard to a certain class of income-tax payers. Barring that, the Budget, in my opinion, is as a whole highly disappointing. But before I close my observations, I should like to ask the Hon'ble the Finance Minister to give a word of explanation on two points. One is that a resolution in September last for a further contribution toward the war expenditure was passed, subject to the sanction of the two Houses of Parliament. During the debate on the Excess Profits Bill or in the Narrative presented by the Hon'ble the Finance Minister, we find not a word to suggest that that sanction has been obtained or not. One cannot be sure in these days of that sanction—particularly in view of numerous protests against the resolution of this Council in favour of any further contribution—so I should like to have a word of explanation on that. And, secondly, I have been reading recently in the newspapers that the Secretary of State has been pleased to sanction further increase in the emoluments of the Medical Service and, I believe, some other service—the Indian Police Service. Now I should like to know whether the provision that has been made under the head ‘Medical’ and under the head ‘Police’ includes provision for these increased salaries or not. I find nothing in the whole Narrative to show that the sanctioned increase has been provided for. If it has not been provided for, I should like to know whether it is proposed to do so, and, if so, whether the Members of this Council would be given an opportunity to express their opinion on the proposals.

“ With these few words I resume my seat.”

2-30 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, this is the first time we meet after the conclusion of the war, and I may be permitted at the outset to congratulate His Majesty's Government and the Government of India on the happy and gloriously victorious termination of the war, and our cordial thanks are due to the Civil and Military officers of the Government of India, and to the Indian troops in particular, who have borne the heat of the day and have been successful in bringing credit to their country.

"I think it would be wrong to be hypercritical with a Budget framed under semi-war conditions, and it must be duly acknowledged that our new Finance Member has had a very hard task; he must have had a particularly hard task in inducing His Excellency the Commander-in-Chief to agree to a reasonable scale of military expenditure. But, however, that may be, our thanks are due to him for the courage with which he has given relief to the middle class tax-payer by raising the minimum of income-tax. We have also reason to congratulate him upon provision being made for ascertaining the water-power resources of the country and for the sugar bureau which has been started. It augurs well for the industrial development of the country.

"I am one of those who believe in a very rapid railway expansion of the country, and in expansion being necessary to open up vast tracts of country which at present are absolutely untilled, uncultivated, and are waiting for the hand of man. I, therefore, congratulate the Hon'ble Member upon the foreshadowing of a large expansion of railway activity; but I deeply regret that side by side with this rapid development of railway activity, the Government of India has not been able to find money for irrigational expansion. It is absolutely necessary that we should have more food, that we should have more staples of commerce, if our railways are to be useful; and I hope, therefore, that equal attention will be paid to irrigation. A good deal of criticism has been levelled at the railway provision in the Budget, and I myself have given notice of a Resolution that the expenditure should be reduced by 5 millions. I hope to be able to meet that position to-morrow when that Resolution comes on; but having regard to the remarks which have fallen from the Hon'ble Mr. Ironside, I feel it absolutely necessary to deal with its main outlines at the outset.

"Sir, after due allowance is made for the desire of the Government of India to make up the arrears of the last few years, it cannot but be regretted that they have paid undue attention to this sphere of activity. What are the facts? We find that the total amount of money spent so far upon rolling-stock has been, up till now, about 61 crores, excluding, I think, minor railways and the Bengal Nagpur Railway, for which I have not been able to find figures. What do we ask for now? About 17 crores is proposed to be spent this year on rolling-stock alone, or about 25 per cent. increase in one year. Having regard to the total amount spent upon this one branch of railway activity since the beginning of the railway system, I would ask is there any necessity for it? I hope to receive an answer to that question. I know that some railway systems have been cruelly starved, including the Madras and Southern Mahratta Railway system, which had only 97 lakhs to show against 61 crores, and we feel the effects thereof every day. But all the same when we are speaking of all India, it is necessary for the Government to show why they want so much as 26 crores *plus* 9 crores shown under working expenses, but which is really capital expenditure; that is, our real Budget would be about 36 crores of rupees. Now, let us see if there is any justification for this? It has been said there is an enormous expansion of railway traffic. True, but under abnormal circumstances. I find—I hope I shall be corrected if my figures are wrong—I find on turning to the statistics of 1917-18 that the total carriage of goods on all railways in 1918-14 was only 82,662,000 as against 85,766,000—that is, there has been an expansion of about 3 per cent., while the principal commodities were nearly the same about 67½ million tons. I find where the difficulty comes in; the difficulty is that whereas in 1913-14 the average length which a ton of goods went was 185 miles, on account of war contingencies the same ton of goods had to be carried 245 miles and hence all our trouble. Therefore the reform should be in the direction of

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pooling the resources, if possible, and trying to reduce by means of expansion of the shipping traffic if necessary the need for carrying goods over such an enormous length. Again, I submit that the total train mileage which was 156,276,000 miles in 1913-14 was only 157,030,000 miles last year and that there has been really no growth in the total mileage that has been run by these railways. I have not taken the Government railways separately. If these facts are in the main correct, it would seem that there does not seem to be such a vast necessity for improvement in that direction, but for a reorganisation if necessary. But I think as a layman most of these inferences may be wrong, and I therefore make these statements with due timidity, and I hope that there may be an explanation given in respect of these matters.

"Again, Sir, what does the Railway department propose to do? They propose to clear the arrears of four years virtually. In 1913-14 and 1914-15, there used to be an expenditure of about 14 crores or £10 millions roughly each year; that is, 60 crores would have been the proper item in four years; we spent only 25 crores, therefore 35 crores have to be made up and it is proposed to make it up this year by 20 crores treating the current expenditure as 15. I respectfully ask as to whether it is not a very ambitious programme, especially having regard to the fact that we are in very unsettled trade conditions and we shall purchase possibly for a rupee one-third of what might have been purchased prior to the war. Therefore, I think, it is false economy in a year of high prices and unsettled trade to embark upon such enormous railway expenditure. May I also respectfully put another question, whether the Government of India might not have foreseen this expenditure? We know that waggons are being built in India. What steps have been taken during the last four years to foresee the enormous expansion that would be necessary to meet India's needs after the war in the way of the development of our existing wagon building resources? I would like to have an answer to that question because it is being said, and unless justified, I think, rightly, that the Government of India wish to meet the trade difficulties in England in putting such large orders, whereas an expansion of irrigation activity would not help the trade. I have read that in current literature. This sort of criticism is being levelled; I think it is unjust criticism and that the Government of India would be able to answer that criticism.

"Well, Sir, to pass from railways, this Budget may be characterised as being an orthodox army-railway-service Budget. I will first deal with the revenue head before I go to the expenditure side. I gave notice last year and the year before and this year of a Resolution to raise the duty on beer. It is 4s. 6p. a gallon in India, whereas it ranges from 7s. 6p. to Rs. 2 4s. in England, £1 5s. to £5 per 36 gallons I think. If, therefore, we increase our customs duty on beer we can expect an increase of revenue of about 30 lakhs, and I hope, therefore, that the Government will, unless there are very grave reasons to the contrary, see their way to bring this customs duty into line with what obtains in the United Kingdom. It may be that it is feared that the soldier would be hit hard, but we must remember that the soldiers' emoluments and the officers' emoluments have been enormously increased and brought into line with what they are in the United Kingdom, and I therefore see no reason for any objection being validly raised on that account in the future.

"Then the other item is with regard to opium. I received a telegram as I was coming that the Government of India has been unnecessarily sacrificing revenue. It may be that the telegram is an idle one and that there is absolutely nothing in it. It says that the price of opium in China is several times—fifteen times, though this may be a gross exaggeration—of what it obtains in India. If so, I hope that the Government of India will try to secure a better opium revenue, and estimate it at a higher figure than what is to be found in the Budget.....

The Hon'ble Sir James Meston :—"Will the Hon'ble Member kindly tell me the name of the sender of that message?"

The Hon'ble Rao Bahadur B. N. Sarma :—“ ‘ Limping Khaki ’. I am sure the Hon'ble the Finance Member would be only too careful to indulge in any unnecessary sacrifice of revenue, but in order to reassure the public that everything is being done I have ventured to make this statement. Of course, Government have entered into a contract for future deliveries and there may be no possibility of extracting a larger revenue under that head.

“ Coming to Customs, may I make a remark. Possibly there may be an explanation. The estimates foreshadow the prohibition of silver imports and also perhaps of gold. I think those artificial restrictions and limitations will still further complicate the currency problem, are opposed to Indian interests and I hope they will be removed.

“ The few observations that I have to make with regard to expenditure would be that, with regard to the Army, we may have a clearer statement in future as to the various heads under which there has been increase which a layman can understand. I find that under the head ‘ Miscellaneous ’ in 1913-14 we had only 28 lakhs ; it went up to 33 crores last year and it is 21 crores this year. It is a sink into which anything can be dropped without anybody observing it, and I hope that in future the details of the miscellaneous expenditure will be explained and that they would be arranged under some other head. It seems to me, Sir, that we should as soon as possible revert to a normal rate of expenditure, and if the League of Nations is to be worth the scrap of paper on which it may be written, we hope to see large reductions in the military expenditure. I see that my optimism in the matter is to a certain extent justified inasmuch as Mr. Winston Churchill hopes that the decisions of the League of Nations will enable the reduction of the British garrison in India. We find that with a diluted currency in Europe very large salaries and emoluments have to be paid to the Britisher ; we cannot hope to get the article cheaper ; and when that is so, I think it is our imperative duty having regard to Indian poverty to reduce the British garrison and improve the status, pay and position of the Indian soldier and the Indian officer. On this point I may be permitted to refer to just one observation of the Hon'ble the Finance Member that we should remember that we do not make any very large contribution to the Navy. May I say, Sir, that so long as we are merely exporters of raw produce and importers of manufactured goods and our goods are carried in foreign vessels, there is no meaning in saying that our commerce is protected by the navy. Goods are brought to our shores by people who wish to sell them, and I do hope that there would not be any talk of the navy protecting our commerce so far as this aspect of the question is concerned and indirectly raising the military expenditure and military demands on the Indian Empire.

