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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
Monday, the 10th March, 1919.

PRESENT :

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice-President, presiding,*
and 52 Members, of whom 46 were Additional Members.

OATH OF OFFICE.

The Hon'ble Mr. William Malcolm Hailey, C.S.I., 11-8 A.M.
C.I.E., made the prescribed oath or affirmation of allegiance to the Crown.

FINANCIAL STATEMENT, 1919-20.

THIRD STAGE.

The Hon'ble Sir C. Sankaran Nair :—“ Sir, I beg to introduce 11-9 A.M.
the following heads of the Financial Statement for 1919-20 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Sanitation.	Sanitation.
Education.	Education.

“As regards Education, it will be seen that the revised Budget Estimate for the current year was nearly 594 lakhs, while the Estimate for 1919-20 is nearly 731 lakhs. The reasons for this are explained in the memorandum published in the Gazette of the 21st instant. During the past two years our Imperial grants for Education have been increased by 90 lakhs recurring, namely, 30 lakhs for the training and pay of teachers, 30 lakhs for elementary education and 30 lakhs for industrial and agricultural education. Excluding this last grant, since we do not know the proportion of it which will ultimately

be used by the Department of Revenue and Agriculture, the recurring Imperial allotments have now risen to 184 lakhs a year, and the whole of this addition has been made with effect from the year 1912-13. From the close of 1910-11 up to date the Imperial assignments (capital and recurring) allotted to Education are not far off a total of 14 crores, nearly the whole of which has been assigned to the provinces. These calculations do not include the annual grants of 40 lakhs made in 1902-03, 40.4 lakhs made in 1904-05 and 5 lakhs in 1906-07. The orders against the utilisation of provincial balances during the war and the delay in the maturing of certain schemes account for considerable balances standing with Provincial Governments, especially Bengal, out of the assignments of the past six years. It is to be hoped that this money will now be put to use and Hon'ble Members will observe that an increase of 46 lakhs is anticipated in the coming year in the expenditure from Imperial grants, while it is encouraging to find that the provision from ordinary provincial resources is about 58 lakhs more than in the revised Budget of the current year. As regards the last Imperial grant of 30 lakhs, the Revenue and Agricultural Department enjoyed the lion's share during the current year. The Education Department took 9 lakhs and has distributed it all. No one, I am sure, certainly not I, would grudge the money devoted to agricultural education. But I must demur when my Hon'ble Colleague says I was not ready when the flag fell. At that time the Industrial Commission's report had not even appeared and large expenditure on industrial education on the eve of its appearance would have been little less than a mark of disrespect to the Commission and might have resulted in that sort of wasteful expenditure which my colleague has so rightly deplored. For the same reason, the distribution had to be made for non-recurring objects and for those schemes which were the most ready or which it appeared most useful and simple to bring into effect. We hope to utilise a larger share next year as I trust that Local Governments will shortly be ready with schemes framed in accordance with the recommendations of the Industrial Commission's Report. It is possible that we may use some part of this allotment on Imperial institutions should it be decided to bring them into being.

" Mr. Sharp will presently lay on the table the figures and the usual brief narrative for 1917-18. The increase in public institutions during 1917-18 was 4,558, while that of pupils was a little under 100,000. This shows a slackening of the pace of progress which fortunately had been maintained during the earlier years of the war. It is hardly a matter for surprise that the effects of the war showed themselves in that year in our educational figures. But if adverse circumstances have tended to lower the rate of progress the enthusiasm for the spread of education has shown no diminution. The closing period of the war has been marked by a noteworthy movement in favour of compulsory primary education. This, as suggested by Sir Harcourt Butler in one of his speeches on the late Mr. Gokhale's Bill, has taken the form of Provincial legislation. In five of the major provinces measures permitting of the adoption of compulsion have been passed or have reached various stages. In some cases they were introduced as Government and in some cases as private Bills. It is now therefore at the option of local bodies so empowered to introduce compulsory primary education provided they are able to make necessary arrangements and to show Governments the advisability of such action. With a view to this end they will be able to raise special taxation.