“ I may also add that the loyalty of India during a period of great crisis shows that there is not the slightest need for panic and that the Government of India can carry on the administration with a very small British garrison and that peace can be kept. In these circumstances, the burden of carrying on an eastern Empire should not be placed indirectly on India. The Hon'ble the Finance Member has treated this as a transitional year and avoids the obligations of both the old and the reform régimes. Under the old or the existing régime care was taken to limit military expenditure at least within the limits of land revenue and to provide even to some limited extent out of the Imperial share for education and sanitation and such other objects. Under the new reform proposals approved by everybody the provincial revenue would have been improved by 201 lakhs *plus* 164 lakhs, or 375 lakhs in all. The normal growth in land revenue and court fees, judicial and excise, together with 201 lakhs *minus* income tax would have brought about the result. That surplus is now absorbed in Imperial expenditure. The true Imperial surplus has been ignored, it would be nearly 1·3 millions under the reform proposals, even with the present large military expenditure. We hope that the expenditure will not be larger than £25 millions, and that several millions would be available under the true Imperial head for productive expenditure. This year I find that 180 lakhs have been taken for demobilization charges and 120 railway capital

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expenditure met from revenue. This will work out that more than 10 crores railway expenditure are being met from revenue. I am not criticising that as bad policy in a year of semi-war activity, but I think this should be borne in mind. My remarks are made with a view to a proper distribution of burdens as between the Imperial and Provincial Exchequers.

“The provision for unconsidered, unapproved heads under the head of unforeseen contingencies sins against the true canons of correct budgetting, e.g., in military expenditure and otherwise, such items have been provided for. This prevents the need for future consultation let alone approval; supplementary budget provision should be resorted to if necessary; such contingent provision is unnecessary with the introduction of the treasury bill and currency credit manufacturing systems. The treasury bill system is liable to grave abuse unless immediate legislative control is provided for. The omission to provide for the Sinking Fund with the £100 millions contribution for which special provision was made in taxation Acts is a grave departure from correct methods, whatever may have been the need for such omission; the omission violates the spirit of legal enactments imposing taxation. I realise that it is not usual to earmark revenue. The centre of Indian finance must be Delhi, future obligations should be discharged only here even assuming the possibility of friction and inconvenience in the initial stages; stores and supplies should be deliverable and payable here. The trade returns testify to the large excess of exports over imports; the growth and volume of imports can be regulated as has been done in the interests of the nation, as has been done by all nations, and there is no need for the location of the gold standard reserve in London. Its extent should be inquired into; the reserves must fructify Indian trade and meet Indian commercial monetary needs. Silver needed for currency should be purchased in India. The silver currency coined during the last few years amounting to 120 crores, is costing the people 6½ crores at 5½ per cent. and economy could easily have furnished supplies for education and sanitation. We are moving further away from the gold currency and possibly a gold standard, and we shall have to adopt the recommendation of the British Currency Commission. Silver tokens should be legal currency only up to a certain limit; at any rate the problem should be considered with a view to meet Indian susceptibilities and prejudices. We have expanded the currency based on British credit, the problem of expanding Indian credit based on India's resources must be thought out. Just as Railways were built with borrowed resources, so should the schemes of sanitation and education be financed if necessary. The loss of 2 per cent. of the population owing to influenza means when capitalized at the low figure of Rs. 60 per head per annum the loss of 600 crores. Land, opium, salt, forests, water, railways have been nationalised, so should marine and aerial shipping. I strongly plead for the nationalisation of Indian shipping, because there seems to be no other chance of getting Indian shipping. It is a sad commentary on our existing system of government that the growth of shipping in all countries except our own should be regarded with equanimity. The Budget should have provided for State insurance of Indian shipping. This is the duty of Government.....

The Hon'ble the Vice-President :—“I must remind the Hon'ble Member that he has spoken for 25 minutes already.”

The Hon'ble Rao Bahadur B. N. Sarma :—“I shall conclude in two minutes. The passage in paragraph 8 of the Narrative foreshadows a policy of Imperial preference. India should be recognised as a separate nation in the same sense as the self-governing dominions are among the League of Nations, and should have similar fiscal freedom of action. The consequences would otherwise be disastrous. The London Chamber's recommendations of revenue duties up to 20 per cent. at least should be clearly recognised. Imperial preference would mean costlier imports and less money for exports. That would be the real meaning of that. I hope that will be realised and that India's battle will be fought out before the League of Nations and before

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the British Cabinet I hope the same delicacy will be observed by other countries with regard to Indian industrial development. Our industrial condition has never been good and it is woefully backward.

" I have only one word to plead for Madras. We find that wheat and rice are selling in parts of Madras much dearer than in England. I had to buy wheat at 8 lbs. per rupee whereas in England it is cheaper according to the statistics that have been furnished to me. I hope, therefore, the Food Controller, if he is still to be retained, and the Railway Department will see that we get at least enough to eat. I know personally that in some places rice is not to be had and has to be doled out in very small quantities even when the money is forthcoming. This is a very serious matter. The Madras Government's proposals with regard to famine conditions and the Government of India's proposals in the Budget seem to ignore it altogether, and it is my duty to warn Government against the grave crisis impending in Madras. I have not recommended any reduction of taxation, simply because I hope that the extra resources would be utilised in meeting the educational and sanitary needs of the country. The Budget demonstrates, Sir, the imperative need for larger imagination in the statesmanship employed in the Government of India. The recognition that the machinery has become inefficient, is unfitted for future needs that the margin of efficiency is too narrow to carry the burden of coming years is necessary for progress.....

The Hon'ble the Vice-President :—" I must remind the Hon'ble Member that he has greatly exceeded the two minutes he asked for."

The Hon'ble Rao Bahadur B. N. Sarma :—" I pray, therefore, for greater co-operation between the Government and the people in order that we may carry the common burden upon our shoulders with greater ease and freedom."

2-58 P.M.

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—" Sir, I submit that my speech may be taken as read."

The Hon'ble the Vice-President :—" Mr. Ayyangar's speech may be taken as read."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—
 " My Lord, the first noticeable item of the Budget is the excess profits tax. During 1917 we were assured that the 100 millions would be the ultimate contribution from India. We believed it. Then we were told our frontiers were in danger and only if the war continued, the Government would require another 45 millions. We believed it. Another assurance was that if famine conditions prevailed there would be no contribution. This also we believed. The war has ceased, famine conditions exist all through the country; there comes now the excess profits tax. It is not a war profits tax, peace having come; and retrospective taxation would be against all established principles. The industries utilised by the Government for supplying the materials of war have, it would appear, an undeniable claim on the support of Government, and should be generously encouraged at least to ensure future co-operation if not to repay obligation. If these industries are relieved of their legitimate gains now, as proposed under the excess profits tax scheme, future co-operation may be gravely endangered, whereas the abandonment of this objectionable feature is sure to lead to the most desirable results. What a soldier did to win the war by his physical work the industries have done in other ways. There should be no invidious distinction between those who co-operated with the Government in winning the war. As it is, it appears, that you give with one hand and that you take away with the other. The industries and the upper classes have been subjected to progressive income-tax, the super-tax, the imposition of railway surcharge, an all-round import duty and special export duties as on tea, jute, etc., and the imposition of controlled rates. Would the Government care to

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share the loss, if it proposes to share the profits to sustain the principle of quasi-partnership? The very people who are proposed to be taxed also lost very heavily this year, and to ask the losers to pay the excess profits duty from what they earned once appears to be very cruel indeed. Unless their plants are seized the collection of excess profits tax would hardly be accomplished. The last Industrial Conference held during the Congress week was guided by men of sound sense and sober views, and in their considered judgment this tax would be a death-blow to the native industries. Will the Railway companies be taxed since they have profited much and expended little? They have earned a good deal owing to increased railway freights. Again, should not holders of war bonds be taxed, because instead of a $3\frac{1}{2}$ per cent. interest which they would have been getting ordinarily, they are getting nearly 6 per cent. and these are also exempted from income-tax? The principle of excess profits tax does not seem to be based on equity, but only on the idea of taking money from where it is found. The Government, one fears, are unconsciously training the people in the present day Russian ways by their hostile attitude towards the wealthier classes of India. I have urged this point whenever the Government introduced such measures as the super-tax and the income-tax with proportional rates. I fear the Government are sowing the seeds of socialism all too unconsciously, and I shudder to think of the harvest we shall have to reap one day. Avoid the wind if one would rather not raise the whirlwind.

Railways.