" This does not of course imply that Local Governments will not assist in introducing such measures in areas where such assistance is required. Indeed, the Government of Bombay have, by rule, guaranteed one-half of the cost of providing free and compulsory primary education incurred by a municipality for this purpose in any given year, and cases are contemplated in which even a larger grant will be given. Thus the initiative for further progress now largely falls, in some of the provinces, and will tend more and more to fall upon local authorities. At the same time I should like to say that I fully appreciate the spirit underlying Mr. Sarma's Resolution put forward on Saturday about larger provision for primary education. No one would rejoice more than myself

[10TH MARCH, 1919.] [*Sir C. Sankaran Nair.*]

to see such money given. I endorse all that Sir James Meston said about the prime importance of getting a number of trained teachers. We have, as this Council is aware, made recent provision for this and for raising the pay of teachers, and reports show that provinces are making a wise use of this grant.

“Under Sanitation the principal feature is the growing increase in our expenditure. The Budget Estimate, both Provincial and Imperial, for next year provides for an increased expenditure of 40.25 lakhs. The Provincial estimates are responsible for 30.91 lakhs of this increase. There are many who may not regard the increase as adequate and who will think that the Government is not spending enough on sanitation. That Government was fully aware of the inadequacy of the present expenditure was made clear in the Circular of June last on the organisation of public health administration in rural areas. The Sanitary Commissioner calculated the additional cost of his proposals at a lakh of rupees for every million of the population. Nor is this all. There are the problems of housing, of better water-supply, of the protection of our ports against imported disease. If our expenditure is incommensurate to these many needs, it is (and here I am sure I may speak for the Local Governments) our poverty and not our will that consents to such a situation. We all heard what Sir James Meston said on Saturday about the Resolution on Sanitation, etc. My Department has its recommendations ready. The needs of Sanitation are indeed inexhaustible. I have already spoken at some length in answering questions on the ravages of influenza. Fortunately such awful visitations are rare.

“The sanitary reserve at the disposal of the Government of India was 8.08 lakhs. In introducing the Sanitation and Education heads of the Budget last year, I stated that some portion at any rate of this sum would be utilised in assisting Local Governments to provide for the improvement of the health conditions attending pilgrimages. A sum of 1½ lakhs was accordingly assigned to Madras, and sums of 1 lakh each to Bombay, the United Provinces and Bihar and Orissa. These allotments were intended for the improvement of pilgrim centres. In addition, one lakh was given to the United Provinces for the improvement of the pilgrim routes to Badrinath and Kedarnath. Thus 5½ lakhs were allotted for this laudable object. Of the balance, capital assignments were made for the housing of clerks in Simla, which was one of the recommendations made by the Simla Improvement Committee, and for minor Administrations. Half a lakh was given to Madras for anti-malarial work. Next year our reserve will stand at 8.17 lakhs. Hon'ble Members have already heard in the course of one of my replies what is proposed to meet the housing problem in Bombay city. I can assure my Hon'ble friend Sir Dinshaw Wacha, who takes so laudable an interest in this subject, that it is one the importance of which I fully appreciate.

“Next I have to speak of Research. The Indian Research Fund Association received during the year the full normal grant of 5 lakhs. The inquiries conducted under the Association continue to be circumscribed by the absence of a large number of officers on military duty, but during next year we are likely to get back many officers, and we can confidently look forward to a considerable expansion of activity. We have appointed a Special Officer to investigate influenza. As in previous years, allotments have been made for plague prevention experiments and hookworm inquiries. We are also assisting experiments regarding leprosy treatment. The success achieved by the laboratories in supplying vaccines to His Majesty's forces for the protection of the troops from the ravages of typhoid, para-typhoid and cholera has been remarkable. But regarding these and other kindred matters I trust my friend General Edwards will presently give you some interesting details. I need merely add the hope that in coming years the wide field which India offers for medical research will be fully utilised.