“Then the only alternative for the Government to save the country from the excess profits tax will be to reduce expenditure on some of the extravagant items. In this respect, the item that appears prominently in the Budget is the heavy allotments to railways. This may be reduced by 3 millions for this year and 3 millions for the next year. I consider this item to be wholly extravagant, for the existing railway companies do not appear to be constituted in the interests of indigenous industries, and the Government has hardly shown a sympathetic attitude towards the newly started railway companies managed by Indians. I know of a case in Southern India where some enterprising people started a concern, collected funds, and purchased rolling-stock for the purpose of working a line which was ready for the object and for which the foreign company which had constructed it for the District Board could not find the necessary rolling-stock. The District Board sanctioned the working of it by the indigenous railway company, but when everything was ready, the Railway Board refused sanction. The Indian company had to suffer heavy loss thereby, though it has been promised that their claims will be considered after the war is over. They have to wait and see what treatment will be accorded to them at the hands of the Government now. In such cases Government should readily come to the help of the people who have funds ready at their disposal to work out branch lines, and during these days when war loans have to be pumped up at a pressure, the Government will be strengthening their hands also by taking in the funds so willingly contributed by these branch line promoters. In the small concern I have mentioned above too many precautions and safeguards were placed in the way, alleging that it was only for the benefit of the company that the working was not sanctioned. Had sanction been then accorded, we should have found now a line well managed by Indians, and it is highly probable that the enterprise would have encouraged further ventures in the direction of railway enterprise. Though the spirit of enterprise has been damped for the present, it is not too late to rectify matters and resuscitate the said company by sanctioning the working of the said line by them, thus providing a channel for their idle capital which can be utilised for this purpose of the State. Now it is generally believed that railways are extravagantly financed while irrigation works are strangled.

Irrigation.

“Important irrigation schemes do not receive the attention from the Government which they deserve. The one item of the irrigation project—

particularly concerning my division—is the Cauvery reservoir project enumerated in paragraph 67 of the Narrative of the Hon'ble the Finance Member's Financial Statement. He says that the project remained under the consideration of the Government of India. By that I take it that the scheme has gone out of the hands of the Government of India having been sanctioned. But it is a pity no allotment has been made. It is not only intended to store water for more cultivation, but they provide for the complete control of the present fluctuating supplies of the Cauvery Delta system. After the award in favour of the Mysore Government as regards the arbitration in the Kannambady project, this Metur project was urged as the most important and urgent item by the inhabitants in the Cauvery Delta; and no relief has yet come to them. Had the Government only cared for the improvement of irrigation, they would not have been faced with such an appalling distress as the present famine. Even if the rate of return by the outlay on irrigation be less than that of the railways, the enormous outturn on raw produce will immensely benefit the people.

Famines.

“It is very unfortunate that the country is now experiencing one of the severest famines. Even after passing away of 6 millions of men from influenza, it is strange that the country should not be able to sustain the surviving population. It is a wonder that it could not protect even the depleted population. The ravage of influenza was considered to be one of the most calamitous scourges, but now after the appearance of famines, that fell disease is perhaps to be considered a dispensation by some hand to limit the ravages of famines in India and abroad. Had some consideration and restraint been observed in the rash export of food-stuffs from India, the extent of devastation by the famines might have been limited. That the richest of agricultural countries should not be able to feed its own population is an irony of fate, a parallel to which would be hard to find. A slight delay in monsoon drives the people to death. And when is the Government going to save and protect the population by prohibiting the exports of food-stuffs when it is so much needed for the producers? And when is the Government going to change their existing policy in the matter of showing economy in extending the irrigation schemes? These famines do not testify to the good administration of India and honest handling of her resources.

Taxable minimum raised to two thousand.

“One innovation in this Budget is the remedying of the long-pressed-for reform by the vociferous section, that is raising of the taxable minimum from Rs. 1,000 to 2,000. Though this subject has been a plank in the platform of the Congress for a long time, it does not appeal to me as there are the poorer people whose relief should claim the attention of the Government before the urgings of the classes whom this measure seeks to relieve. To be sure one whose income *per month* is between 80 and 160 is by far richer than the agriculturists whose average income is not above Rs. 80 to 160 *a year*. Had the Government first sought to remit in this famine year the agricultural rental to the raiyats whose income is not even a 12th or a 20th of those income-tax-payers, I would have hastened to congratulate the Hon'ble the Finance Member on his Budget. This measure seems to be designed to relieve mostly the Government employes whose remuneration should have been otherwise increased had not this measure been passed. It is obvious that no relief is provided for the classes which richly deserve it, and one attempt is made to appeal to the imagination of a limited number of literate persons.

Salt.

“One of the ways that will really lighten the burden of all classes is the abolition of the salt duties. Last year too I pointed out that the Government, by adopting auction sales, were consciously inflating the prices of salt far beyond the monopoly that is due to them. What is the use of supplying

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an eye-wash by establishing depôts in stray municipal areas for selling the commodity at lower prices when the price of salt is inflated in other ways. The bulk of the people will have to pay the inflated prices. I once more appeal to the Council that it should not adopt the ways adopted for purposes of liquor shops by auctioning the sales of stock at the hands of the Government.

Currency.

"In the matter of currency we should have given consent to unlimited issue of currency had the reserve fund held been invested in Indian Banks to go to help Indian industries. In other countries currency reserve funds are held within their territories and go to help their own industries. In the absence of such a system we should say 'thus far shalt thou go and no further.' Here then I cannot brush aside the threat contained in the Finance Member's statement in paragraph 74 which forebodes that on some future date the passing of some such Ordinance, as a year ago was in existence in Straits Settlements (which provided that currency notes were not sure to be encashed) will become inevitable. By such a measure the people will lose all confidence in the Government, and I have to warn the Council against it before any action is contemplated in that direction. In fact I apprehend undesirable results will follow even by the publication of such a hint.

Third war loan.

"Even last year I had to risk the displeasure of the Finance Member for suggesting to him to postpone the issue of the second war loan to a more suitable occasion. I, therefore, to be consistent, should object to this loan coming as it is in the most unfavourable circumstances. But the fact that this loan is raised only to pay off former debts causes me not to raise my finger against it. This means that the money is changing hands only. I should not at the same time keep quiet without placing my honest views before the Council; that no more amount than is required to pay off past loans need be taken from the investors. In these days of famines and the high cost of living, every cautious measure should be adopted in the matter of loans that are to be floated. The percentage is already high, and I agree with the Finance Member when he says that 6 per cent. interest on loans is an unreasonable amount for the Government of India. The Government paying the interest in currency notes will find it easy to pay higher interest, while the inflation of the rate will seriously handicap industries and other concerns.

Temple allowance.

"Before concluding I cannot but insist on my old old demand of the refund of temple allowance. I was asked by the Hon'ble the Home Member to refer the matter to the Local Government, and one of my friends, the Hon'ble the Raja of Ramnad, put an interpellation there, to which the reply was they had no details on hand. I have been repeating my complaint in this matter for the last three years, and since the Government will be only doing a bare justice by the refund of the temple properties appropriated by them—I should say misappropriated—I would request an allotment in the Budget for the refund of their dues.

Transfer of heads.

"Then I have to bring to the notice of the Council two of the items in the Budget that should have come under different heads. Under land-revenue item the purchase of land in the United Provinces for rewarding Indian soldiers who have distinguished themselves in the war comes to 5.25 lakhs. This should not be under the head expenditure on land-revenue. Will it not be more appropriate to put it under Military expenditure? Then in another instance in the matter of general administration 1.32 lakhs comes under cost for advertising Indian war loan. The advertisement effects much change in the policy of the paper, and so I would advise that a portion of this sum may be placed under the heading 'department political' that subsidises papers.

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" Before concluding my speech, I should like to place a suggestion before this Council, and it is that the Government of India be requested to convey India's thanks to Lord Reading, as well as to the Government of the United States of America, for arranging to place an appreciable quantity of silver at our disposal at a time of crisis."

2-59 P.M.

The Hon'ble Sir G. B. H. Fell:—" Sir, I should like, with your permission, to intervene for a few minutes in this discussion in order to comment on certain aspects of the Financial Statement, relating to military expenditure, which have been the subject of comment by previous speakers. I need not detain the Council with any general remarks upon the high level of military expenditure, because in the first place that matter was dealt with in the speech of the Hon'ble the Finance Member introducing the Financial Statement, and in the second place, as almost every speaker has recognised, the time has not yet come for a reduction in the scale of our military expenditure. As my Hon'ble friend Mr. Surendranath Banerjea put it, the conditions are not yet normal; and he gave utterance to a sentiment, which I feel sure will be echoed by every Indian non-official Member of this Council, namely, that no educated Indian will grudge the military expenditure which is incurred for the safety of India and for the safety of the Empire with which India is so closely bound up. The time has not yet come for the recommendations of the Peace Conference to have a practical effect on our scale of military expenditure in India; and it is unlikely that the military advisers of the Government of India would ever care to rely, as the Hon'ble Mr. Sarma has suggested, on the efficacy of the League of Nations to safeguard our relations with our turbulent friends across the frontier.