“Though I am not introducing the head Scientific and Miscellaneous Departments, the Education Department deals with several subjects classed under that heading.

[*Sir C. Sankaran Nair; The Vice-President; [10TH MARCH, 1919.]*
Mr. H. Sharp; Major-General W. R. Edwards.]

"All here are fully aware of the splendid work carried on by the Archaeological Survey under Sir John Marshall, who, I regret to say, is compelled by ill-health to go to England for a time. The Zoological Survey, though less in the public eye, has continued to do good service and has latterly assisted in research regarding the importation of disease. The popularity of the Indian Museum is maintained. All I need add is that during the current and ensuing years we have budgetted for an Indian War Memorial which will take the shape of a Museum at Delhi. It will be temporarily located in the Fort and, though the collection of exhibits is still proceeding, I hope it will shortly be open to the public. I think that all will approve the idea that India should possess a collection of trophies as a memorial to her effort."

The Hon'ble the Vice-President :—"Do I understand that the Hon'ble Member desires that others in his Department should supplement his statement?"

The Hon'ble Sir C. Sankaran Nair :—"It is usual for the Educational Commissioner to lay his report on the table. Mr. Sharp will do that."

The Hon'ble the Vice-President :—"The Hon'ble Member also referred to Major-General Edwards."

The Hon'ble Sir C. Sankaran Nair :—"Yes, he will also submit a statement."

11-18 A.M.

The Hon'ble Mr. H. Sharp :—"As is usual on this occasion, I beg to lay on the table the General Tables for education, also the brief annual narrative. In addition, I beg to lay the paper called the Statement of Educational Progress in India, or as it is usually called, Salient Features, which differs from the General Tables in that it gives provincial figures and also comparative figures over a series of years."

11-19 A.M.

The Hon'ble Major-General W. R. Edwards :—"Sir, my illustrious predecessor, the late Sir Pardey Lukis, when he addressed this Council two years ago, pointed out that scientific investigation and preventive medicine could never again be relegated to the background. Medical research is now admitted on all sides to be a vital part of Government activities. The appalling pandemic of influenza which swept over and ravaged the whole of India has drawn attention in an acute form to the urgent necessity, not only of developing all our existing arrangements for research, but also of applying the knowledge, so acquired, by means of efficiently organized public health services. I wish to say something further on these points, but before doing so, I will give a brief review of our activities during the last two years.

"The exigencies of the war demanded the reversion of the majority of the officers of the Bacteriological Department to military duty, where they formed the major part of the staffs of the Central Laboratories in Mesopotamia. Those remaining in India were engaged almost entirely on war work, that is in the preparation of vaccines, intended to protect the troops in India, and overseas, from typhoid and para-typhoid fever and cholera. I am proud to be able to say that, in spite of the enormous demands for vaccines, we have been able to meet such demands without indenting on the Home authorities, and we supplied His Majesty's forces in Mesopotamia, East Africa, Egypt and Palestine, as well as in India. The Central Research Institute at Kasauli developed its vaccine production to an almost incredible extent. The yearly average before the war was eighteen and a half thousand cubic centimeters. During the war it rose to over 2½ million cubic centimeters, and included anti-typhoid, cholera, pneumonia and influenza vaccines. From a monetary point of view alone the value of this Kasauli vaccine, for the period of the war, was about half a million sterling. In addition to turning out these vaccines, Kasauli also

[10TH MARCH, 1919.] [Major-General W. R. Edwards.]

equipped three laboratories, two of which were sent overseas. I am sure the Council will agree with me that the greatest credit is due to Lieutenant-Colonel Harvey, Director of the Institute, and his staff for their excellent and most successful work.