" My Hon'ble friend Mr. Banerjea very naturally called attention to one particular feature of our military expenditure, both in the current year and in the next year, namely, the bonus granted to British soldiers of all ranks; and he said he would be glad to have some details with regard to that item. Well, Sir, as this Council is aware, in all matters relating to the emoluments of British soldiers in India, we merely comply with whatever scale may be in force in the rest of the Empire. And in order to appreciate the significance of this bonus, I think it is necessary to glance at the conditions with which His Majesty's Government found themselves faced on the signing of the Armistice. When hostilities terminated on the Western front, perhaps somewhat sooner than had been generally anticipated, the whole of the manhood of the British Empire was in arms, all except those who were wounded or injured, or were too old or infirm, and those who were employed on other work of national importance. His Majesty's Government, then, found themselves confronted with two problems— firstly the problem of how to retain an army sufficient to maintain our strength during the troublous period of peace negotiations; secondly, the problem of how to demobilise those men who were in excess of our requirements. There was a natural desire on the part of the large number of men who were not soldiers by choice of profession to return as soon as the fighting ceased to their homes and to their natural pursuits; and that desire perhaps was accentuated by the knowledge that industrial wages were already very high and were likely to go higher, and by the fear that if they did not get home at once, others might secure the places which they coveted. Consequently, His Majesty's Government decided to select a certain number of men, chiefly from the younger men and from those who had rendered less army service than the others, to be retained in military service in order to fill the active ranks of the army during this period, that is to form the armies of occupation on the Rhine and in the North and in other theatres, as well as the garrisons of the United Kingdom and India. To these men, they felt that some pecuniary compensation was due for the special demands made on them. Consequently, they decided to grant them, as a temporary measure, increased emoluments in the form of a war bonus, which is the point about which my Hon'ble friend Mr. Banerjea has inquired. This bonus is granted to all British ranks forming the armies of occupation and the garrisons of the United Kingdom and India, with effect from the 1st of February 1919.

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" Then, as regards the problem of demobilising the others, there are obvious difficulties in getting rid of four or five million men at once. They can only be demobilised subject to the limitations imposed by the capacity of the steamers and the railway services to take them back to their own homes and by the time it takes to settle up their accounts. Consequently, with regard to this class, that is the men whom the military authorities no longer required and wished to demobilise, they decided to grant, not a bonus on the same scale as was granted to the men retained in the armies of occupation and the garrisons, but a bonus on a lower scale. This lower scale is, however, to come into operation on the 1st of May 1919, instead of the 1st February, and we have again this difference, that it is not paid as it accrues but is paid in arrears on the men's release from military service.

" Now, it is clear that the problem in India is in some ways quite different from that which confronted the Government in the United Kingdom. In India we have men in territorial and garrison battalions many of whom have been here for over four years; and they naturally hoped and expected that they would go home very shortly after hostilities ceased. Owing, however, to the shortage of shipping and other difficulties, it will not be possible to relieve all these men before the hot weather begins, and it becomes impossible to transport troops through the Red Sea. Consequently, the War Office bonus scheme has been applied to India with this difference, namely, that such men of the British Army as are in India at the end of the present trooping season, and have not been sent home before the hot weather, will all be treated as forming part of the garrison in India, whether definitely selected for retention in military service or not, and will receive the full bonus with retrospective effect from the 1st February, and not only from the 1st May.

" So much with regard to the bonus, which, of course, has added a very large burden to our military Budget, both this year and next year.

" The Hon'ble Mr. Banerjee, after referring to the bonus to British troops, went on to remind the Council that he has more than once pleaded for a substantial increase to the emoluments of the Indian Army. I may be wrong, but I had the impression that he was connecting the two matters; and suggesting that, as we were being very liberal to the British soldier, we should be equally liberal to the Indian sepoy. The circumstances, as I will endeavour to show, are quite different; but I should like, at the risk of wearying the Council, just to sketch briefly some of the improvements which have been effected in the emoluments and conditions of service of the Indian Army since the outbreak of this great war. The first step taken was to examine the pension rules. The wound and injury pensions were admittedly inadequate, and before many months were over, they had been substantially increased. I will not trouble the Council with the details; they are available for anyone who likes to examine them; but I might mention that in some cases the pensions were raised by 100 per cent. Then, too, the ordinary pensions were raised. Formerly a man had to serve at least 18 years to get an ordinary, as distinct from an invalid, pension; now the sepoy can obtain a full ordinary pension and at a higher rate after 15 years' service. Very early in the war, the Government of India recognised that the Indian Army was taking part in operations and serving in campaigns such as it had never been dreamed before would fall to its lot. It had never been contemplated that our sepoys would be fighting in Europe, in unfamiliar surroundings, in circumstances of great danger, great difficulty and great hardship, under appalling climatic conditions and so on; and so the Government of India, with the approval of the Secretary of State, granted to all troops serving on the Western front a special field *batta* of 25 per cent. of their pay, with effect from the beginning of the war. Later, that *batta* was extended, though in a somewhat modified form, to all Indian troops serving in other spheres of war, with the result that every sepoy in these theatres, in addition to ordinary *batta*, receives Rs. 2 a month special *batta*.

" The next stage came in the beginning of 1917. Throughout the preceding year there had been discussions about what should be done to improve the conditions of service of the sepoy. The Government of India were at

first disposed to recommend an increase of pay. Later they decided that the benefit could be given in a more convenient form and with no less advantage to the sepoy by the grant of free rations, and as this Council is aware, free rations were given to all ranks of the Indian Army with effect from the 1st January 1917. Then, again, the pay of the higher ranks of the Indian Army, above the sepoy, was also raised with effect from that date. I may mention that the cost of the grant of free rations to the combatant ranks of the Indian Army alone added 60 lakhs, or £400,000 a year to the military charges, at the time they were granted. At the present time I should think the cost is at least 50 per cent. higher. The sepoy, of course, does not suffer in the least from a rise in prices as he gets free rations.

“ At the same time the field *batta* (not the special *batta* to which I have just referred) was increased, in the case of the sepoy, from Rs. 1-8 a month to Rs. 5 a month; so that a sepoy got in addition to his pay and free rations not only that Rs. 5 but either 25 per cent of pay in the West, or Rs. 2 a month in Mesopotamia and other war theatres. Then, in June 1917 a recruiting bonus was given of Rs. 50 a month. That, of course, was a temporary measure, undertaken with the object of attracting recruits; but it must be taken into consideration in estimating what advantages the sepoy of the Indian Army has received since the war began. Similar recruiting bonuses were also granted to the Transport drivers and to men of the Army Bearer Corps. Then, again, a year later, in June 1918, further concessions were given, which took the form, not of an increase to the recruiting bonus, but of a gratuity of Rs. 15 to each sepoy on completing his recruit's course. That had the double advantage, firstly of attracting men to enlist and secondly, of inducing them to become efficient in the shortest possible time, which was a matter of the greatest importance at that time. At the same time, there was sanctioned for the whole Indian Army, for new and old soldiers alike, a special war bonus which, in the case of the sepoy, represents Rs. 24 for every six months' service, paid in arrears, or Rs. 4 a month. So that when we are considering the question of the war bonus recently given to the British Army, I should like the Council to realize that a war bonus was given to the Indian Army long before it was given to the British Army.

“ Again, in the case of the non-fighting men, considerable improvements have been effected. For instance, I have already mentioned that free rations were given to combatants; they have also been extended to certain transport personnel, mainly mule drivers, and to men of the Army Bearer Corps and Ordnance lascars. The pay of the Army Bearer Corps has been increased; so has the pay of animal transport drivers. The pay of the lowest grade of military sub-assistant surgeons has been increased from Rs. 35 to Rs. 60 a month. I will not weary the Council with an account of what was done for other non-combatant classes, the various so-called followers, menials, etc., all of whom have received very substantial increases of pay since the war began.

“ Another direction in which the lot of the Indian soldier has been very much improved has been in respect to his clothing. The system hitherto in force was for Government to pay a certain sum of money to the regiment when a man enlisted, and this sum was supposed to provide him with all his kit,—his clothing, uniform and so on; and he got in addition a small quarterly allowance for its maintenance. As soon as war conditions began to affect prices, Government recognised that this might be hard upon the sepoy; and so, in the first place, they allowed all these requirements to be supplied from the Army Clothing factories at pre-war rates, so that the recruits should not suffer from the rise in prices. Later on, they substituted a system of free issues of clothing for the system of kit money, and latterly, in the last few months, they have also introduced a scheme under which the sepoy gets all his replacements of clothing in kind, instead of having to meet them out of an allowance, which may not, in certain circumstances, be adequate for the purpose. So that he is relieved of all risk of loss and all anxiety in this respect. Lastly, another direction in which very much has been done and is

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being done for the sepoy and the Indian officer is in connection with the scale of accommodation and standard of comfort. Their lines have been very much improved. If any one has the curiosity to examine our Military Works expenditure figures, I think he will realise what a great deal is being done in this direction. Large sums of money are given every year towards the improvement and rebuilding of Indian lines and the improvement of Indian hospitals and the introduction of the Station Hospital scheme.

"I have endeavoured to show that the sepoy and the higher ranks have already benefited very largely during the war. Their conditions of service have been very much improved. But I should like to point out that it is not really necessary or desirable to attempt a comparison between the bonus which has recently been given to the British Army and what has been done for the Indian Army. As I have endeavoured to show, the bonus to the British service was intended principally as a compensation to men who had the misfortune not to obtain release from military service so early as they had hoped and consequently were handicapped in the race for well-paid appointments at home. In the case of the Indian Army, there is no such necessity. All the men can be absorbed at once and without difficulty into the agricultural and industrial life of the country.

"Under our voluntary recruiting system we have raised all the men we want and more. The response has been magnificent; and our difficulty now is to get rid of the surplus men. It is not as if they were anxious to leave the ranks; in many cases they are most unwilling to do so, because they are better off where they are. And so there is no obligation on Government to frame measures to induce them to stay on, as in the case of the British service.

"In the matter of demobilisation, too, the Indian soldier is being very well treated. He is given a month's leave on full pay after he is discharged and is paid up in advance; he is allowed to take away with him most of his clothing, his boots, his tunic and so on.