"The Bombay Bacteriological Laboratory at Parel has also enormously developed its production of vaccines, other than plague, which latter is their speciality and the manufacture of which continued. The total vaccines issued from this laboratory to the troops in India and abroad was over $1\frac{1}{2}$ million doses and in addition to this, the Director, Lieutenant-Colonel Glen Liston from June 1918, undertook the supervision of the bacteriological work in the base hospitals of Bombay.

"The Pasteur Institute at Kasauli also assisted in the war. For it treated no less than 2,177 soldiers sent from the war areas overseas.

"To all medical officers connected with the medical laboratories of India, and who, in consequence, were denied the privilege of proceeding on active service, I now take this opportunity of offering my thanks, for their unselfish devotion to duty and for their loyal co-operation.

"In spite of the war and the absence of so many of our officers, we have nevertheless succeeded in carrying out a considerable amount of research.

"An inquiry into diabetes was continued by Major McCay and his co-workers in Calcutta, and a series of papers which are of great scientific value are being published in the 'Indian Journal of Medical Research.' A report has just been submitted by the same officer on the treatment of diabetes which is also, in my opinion, of very great importance, and I propose to approach the Governing Body of the Indian Research Fund Association for funds, with which to continue these investigations.

"The Research Fund has continued to finance the inquiry at Poona on the subject of plague prevention, and Dr. Chitro, under the advice of Lieutenant-Colonel Hutchinson and Major Kunhardt, has made numerous experiments concerning the best methods of rat destruction. This inquiry has yielded good results which will shortly take practical shape.

"At Karachi, Lieutenant-Colonel Greig, working under the Indian Research Fund Association, continued his valuable work on cholera carriers, and he also investigated the anti-beriberi value of certain foodstuffs. His expert advice has been of constant value both to me and to the military authorities. Recently he has submitted a most valuable paper on influenza written in collaboration with Captain Maitra. From his laboratory at Karachi we have also had valuable studies on the curative values of certain drugs, such as chenopodium oil, and thymol, used in the treatment of ankylostomiasis, these were contributed by Captain Wrench, R.A.M.C. Lieutenant-Colonel Greig has just been deputed by the Government of India to proceed with Major Norman White to the Inter-Allied Conference at Paris in connection with Influenza.

"Lieutenant-Colonel McCarrison is on special duty in charge of an inquiry into beriberi, and is investigating other so-called 'deficiency diseases.' A very important paper on his initial results appeared in the January number of the Indian Journal of Medical Research. Three further papers from his pen are in the press and will be published in April.

"The study of 'hookworm disease' has been pursued by Lieutenant-Colonel Clayton Laue in Bengal and by Dr. Mhaskar in Madras. The results show that the incidence of hookworm infection is in many places nearly one hundred per cent. They have further shown that this disease cannot only be cured, but even eradicated, if only the people could be sufficiently educated in sanitary matters.

"Captain Knowles, who is Director of the Pasteur Institute at Shillong, is now engaged in an investigation as to the mode of infection of kala-azar, he also is being assisted by the Indian Research Fund Association.

"Mr. Awati has continued his investigation into the bionomics of house flies and has contributed papers regarding the specific differences of the genus

musca. This work is of much importance, as we know that the house fly is a terrible carrier of disease.

"Another insect engaging our attention is the sand-fly and an effort is being made to discover and destroy these pests in their larval state. This investigation is being conducted by Mr. Mitler at Lahore, who has done good work in this direction.

"Sir Leonard Rogers, among other activities, continues to conduct the general direction of an inquiry into the chemistry of chaulmoogra oil and other oils found useful in the treatment of leprosy. Meanwhile, the Mission to Lepers has instituted a trial, by qualified medical men and women, into the comparative effects of drugs thus prepared. These trials are under the general advice of Sir Leonard Rogers, and the Mission is being helped financially for this purpose by the Government of India.

"There are several other lines of research in progress in India: some of them are of a highly technical nature. For example, a study is being made regarding the best constitution of media, with reference to vaccine production on a large scale. This is engaging the attention of the staff at Kasauli, who are being assisted by Dr. Norris.

"Dr. Annandale has undertaken surveys in Madras, Persia, Baluchistan and North India in connection with molluscs, with reference to the possibility of the spread of Bilharzia. In the Bombay Bacteriological Laboratory valuable work has been done on molluscs by Dr. Soparkar. The staff of the Bombay laboratory has also been engaged in perfecting methods for detecting typhoid carriers. Captain Malone, who has come out with an excellent reputation for research, has recently been sent to investigate influenza.

"From what I have just said I am sure that all will agree that medical research work is of the utmost importance, and further that it is most necessary that we should give the inhabitants of India every chance of getting a first-class training in medical research, in India. Thanks to the energy of Sir Leonard Rogers, a school of tropical medicine with a special hospital of its own, attached to it, will shortly be opened in Calcutta, and now I have the greatest pleasure in stating that there is every prospect of another school of tropical medicine and medical research being shortly opened in Bombay. This school will be based on the splendid Parol Laboratory, which Colonel Glen Liston has by his indefatigable labours brought to such perfection. It will also have a special hospital of its own attached to it. That well-known philanthropist, Sir Dorab Tata, has by a munificent gift of a lakh a year enabled the Bombay Government to proceed with their school, which will not only be well staffed, but also have a number of valuable scholarships, including travelling ones, attached to it. We shall thus shortly have means of giving the best possible training in medical research to Indians. This will enable them to aspire, not only to professorships, but also to the winning of worldwide reputations.

"In addition to these schools it is very necessary that we should have at least two institutes of medical research. I want to see an Imperial Institute comprising an Imperial library and bureau of medical research opened in Delhi, and another institute opened in Southern India. For the first we must depend on the Government of India, and for the second I have reason to believe that we can rely on the munificence of the Tata family, and other wealthy philanthropists of that great Presidency of Bombay. I have just been asked by Sir Dorab Tata if a first-class expert could be found to visit India, at Sir Dorab's expense, to advise on this matter.

"So much for Research, but it must be remembered that without a Ministry of Public Health, such as is now being instituted in Great Britain, and well organised provincial Health services, the knowledge that we thus acquire cannot be efficiently applied. This at least is my private opinion. In such Public Health services all the officers must be responsible, not merely to the members of a Municipality or District Board, but through their superior officers to Government itself. It is only by means of well-paid and pensioned services that officers of public health can act efficiently, without fear or favour.

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"A third factor is, however, absolutely essential to the preservation of public health, and that is the education of the masses. Without this the best organized preventive medical service in the world must work in vain. An ignorant populace not understanding the meaning of advice, or the value of orders, will not follow the former, and will actively or passively resist the latter. District visitors and magic lantern lectures cannot do more than touch the fringe of the dense ignorance of the masses. There is only one way to remove this ignorance. The knowledge of public health, like all other knowledge, must be imparted through the schools and colleges of India; this is essential. I know the difficulty, it is first necessary to educate the teachers. Unfortunately too in practically every country in the world, the rulers themselves have never received any education in public health. They therefore find it difficult to believe, even now, in the absolute necessity of giving this instruction in every school throughout the land. I would indeed go further than simply teach. I would, in order to impress the vital necessity of this knowledge on the educated classes, make public health, if not a compulsory subject, at least a highly marked, optional subject, in the Matriculation Examination of every University in India.

"To bring the immense importance of this subject home, I can say without fear of contradiction that such teaching would, alone, without a single additional doctor, or a single drug, save India hundreds of thousands of lives and millions of money every year. To substantiate this last remark of mine I would like as time permits to mention a few diseases concerning which every inhabitant of India should have some knowledge.