"A scheme is under consideration and will—I think I may say without impropriety—almost certainly be sanctioned in a very short time, for the grant to the ranks of the Indian Army of a war *batta*, at a cost which I estimate will not be less than 1½ million pounds.

"I hope, Sir, that I have succeeded in showing that this Council need not fear that the Government of India have been unmindful of the welfare of the Indian sepoy and other allied classes. I think it is clear that they are better off than ever before; and in proof of that I may mention that competent authorities say that in the villages from which the greatest number of recruits have been obtained, there is more money than has ever been seen there before. Money has poured in from the front, from the units, and from the depôts. The men have had plenty of money to send to their families; and they are not unnaturally reluctant to leave the ranks and to return to their ordinary avocations."

The Hon'ble Sir Dinshaw Wacha:—"Sir, the Budget is, no doubt, considered to be of a transitional character, and I admit it is transitional. The Hon'ble the Finance Minister himself has said so. At the same time I find in this Council that some have blessed it and some have cursed it. It must happen like that. Those, perhaps, who understand better the trend of the very lucid exposition of the Financial Statement by the Hon'ble the Finance Minister will certainly bless it. I am one of those who will bless it twice. It is more or less, I believe, Sir, the ignorant critic in this Council who has cursed it; but I do not blame the ignorant critic for entertaining the view he does. For the simple reason is that he is not well-informed; and in the Council what usually happens is that there is more of ill-informed and ignorant criticism than informed and enlightened criticism. Now, Sir, I hope no Hon'ble Member will tax me afterwards in the newspapers with saying that Sir Dinshaw Wacha said this, that or the other. What I say is meant for their good and for the good of every one else. For instance, my friend, the Hon'ble Mr. Sarma, last year, had to say something very bizarre about the currency problems. I

3-18 P.M.

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am glad to notice to-day—and I give him full credit for it—that the Hon'ble Mr. Sarma has given his close attention to a variety of subjects in a very successful manner; but not being a business-man he is still not able to grasp the subject of currency quite thoroughly; though, as I have said, I give him full credit for the success he has already attained, and I hope that in ten years' time he will be fully qualified to be the Finance Minister in place of the Hon'ble Sir James Meston. We are going to have a national Government, and if we are unable to get a competent Finance Minister in the country, I do not know where we shall be? It will be considered ridiculous if the Nationalists cannot put up a successful financier of their own to take the portfolio of the Finance Minister:

“ Apart from all this, which is a mere preliminary, I, Sir, cordially associate myself with most of what has fallen from my esteemed and Hon'ble friend, Mr. Surendra Nath Banerjee. I think, Sir, that his exposition of the financial position and the criticisms he founded on it were very sound, sound in every way. I find in this place that Railways and Military expenditure have been most freely criticised—that is on the side of expenditure: there is something said also on the revenue side over a variety of items. Well, Sir, I have been a student of military expenditure, as most Members of the Government of India may be aware for the last 50 years. I have been a student of finance for the same period, I do not think there has been a sterner critic of the military expenditure of Government than myself, and evidence of that fact may be found in the numerous pamphlets that I have written on this subject and in the many speeches that I have made on the Congress platform and elsewhere during the past 50 years. So I hope no one will accuse me of saying that Sir Dinshaw Wacha this time is standing up for military expenditure. I do admit at once that military expenditure is at present very high this year, according to the estimate, it is 11 millions more than last year. But we have to take into consideration the extraordinary times through which we are passing. Some of my Hon'ble colleagues seem to think that because peace is nigh, or the Peace Conference is sitting and the war is practically over, therefore the Army expenditure must at once be reduced. Nothing of the kind will happen. Personally, I should congratulate the Hon'ble the Finance Minister if he is fortunate enough to be in a position to reduce his military expenditure by a few millions next year. Consider, Sir, the menace that is at the present moment threatening us on the North-West Frontier. Consider the position in the Near and Middle East. Consider what the Bolsheviki are doing in Central Asia, and how the Government of India are obliged to be in a state of complete readiness to repel any external aggression that may take place and to keep India quiet. I shall ask those gentlemen who are now discussing this military expenditure to consider what would happen: assuming that our enemies were at the gates of Peshawar or Kashmir or anywhere else, where should we be? Many more millions than the expenditure we are now discussing would have to be incurred. Where are they to come from? I think, Sir, in a matter of this kind we have essentially to look to this, that the first and paramount duty of Government in this country is to safeguard it from external aggression, and the second is, to maintain internal law and order. For both purposes, the Military as well as the Police are required, and so long as we are incurring reasonable expenditure on both these items, I, for one, would not discuss it or criticise it. Having said so much, let us see what the facts are about military expenditure budgetted for in the present Budget. The military expenditure was 29·892 millions last year. It has now risen—practically the whole of the military expenditure has been increased by 11·614 millions, which is equivalent to 41·70 per cent. over last year's estimate. But, Sir, what is this large increase in military expenditure due to? Let us analyse it. In the first place, apart from pay, allowances, and one thing and another, the strength of the army has been increased. It may go down next year or the year after; but still for the coming financial year there is a larger army than there was last year by something like 200,000 men. There is another fact to be considered. We have been importing for the last four years all those munitions of war, which, of course, we cannot manufacture in India.

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Those munitions have been of a very high quality and dear in price. Then, you have to take into account the freight on those munitions of war imported from abroad. This is very high. Every one knows how the freight has gone up—in some cases as much as 100-150 per cent. more than it was before. Surely all these munitions of war—ordnance, guns, etc.,—which we cannot manufacture in India and have to import from England, must cost more and go to increase the estimates.

“Then take the food of the soldiers themselves. Everybody is complaining here about the dearness of rice and *dāl*, of wheat, of other cereals daily demanded for those who protect the country within and even elsewhere. Surely the Government is paying high prices for the rations of soldiers. They have to pay and feed the soldiers in a generous way, and they must pay a higher price for their services and food and clothing. Were our Military Adviser to put before us a statement, with full particulars for each member, it will be seen at a glance when he analyses the larger items of military expenditure, where they have come from? In short, what may be their history? So, I do not think that on the whole our military expenditure has been so very extravagant as some people think having regard to all the matters I have referred to. I do not think it is.

“Then, Sir, to be very short, I will not say more on the question of military expenditure. I think that the Military Adviser of the Government, in answer to the Hon'ble Mr. Surendranath Banerjee, has given us a very complete and very illuminating statement. I think that statement ought to satisfy every Indian here. We ought to be gratified that the Government is doing all it can to improve the prospects of the Indian troops. It may be that later on, when the League of Nations is established, of which I have very grave doubts myself (because whatever people may say human nature is human nature after all) there will be a large and satisfactory reduction of armaments. But the League has yet to be established. It may take years. In the meantime, I hope, Sir, that when a firm peace is established very soon, we may be able to demobilise the army and get its strength reduced compatible with perfect safety. I am quite sure that the Finance Minister will be the first person and His Excellency the Commander-in-Chief too, to see that we economise to the utmost possible extent consistent with efficiency. I admit, and I have often admitted, that our present land-revenue and assessed taxes between them absorb in fact the whole of the military expenditure, possibly more.

“Now, coming to railways, I have heard a great deal being said about them. This again is another subject to which I have paid very great attention for the past thirty or forty years. After Lord Inchcape's Committee sat and made its report, I was the only person in all India who wrote a series of articles thereon. These articles were afterwards collected in pamphlet form, and I believe I sent several copies to the Government of India and also a copy to my friends Sir James Meston and Sir William Meyer. There, I said that at that time, in 1909, railways were being built at what you may call a breathless pace. I was one of those who said that irrigation works must have precedence over new railways and more attention bestowed upon them. I am glad to say that since those days irrigation works have been completed, I mean almost all the great works which our great engineers, Sir Scott Moncrieff and others of the Irrigation Commission had recommended, and which the Government of India afterwards adopted. Since then, of course, several other large projects also have been started, and I daresay we shall go on with them. Nobody can deny that irrigation is one of the principal problems of the State in India, because the more we have of irrigation the more we shall grow wheat and other agricultural products. We shall be better able to feed our growing population, and possibly be able to export the surplus which will bring additional wealth to this country. Therefore, irrigation is a source of wealth as much as railways are. But I am informed that one of the reasons why irrigation works at present cannot be carried on vigorously is this: that Government have not enough water-works engineers to cope with the work. So many people are being employed in England and elsewhere that there is a great dearth of engineers to carry on the works. There may be other reasons too which I do not know, and perhaps the