"Take first hookworm or ankylostomiasis. This parasite affects to a greater or less extent the rural population of the whole of India, in many parts infecting as many as 90 per cent. It causes anemia and debility, it renders the sufferers unfit for hard work and an easy prey to other diseases. The means of infection is briefly as follows. Microscopic larvæ hatch out of eggs deposited with human excrement. These larvæ, attaching themselves to the feet or legs of the next comer penetrate the skin painlessly, get into the blood current, so go to the lungs, from the lungs they find their way through the air passages and working up to the throat are then swallowed and thus infect the intestinal canal. This debilitating disease so universal in India could be eradicated by the use of properly attended latrines. It is also not a difficult disease to cure. Another disease is Guinea worm—which in parts of India is a veritable scourge. It is propagated by minute insects (the ocylops) which act as the intermediary hosts and are swallowed with drinking water. This disease may be entirely avoided by straining all drinking water through a cloth as the Jains have been taught to do. Of course boiling the water would also make it safe to drink. Then again take malaria itself. How many villagers know that this disease cannot be contracted except through the bite of an infected mosquito, and that the systematic use of mosquito nets and surface drainage would make an enormous difference in its incidence.

"Cholera, dysentery and typhoid are diseases due to germs derived solely from human excrement. These diseases can only be contracted by drinking water which has been fouled by such excrement or by taking contaminated food or milk. Flies which have been feeding on human excrement are the usual source of food contamination. These germs are killed by a temperature of 140°, and therefore by eating only freshly cooked food with clean hands and drinking only hot fluids you can live without danger in the midst of an epidemic of cholera. Typhus again, which has recently ravaged the United Provinces, is spread by lice and can be avoided by cleanliness.

"That terrible scourge bubonic plague is contracted from the bite of an infected rat flea. Obviously the way to eradicate it is to keep rats out of houses and grain stores, and to destroy them as far as possible. During an epidemic keeping the skin oiled will probably prevent a flea biting. Lastly, take tuberculosis. The knowledge we have of this worldwide disease, if acted on, would make an enormous difference in its incidence and so save untold misery and innumerable lives.

[Major-General W. R. Edwards; Sir Thomas Holland.] [10TH MARCH, 1919.]

"I think I have said enough to show that if the knowledge of even these few diseases alone was systematically imparted in every school throughout the land, the effect would be of enormous benefit to the entire population of India. With regard to influenza we have, I regret to say, much to learn. The latest researches go to prove that we have not yet even discovered the germ which is undoubtedly ultra-microscopic and filter passing. This and many other diseases call for and are receiving close investigation.

"I trust that I have not wearied the Council and that I have said enough to convince everyone of the immense importance of medical research, preventive medicine and the education of the whole people of India in public health measures."

11-37 A.M.

The Hon'ble Sir Thomas Holland:—"Sir, I beg to introduce the following heads of the Financial Statement for 1919-20:—

<i>Revenue.</i>	<i>Expenditure.</i>
Salt.	Salt.
Excise.	Excise.
Posts and Telegraphs.	Customs.
Stationery and Printing.	Posts and Telegraphs.
State Railways.	Stationery and Printing.
Subsidised Companies.	Protective Works, Railways.
	Subsidised Companies.
	Miscellaneous Railway Expenditure.
	Capital outlay on State Railways.

"In introducing the heads of business for which I am for the time being responsible, the first comment that I have to make will be received with the unanimous approval of the Council. The Council will regret the absence, and especially the reasons for the absence, of Sir George Barnes, and more than any of you, I, as the immediate and chief victim of his defection, have strong personal reasons for hoping that his recovery may be uninterrupted and his return to duty punctual. Sir George and I have now worked together for a little over two years, and the only serious difference of opinion that has ever occurred between us arose regarding our competing claims for relief from work. In this competition I have to mourn his success.

"Following the good example set last year, I propose to leave my fellow victim, Sir Arthur Anderson, the task of maintaining the standard set by his predecessor in dealing with the subject of railways. My comments on the rest of the work of the Department will seem so dull and uninteresting after the exciting and alarming details we have just heard about flies, lice and hookworms that I will cut my remarks correspondingly short.

"In spite of the increased rates, the volume of telegrams to be handled continues to expand, and for some obscure reason seems twice to have broken all records, first of all during April and May last year, and then again in the following August. For the first 8 months of the current year the telegrams despatched amounted to 14 millions, against 12½ millions for the corresponding period of the previous year. There was a similar expansion in the use of the Post Office, and for parcels the rates had to be raised to keep pace with the increase in railway rates. Sir George Barnes referred last year to the way in which a wholesale resort to the foreign parcel post was adopted in consequence of the shortage of ocean freight. This year another anomaly arose by the abuse of the inland system. In one week in Bombay over 50,000 parcels, containing about 20 million silver rupees, were posted. A similar use of the Post Office on a smaller scale was detected in other towns. It evidently requires some mobility of legal powers to deal with postal epidemics on this scale.

"In two important respects improvements have been introduced and will be extended, I hope, with increased facilities for obtaining apparatus and

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materials. One of these is the adoption of motor mail vans to take the place of horse vans in many of the larger towns and on the more important roads, as for instance in the Kangra Valley, to deal with the Kulu fruit traffic.

“ Another forward move has been made in the installation of long-distance telephones. The line from Calcutta to the coalfields is now used sufficiently to justify another two trunks. For an early recognition of the commercial value of these lines we are indebted to the support of the Hon'ble Mr. Irosside. The Delhi-Lahore trunk now ready will soon be extended to Pindi and to Peshawar; while some of the large towns in the United Provinces and Bombay are being connected. Possibly before the next Council meeting here, our friends from Bombay and Calcutta may be able by telephone to keep in touch with, if not to control, the flutterings of their respective stock markets during the Budget debate. The total staff of the Department at the beginning of the year numbered something like 108,000, with over 12,000 in the various war-fields. No department has responded more completely to the abnormal war pressure, and the response has been so general that it is difficult to select names without making obvious omissions. I feel sure, however, that every member of the Department would wish me to draw your attention to the inspiring example of Mr. Meredith, the Chief Engineer, to whose technical efficiency and energy we owe the successful working of an organisation which has been carried out in spite of shortage of plant and heavy pressure.

“ Government have endeavoured to meet by increases of pay and by grants of war allowances the increased cost of living which has been felt especially in the lower ranks; but increases that are small to the individual make up embarrassing totals. The additional charges, for example, due to war bonuses alone granted to the lower grades of the Post and Telegraph Department now exceed 3½ lakhs a month.

“ On the subject of Customs there is very little for me to say. The Financial Statement anticipates an expansion of over a crore of rupees in our revenue. The return of peace will lead, I hope, to some fall of prices, but the reduction which this will entail in our receipts should be more than counter-balanced by an increase in the volume of our import trade as the tonnage position becomes easier and the removal of war restrictions on trade takes effect. The Council may be assured that we are anxious to remove the restrictions, both on our import and our export trade, as soon as we possibly can; and you will find in the Narrative of my Hon'ble colleague, Sir James Meston, in introducing the Financial Statement, an account of the extent to which we have already been able to remove these restrictions. I need not therefore repeat the tale. I am well aware how annoying many of these restrictions have been and how patiently they have been borne by the commercial public of the country.

“ I should like to add a few words on the subject of Stationery and Printing. You will notice that there has been a considerable increase of expenditure under this head during the current year; but we hope for a reduction next year. It must be remembered that every expansion of other branches of the administration means more work for the Printing and Stationery Department. As a territorial victim I can testify to the marvellous number and variety of army forms; but in addition to these a very useful piece of work has also been done in reprinting for the armies in the East a large number of War Office publications. The fact that a period of unprecedented demand coincided with a period of unprecedented difficulty in obtaining supplies of imported goods, proved, I am glad to say, a great stimulant to local industries. The Stationery Department has been giving all possible support to the local manufacture of pencils, pens, ink and, above all, paper. The good offices of the Printing and Stationery Department have been also enlisted for the purpose of procuring stationery for the Colonies and British possessions further east. A great deal of unusual work has been thrown also on the Controller in recruiting the personnel for the field presses at Basrah and Baghdad, and in maintaining the personnel and stocks in the

[*Sir Thomas Holland; The Vice-President; Sir Arthur Anderson.*] [10TH MARCH, 1919.]

various overseas stationery depôts in Mesopotamia, Egypt and Persia. I should like to take this opportunity of expressing my appreciation of the untiring zeal with which Mr. Cogswell and his assistants have met with all demands made upon them.