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Finance Minister will possibly be able to tell us what they are, but I do say that irrigation works are now on the whole well nigh completed by Government, and it may be that there are a few more which remain. According to the Budget estimates about agriculture which Sir Claude Hill will introduce, I think we are going on the right lines and smoothly; and I have not the slightest doubt that when peace is restored, we shall do more in the cause of irrigation. Coming to railways I do say, Sir, that although I was one of the severest critics of Government who ten years ago said that railways were being built at breathless pace, at the present moment I am convinced by the experience of the last four years that the expenditure which is now going to be incurred both the £6½ million on the revenue side and the 17½ millions by loan are absolutely necessary. Consider the enormous depreciation of railway stock. Consider what a large number of waggons, locomotives and other railway materials have been transplanted to Mesopotamia and elsewhere. Could we have conquered Palestine, could we have gone on to Kut and Baghdad, could we have so ably defended the Suez Canal but for these? I do not think so. I think, Sir, that India has helped a vast deal in bringing that success in Asia Minor that we are witnessing to-day. We ought really to congratulate ourselves that India has been so very helpful. She has been helpful in many ways, but she has been particularly helpful in Mesopotamia. Consider the amount of rolling-stock, waggons, etc., which have gone there. It is a good fortune of ours that we have in our midst the Tata's Iron Works; otherwise we would have been obliged to get our steel rails from England; and you may consider what a larger expenditure that would have involved. Therefore, in a way, the great Tatas are really helping the Government and the people since they have been able to supply a great deal of war material, particularly steel rails. That being so, it is absolutely necessary now that we must replenish our rolling-stock and put all systems of our railways in a position to carry on the enormous traffic that is bound to ensue. Most of it is at the present time mere scrap of iron and may be sold for what it is worth as such. If you, therefore, look to the estimates and other things you will find that we shall have to incur immense expenditure, but of a reproductive character on this account. You cannot get railway materials, steel rails, etc., etc., from England at the prices which you paid four years ago. I do not think that for another three years India will be in a position to buy as cheaply as she did, say, in 1914. Well, if these matters are taken into consideration, and if the President of the Railway Board will put before us all the details of the estimates as to how he has arrived at those figures, I think every Member of this Council will be satisfied that the amount was worth incurring. A curious circumstance that I noticed in the speeches of many of my colleagues who inveighed against this railway expenditure, is their inconsistency; in one breath they bitterly complain of the heavy railway estimates and in another, they complain that 'corn is very dear; freights are very dear; we cannot get on. The merchants complain.' Why? Because the railways are all jammed or congested and they cannot bring the produce from the interior as soon and as best as they can possibly do. If that be the condition then I suppose everybody will reasonably admit that necessarily we have to replenish our railway materials, rolling-stock, etc., and put them in such a position of efficiency as to enable them to bring corn and other products from one end of the country to the other as speedily as possible and in a cheaper way. It is for the purpose of getting food and other products that the large expenditure now absolutely necessary on railway account must be incurred. Our exports of produce bring us wealth; and our exports being limited, why, our imports also have been limited. That is exactly the reason why we are obliged to extend our paper currency. Silver and gold could not be imported because there is an embargo and then there are the very limited imports. If anybody looks at the trade returns he will find that the balance of trade in favour of India has been about 300 crores during the last four years. Where is that money gone? It is very largely hoarded no doubt. Silver has been pouring in in stream after stream and rupees, coined to back up the enlarged currency which was absolutely necessary, from time to time, swiftly disappear. Where have these crores of newly coined rupees gone? People hoarded gold and silver because they were afraid

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that they could not get these precious metals owing to limited imports and the embargo. There is a great scramble for silver and gold all over the world; and there will be greater scramble when peace is established. Every Government, even the smallest European Governments, will require them, and we shall perhaps be furnished for gold. The people are wise; they think that if they can get gold and silver and hoard it before the famine in these precious metals overtake the world they could melt it any day. That is one of the reasons of the abnormal hoarding. It is only when exports and imports increase that things will become normal and hoarding will cease and the rupees come into active circulation. It is for this purpose that our railways should be so fully recuperated as to be able to carry more and more goods to the ports for exports and internal trade. The larger the exports the greater the imports of goods which will certainly diminish hoarding and release the silver now disappearing so fast as it is coined. Mr. Sarma is very anxious to see that the currency which is partially inflated should be brought to a normality. The Finance Minister has very largely dealt with this subject in his speech, and I think that as soon as the normal condition of things is established, as far as railways are concerned, we shall be all the better economically and forge ahead.

"I will only add a few more remarks. I do not want to take up the time of the Council. I do not want to be told by the President in Council that I have exceeded my twenty minutes. A good deal has been talked about education and about sanitation; it has been said that we should spend more and more on them. But have they looked and compared these items with those of last year? Look at the increase on education and compare the actual accounts of 1917-18 with the Budget estimates for 1919-20. There is an increase of 44 per cent.; that too, at a time, of stress and in spite of the Hon'ble the Education Member being only too keen to give us double or treble the sum budgetted for. Coming next to the item of sanitation, there is an increase of 348 over the accounts of 1917-18. It is equivalent to an increase of 57 per cent. Can this be called starving sanitation? Our people do not seem to understand that Government has no pagoda tree which has simply to be shaken to get unlimited amount of rupees from which to spend 200 or 300 crores on sanitation and education! Practically while military expenditure, heavy as it has been complained, is only 41 per cent., whereas in reference to the items of education and sanitation the increases actually come to 44 and 57 per cent. Government is a limited concern and its resources are limited, India's financial resources are extremely limited in comparison with those of the flourishing countries in Europe. Then there is the question of housing; this is a difficult problem; there are 75 to 80 per cent. of the population living in one-room tenements; that being so can you expect any better results of mortality than those annually recorded? It is the duty of the public, and it is the duty of all large employers of labour to cordially co-operate with the Government and see that the housing problem is satisfactorily settled. If this is done, I am sure the mortality statistics will be greatly reduced. An increase meanwhile of 57 per cent. in sanitation is not bad; on the contrary, I say it is very good. We have been talking about Police, but there is an increase of only 12 per cent. We have been talking about Medical expenditure. I see we have an increase of 38 per cent. over the accounts of 1917-18. Lastly, we come to agriculture. Look at the United States which has been spending crores on this. But the Agricultural Department is only of recent creation. Still I must say we are annually doing better and better. To have an increase of 26 per cent. is certainly satisfactory. We have to remember that this is a transitional period; so that taking everything of an exceptional nature into consideration, I regard the Financial Statement as a very good one, and I congratulate the Hon'ble Sir James Meston on the admirable and luminous manner in which he has presented it, especially that essay on the 'outlook' which should be read, marked and inwardly digested by those earnestly interested in our finances. The future, I fear, will not be very bright for some time to come; the burden of taxation will be heavier;

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our interest obligations will be a great deal larger. We shall have perforce to meet vast sums as interest charge on the growing national debt, so that our resources for meeting expenditure on sanitation, education and other desirable objects, will be limited in proportion to our resources. I conclude by once more congratulating the Hon'ble Sir James Meston on his luminous Budget speech and its weighty reflections."

3-41 P.X.

The Hon'ble Mr. H. F. Howard:—"Sir, the Hon'ble Sir James Meston has asked me to speak on one or two points. I have a grievance against the Hon'ble Sir Dinshaw Wacha for having taken out of my mouth a good deal that I was going to say. Now, the first point on which I shall touch is that of railway expenditure. I have no doubt this will be discussed when Mr. Sarma brings up his threatened Resolution in the second part of the proceedings, but there is one essentially financial aspect of this question, that is the remunerative character of our railways. I think the Hon'ble Mr. Ironside touched briefly on this in his speech, but it is apt to be overlooked. Railways have been for many years almost the backbone of our revenue system; they have been bringing in very large sums indeed, and the nett profits after paying all expenses, such as working expenses, the interest on sums borrowed for building them, and so on, have amounted to very large sums. In 1917-18, the figure after paying all these expenses amounted to £9·9 millions. This year we expect it will be £11 millions. That sum is larger than we can ordinarily expect, because railways have been starved on the revenue side. But after paying all expenses we expect that next year the sum will still be £6 to £7 millions. I think, therefore, that those who ask us to reduce the railway grants and speak as the Hon'ble Mr. Patel did of 'railway magnates battenning on sums beyond their wildest dreams,' are, to put it plainly, ignorant of the real position. What they are asking us to do is to 'kill the goose that lays the golden eggs,' and if I have anything to say in any advice I give to the Hon'ble Sir James Meston it will be to keep that goose alive. There are just one or two other points that I wish to mention in connection with the railway grants. Those Hon'ble Members in this Council who ask us to starve this poor goose are apt to blame it for not doing what it should do. We had a lecture last year from the Hon'ble Pandit, who is not in his place now, about the hardships of 3rd class passengers. We recognise that this is not as it should be, but obviously shortcomings in this respect cannot be rectified unless our railways are placed in a position to carry the traffic required. The Hon'ble Mr. Shukul has asked what we are doing to stop famines. I am afraid that we cannot control the monsoon, but Mr. Sarma's remedy of relieving the congestion on the railways by obtaining additional shipping would not help in the carriage of grain to the districts where it is required. Mr. Shukul said that we are doing nothing for the agriculturist suffering from scarcity. I should like to mention that in the current year we are estimating for remissions 49 lakhs, suspensions of revenue 256 lakhs, and direct famine expenditure 81 lakhs. Next year we have provided for remissions and suspensions of revenue 65 lakhs and 166 lakhs, and for direct famine expenditure of 172 lakhs. I think that Mr. Shukul also overlooked the enormous sums that we have allowed in past years on protective works. These and our productive works undoubtedly at a time like this have been of great protection to us, and I do not think they can reasonably be ignored.

"There is just one other point, Sir, that Mr. Sarma touched on. He asked us why we had incurred all this unnecessary expenditure under the head 'Miscellaneous' in the current year. I would just like to refer to some of the items. In Bengal and Central Provinces and the United Provinces the chief increases were due

The Hon'ble Rao Bahadur B. N. Sarma:—"I referred to Miscellaneous, Army. I did not refer to the head 'Miscellaneous.'"

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The Hon'ble Mr. H. F. Howard:—" I beg the Hon'ble Member's pardon. I understood that he was referring to the figures under the ordinary miscellaneous head which include charges such as grain shops and relief of scarcity, and so forth.

" I think, Sir, these are the only points that I desire to refer to."

The Hon'ble Sardar Sundar Singh Majithia:—" Sir, in going through the Financial Statement and the Narrative of the Hon'ble Sir James Meston one finds that he has most economically and with great ingenuity tried to handle the resources of the country to make two ends meet and to get through the difficulties of the situation which was presented to him. He would have met the normal requirements at the present juncture, but the legacy of heavy liabilities on account of the war, coupled with the agricultural situation, has made his task very difficult. It is, therefore, most gratifying to find that he has not only avoided heavy taxation, but has seen his way to grant relief to people with small means who have been hard hit by raising the limit of taxable income from 1,000 to 2,000 rupees. This concession will be gratefully received by the people of small means, and will be greatly appreciated by them, but it cannot materially benefit the middle class agriculturists who along with the other members of the community have to meet comparatively heavier expenditure to carry on their agricultural pursuits. The epidemic of influenza and its effect upon agricultural labour has hit the ordinary agriculturist very hard, and but for better prices his position would have been extremely delicate."

8-43 P.M.

" The war has, thank God, come to a victorious end, and the armies of His Majesty the King-Emperor have gained a well-deserved victory, and the cause which was upheld by His Majesty and His Allies has triumphed over the militarism of the Central Powers and the enemy has been sufficiently crippled not to be able to take up arms in future and to ruthlessly disturb the peace, and this might enable us to provide less for the army in future; but the after-effects of war will necessitate our not being sparing in the needs of the army and the country must be prepared to meet the needs of an efficient army for the defence of the Empire. This will naturally require larger allotments than has been the case hitherto, as the present war has taught that aeroplanes, armoured cars, tanks, and other scientific methods of warfare and the improved transport must cost comparatively more than what used to be spent hitherto. Keeping all this in view I have to join the Hon'ble the Finance Member in thanking His Excellency the Commander-in-Chief for his rigid economy in putting forward his demands, and though our expenditure would be practically half of the total outlay of the country, I think it could not be grudged and we must not hurry in cutting down military expenditure as the improvements in other directions depends upon the peace and prosperity in the country, and the army, no doubt, plays its necessary part in securing this to the country. While on this point I would strongly urge the throwing open of higher posts to Indians in greater numbers than has hitherto been done. In the giving of these posts I regret to observe that my community, which has been foremost and unstinting in this branch of the service of the Empire, has not received its adequate share of these posts, and this has caused disappointment in Sikh circles. I would, therefore, press the claims of my community as also of others with military traditions upon the attention of His Excellency the Commander-in-Chief, and have no doubt that the matter would receive his kind consideration.

" The next item of heavy outlay has no doubt been claimed by the Railway. It has to be conceded that we have to make up for past curtailments due to war. The Hon'ble Members of this Council are no doubt aware of the inconveniences which the travelling public and the commercial community have had to put up with owing to the curtailment of train services, both passenger and goods. I have seen, Sir, large consignments of goods lying on railway stations, in goods yards and even on platforms, and in many cases being damaged or deteriorated by climatic effects due chiefly to want of necessary waggons and the provision of larger train services. I know that many a trader would

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be willing to join together and pay for the running of special goods trains to rail their wares to centres where they could be profitably disposed of, but the want of rolling-stock and locomotives is, I believe, in the way, and I therefore think that the Hon'ble the Finance Member was right in giving the second place in his Budget to the needs of the Railway, and I think it should not be grudged. I quite admit that the needs of education and sanitation are also paramount, but their requirements have not been forgotten by the Finance Member, and with the hard times before him he has given comparatively larger allotments in his Budget. We find that compared with the figures of last year he is giving 1 crore and a little over 37 lakhs to education, 40½ lakhs to sanitation, and nearly 29 lakhs more to agriculture. The Council will thus see, Sir, that the Hon'ble Sir James Meeson has not been unmindful of the needs under these heads. I must say that these departments require more, and I am sure the Education Department would find no difficulty in spending more if the funds were available, as thus alone could the illiteracy of the people be banished from the country. If people are to be fitted to take an intelligent part in the coming reforms, greater amounts will have to be spent on education. I have to thank the Government for the beneficent grant of three lakhs to the Khalsa College, and this no doubt will be gratefully appreciated and will come in very handy to the institution to complete the main building and to provide additional hostel accommodation for the increasing number of students who have to come there to fit themselves for life as useful citizens of the Empire.

“As to the tendencies of the people to hoard money in war times, I am one with the Finance Member in regretting this, but it must be admitted that this is a great deal due to the low standard of education amongst the people, and Sir James Meeson could not expect a great majority of illiterate people to rise equal to the tests of high financial efficiency. It is the village people who have eventually to deal with the paper currency, and the average villager with his want of education cannot be brought up to the new way of thinking. Even the leather notes of the great Qaran had a golden nail embedded in it. Though, therefore, the habit of hoarding is to be very much regretted and deprecated but under the circumstances it is excusable to some extent. I think the restrictions on the importation of gold and silver due chiefly to tonnage difficulties accounts to some extent for the extra demand on the metallic currency. I fully realize the strenuous labours of our late Finance Member Sir William Meyer and the Department over which he ruled to meet the situation, and Sir James Meeson's praise is fully merited.

“On the whole, I have to offer the Hon'ble Sir James Meeson my hearty congratulations for the skilful and able handling of the situation and resources at his command. He has not been unmindful of strict economy, and I have no doubt that with better times his hold of the strings of the Government Exchequer would not have been so tight. He has to grapple with the peculiar situation, and our sympathies are with him in his arduous task. With better times I have no doubt the legitimate demands of education, sanitation and agriculture will receive more liberal treatment at his hands.”

8-55 P.M.

The Hon'ble Sir James Meeson:—“Sir, the interesting discussion to which we have just listened has covered such a vast range of topics that it would be quite impossible to attempt to deal with it adequately during the short time that is left to Council to-day. I propose, therefore, to allude only very briefly in the first place to certain general propositions which have been emphasised in the course of the discussion, and, in the second place, to touch briefly upon certain arguments, either because they were imperfectly stated or were misleading in form, and it is undesirable to allow them to be passed over in entire silence. Before going on to that, Sir, I wish to express my thanks to the various Hon'ble Members who have been good enough to say pleasant things about the Budget and about myself personally. It is indeed a great pleasure to be back in this Council. I was one of the Members of the first Council that sat under the then new Minto-Morley Reform Scheme at Calcutta. There are still a few Members of those days present here. It was a very

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interesting gathering full of emotion and excitement. The leadership of the opposition was in the capable hands of Mr. Gokhale, whose inspiring influence and control over the non-official side of the Council was undoubtedly the dominant characteristic of that gathering. Therefore I say, Sir, it is a pleasure to be back here again at a time when further great reforms are in prospect, and when this Council is looking forward to step into a larger and more responsible share in the government of the country. The dominant feature of the Budget to-day has been the old story that Government gives too much attention to, and bestows too large a share of its funds on, the material progress of India, and too little on its moral, social, industrial, educational development. The story is one, Sir, on which, I think, we must await the verdict of history and of the verdict of history I am sure that none of us are afraid. We have made mistakes; we have made a grave mistake, I believe, in thinking, as we did, that we could leave the people of India to themselves to work out their own moral and social development. They clearly wanted much greater aid, much greater, more definite, more courageous assistance from the Government than they have received. But we did honestly believe, and we acted on the belief, that the first and greatest thing that lay to our hand was to make the people of India more contented and more prosperous, and in that way to make them readier to welcome the inevitable advent of economical and social progress. In that, Sir, I do not confess that we have failed. The Hon'ble the Maharaja of Oossimbazar did me the honour a few minutes ago of saying that I knew very little about the conditions of the people. I have no desire to enter into competition with the knowledge of the Maharaja, but I have not lived and worked in India for 33 years with my eyes shut, and I do say that in my time in India I have seen a very marked and very striking advance in the standard of comfort of the people of this country, an advance which has taken place among all classes of Indians in that period; and so I repeat that on that side of our task I am not afraid of the verdict of the future. However, be that as it may, the fact is that another chapter of this story is now coming to a conclusion and we are turning over a new leaf and starting a new chapter. New powers and new responsibilities are going to be given; we sincerely hope are going to be given to the representatives of the people under a scheme which we trust will very shortly materialise. These powers and these responsibilities will enable the chosen of the people to help us and stimulate us, to enter into partnership with us and take a much larger part in the development of these educational, sanitary, industrial interests about which we have heard so much to-day. With that I think I might very well leave the subject, except that it would be a grave discourtesy to pass over without a word of appreciation and a word of thanks some of the speeches, more particularly those of the two veterans in this Council, my Hon'ble friends Mr. Surondra Nath Banerjea and Sir Dinshaw Wacha. In the earnest and eloquent plea in which Mr. Banerjea has put forward for education and sanitation, I can assure him that he is preaching to an audience on this side of the Council who do not need to be converted. There is not one of us here that does not recognise the paramount importance of the causes which Mr. Banerjea has so forcibly advocated; there is not one of us who does not believe in his heart that without a generous and forceful programme in the matter of education and in the safeguarding of public health, our political progress will be little more than a mockery and a delusion. I personally, Sir, should like to see a great national movement, supported by a great national fund for true education, the education of the voter of the future to appreciate his civic duties, to recognise the power that is passing into his hands, and to learn wisely to use and exercise that power. I am not without hope that some great national movement, some great national fund of that sort will shortly materialise; and then I should like to see something parallel on the side of public health. If these things are to come, they will be, we hope, the first fruits and the proud fruits of the new regime. However, Sir, to-day we are discussing the Budget, we are not discussing the political future of India; and when we come to translate into practice and into figures (for that is the duty of all of us in the course of the Budget debate) the aspirations which have been given voice to in the course of to-day's discussion, I am not sure that some of our critics always treat us quite fairly.

An attack, for instance, has been delivered to-day upon the large sum which we have given for the extension of railway facilities. My merry friend, Mr. Kharade, described railways as a pure luxury, and others seem to regard them as a great nuisance, but the Hon'ble Mr. Ironside and the Hon'ble Mr. Howard have delivered a defence and the Hon'ble Sir Dinshaw Wacha on his side has taken up the cudgels on behalf of the railways in a manner which leaves me under the necessity of saying very little more on their side. I would like those who believe that £17½ millions is an excessive sum to devote next year to railway development to understand exactly what it implies. It simply implies this. For the last four years we have been devoting practically nothing to railway extension, and we have to distribute a very large share of that £17½ millions over four years of past neglect. If we go through that very simple arithmetical process, I am inclined to think that the real rise in railway capital expenditure next year would be something negligible. Now, if we drop pure rhetoric on the subject, if we refrain from flights of fancy on the figures, if we try to persuade ourselves that it is worth looking twice at the proposition that education is starved, sanitation is starved, industries are starved, we should probably open the Financial Statement, and more particularly that valuable memorandum signed by Mr. Howard, which follows it, and dig for ourselves a little more into the figures. Mr. Banerjee and Sir Dinshaw Wacha have done a little digging, but some of their colleagues, I am afraid, have not. If they will look at page 46 of Mr. Howard's memorandum they will find that next year the provision for education over the whole of India is 7 crores and 30 lakhs. I am taking Imperial and Provincial together: it is obviously essential they should be considered in combination. This figure as against 5·93 crores for the current year represents a rise of 23 per cent. in one single year. If they turn over a few pages more and come to sanitation, they will find that the proposed expenditure for next year is 1 crore 48 lakhs, against 1 crore 3 lakhs this year—a rise of 40 per cent. These percentages do not seem to me to be particularly bad for one single year and that a year in which, as most of our critics have recognised, our general financial difficulties are very considerable.

"Similarly, I do not think they have done sufficient justice to the Report of the Industries Commission and the imposing programme which my Hon'ble Colleague, Sir Thomas Holland, will very shortly place before the country. At the present moment it is being investigated with the greatest possible rapidity—with a rapidity accorded, I venture to think, to no similar programme in the records of the Government of India; and I have little doubt that you will find in the next Budget, whatever provision the Hon'ble Sir Thomas Holland considers possible to employ during the next year. I may go further and say that if before next year's Budget he finds it necessary to utilise money for the beneficial development of industries, he will have no difficulty in getting it out of me.

"From these general propositions, Sir, I turn to a few of the more miscellaneous—I trust I may call them that without offence—miscellaneous fallacies voiced by Hon'ble Members in the course of to-day's discussion. My Hon'ble friend, the Maharaja of Coosimbazaar, in the course of his address, employed a sentence which I tried to take down at the time, and which, I think, was to this effect. He said 'Here is a poor country like India being saddled with England's military expenditure in Mesopotamia and East Africa'. I hope I did not misunderstand my Hon'ble friend; but if I did not, then I think that he will discover, if he will examine the statistics in the Narrative of our military expenditure, that he has been ill-advised on this particular topic. Practically the whole cost of the military operations in Mesopotamia and East Africa was borne by the British Treasury, and the only part that we have taken in it, by way of financial assistance, has been in the form of the two donations which were offered to the British Treasury last year and again in September. I am sure that the Hon'ble Member would not like to see either of those donations withdrawn, and I am sure he is not ashamed of them. I know him too well to think that his patriotism is shallow enough for that. As regards military expenditure generally, all that could be

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said on the subject has been well and fully said by the Hon'ble Sir Godfrey Pell.

"Again, my Hon'ble friend the Maharaja, in the course of his address, expressed a wish to see railways nationalised, and the Hon'ble Mr. Sarma expressed the same aspiration with regard to shipping. I turn to the speech which has been placed on the table and treated as read by our Hon'ble colleague from Madras, in which, like a second Cassandra, he tells us that everybody and everything is wrong; and there I discover that he talks in most melancholy tones about the rapid advance which this Government is taking in the direction of State socialism. To which leader are we going to turn?"

"Another little point which I noted at the time was the Hon'ble Mr. Chanda's statement that Local Governments have not been allowed to draw on their balances for sanitation. It is true that sanitation was not mentioned among the particular subjects which Local Governments might use as reasons for withdrawing their balances; but here again a little study of the figures will show him that they have not failed to exercise a very wise discretion in utilising their past savings for this very desirable purpose. On page 53 again of Mr. Howard's memorandum he will find that Local Governments have increased their sanitary allotments for next year by over 30 lakhs.

"The same Hon'ble gentleman made, as I understand, a grievance of it that we had not helped by a special grant a college which lies very close to his heart in Assam. I find that the Province of Assam has a closing balance next year of 38 lakhs. I hope he has done all that he can to get a grant out of that before he comes to us; and if he has not, I hope that he will do so now.

"The Hon'ble Mr. Patel asked me two specific questions. The first was whether Parliament had sanctioned the appropriation of the revenues of India to the extent that was proposed during next year for the assistance of military operations outside India. My reply is that Parliament has not yet, as far as I know, sanctioned this. Parliament has not been continuously in Session and has been occupied with many grave matters of State since the end of the war. It is quite possible that there has been no opportunity for the Secretary of State to put the matter formally before Parliament. I have no doubt, however, that when he does so, Parliament will accept the gift in the same spirit in which that gift was offered by India.

"The second question the Hon'ble Mr. Patel put was whether the increased pay for the Indian Medical Service and the Indian Police Service which has been sanctioned by the Secretary of State comes within the present Budget. I am not able to give him a categorical answer, because I have not the detailed provincial figures before me, but I have little doubt they are there. If they are not there, they will be put there in due course.

"One or two Hon'ble Members have spoken on the subject of irrigation, pointing to the unsatisfactory nature of the grants allotted to irrigation as compared with the more generous grants made to Railways. I have no doubt their apprehensions will be relieved when my Hon'ble colleague Sir Claude Hill opens the next stage of this discussion. But I think, I ought to assure the Hon'ble Mr. Sarma that there is really no reason to fear, as he seems to suggest, that in entering upon any large railway programme, we lay ourselves open to the criticism that we do so in order to give employment to British workmen in England, and that the absence of any such consideration has influenced us in keeping down our irrigation programme. On the contrary, I most cordially agree with the Hon'ble Sir Fazulbhoj Currimbhoj in the enormous importance he attaches to irrigation. We have given every rupee that was asked for, and I trust we will continue to do so. There are, as Hon'ble Members will recognise, vast differences between the capacity for progress in irrigation schemes, and the capacity for progress in railway schemes. It is very easy when you have got a railway running into a certain town, when funds are available, to extend the railway to another town further away. It is a very different proposition to construct a new canal. The space left on the map of India for the making of new canals is very limited, and

[*Sir James Meston ; Rai Sita Nath Ray Bahadur.*] [7TH MARCH, 1919.]

projects which are now in prospect are immense projects which will require the most careful and anxious professional scrutiny before they are finally sanctioned. As soon as they are sanctioned, I think I can promise, in so far as in me lies, that the money shall be found.

“ Then the Hon'ble Rai Bahadur Sita Nath Rai rebuked me for what he called my 'incubus of the mythical millions buried underground', and told us that there is no hoarding in India, that the habit of hoarding has been forgotten, that money is coming freely into investments. I find my Hon'ble friend Sir Dinshaw Wacha took a somewhat different line on the same subject. But the proposition to my mind is simply this: during the last four years we have turned out of our mints twelve hundred million silver rupees, and wherever I go to-day I never succeed in finding one. If I present a five-rupee note at a shop here in Delhi, I get four discoloured rupee-notes and some small change. If I ask for rupees, I am treated as if I were an enemy of the gentleman who owns the shop. Well, what has happened to all these rupees?

The Hon'ble Rai Sitanath Ray Bahadur :—“ They have been converted into ornaments.”

The Hon'ble Sir James Meston :—“ I suppose that is another proof of the growing poverty of India. I shall not detain the Council longer. There is a great deal on which I should like to speak, more particularly on the vast field which has been opened up in the discourse of my friend, Mr. Sarma. But I resist the temptation. The Council has recognised, and recognised generously, that in a time of high prices, unsettled trade and many future uncertainties, it is very difficult to get reliable estimates at all; and it is of the first importance to get estimates which are cautious, humdrum if you like, orthodox. Those are the sort of estimates which we have to put before you this year. It is a period of transition; nothing sensational, nothing generous was possible. The Council have also expressed in unmistakable terms their adhesion to our faith in the financial future of the country, the progressive prosperity of India and the growing employment of its resources in a wise campaign which must necessarily take a two-fold character. Each side of that campaign supplements the other; neither would be possible without the other. One is a campaign of social, moral, educational, industrial advance; and another is the continuance of our present reasoned development of the material resources of the country. To these hopes and aspirations the Government of India unhesitatingly subscribe.”

The Council adjourned to Saturday, the 8th instant, at 11 A. M.

DELHI ;
The 12th March, 1919. } **H. M. SMITH,**
Offg. Secretary to the Government of India,
Legislative Department.