"Hon'ble Members will be pleased to know that the efforts referred to by Sir George Barnes to increase the output of salt have been already sufficiently successful to cover the deficit due to restricted imports. Improved methods of mining and handling rock-salt at Khewra have resulted in an increased output of nearly 50 per cent. compared with the previous ten-years average, while at Sambhar the current year's output will probably reach the record of a crore of maunds. The facilities for manufacture and the interesting technical questions connected with salt recovery are now receiving special attention, and I am confident that increased production and substantial economies will follow.

"One of the unusual incidents this year for which my Department is responsible, is the completion and publication of the Report of the Industrial Commission. For obvious reasons I wish to pass this incident over with only one comment, and that is my appreciation of the continued and friendly co-operation of my colleagues throughout the tour and of the heavy work done by them in the preparation of the Report."

The Hon'ble the Vice-President :—"Does the Hon'ble Member desire the statement to be supplemented by the President of the Railway Board?"

The Hon'ble Sir Thomas Holland :—"If you please, Sir."

11-48 J.M.

The Hon'ble Sir Arthur Anderson :—"In his speech before this Council a year ago, my predecessor referred to the serious disabilities under which the railways of India have been labouring in recent years. Our Budget of 1918-19 was framed under the shadow of war, and contemplated an expenditure of just over 4 millions. Owing to the impossibility of obtaining an adequate supply of English materials, the programme had of necessity to be confined to such essentials as were obtainable, and it is doubtful whether our very modest English grant of 2½ millions will be spent. On the other hand, we have had to meet special calls in India, and on the whole it is probable that our expenditure will about equal, if it does not slightly exceed, the provision originally made.

"I am glad to be able to say that many of the difficulties hitherto experienced are now in a fair way to be removed. Owing to the termination of the war, the supply of materials has been brought within measurable distance, and this fact, coupled with the liberal provision of funds announced by the Hon'ble the Finance Member in his speech when presenting the Financial Statement, will enable railways to rapidly improve their position. I wish to cordially acknowledge on behalf of railways the appreciation, which the Hon'ble Member then gave expression to, of the services rendered by the staff during the past few years. Ordinarily railway men look upon themselves as fortunate if they escape a vote of censure, and it will be a matter for gratification among them to know that in the anxious period all have of late years passed through they are held to have so well succeeded in the task they set their hands to.

"From what we heard during the debate on the Financial Statement one would be almost justified in concluding that the work railways have been performing has been so satisfactory as to render unnecessary the provision made for them during next year. The opinions expressed must, I fear, be owing to the want of a proper appreciation of the position, and I am beholden to the Hon'ble Mr. Ironside for having so clearly depicted conditions as they actually exist. Railways have been starved throughout the war period, and if leeway is not to be made up without delay, the position will soon become an impossible one. Neglect to take all possible steps to set them right again could not therefore be excused. Once deterioration sets in, it continues at an

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ever increasing pace, if not seriously tackled, and there can be no economy in refusing to face the situation at the earliest possible moment. Railways are commercial propositions with which the country's prosperity is indissolubly bound up. The greater therefore their efficiency the greater the benefit to the public and to Government. Not only have we to face very large arrears, but we have also to replace withdrawals for war centres, particulars of which together with other details will be furnished by the Hon'ble the Member for Commerce and Industry when discussing the Resolution put forward by the Hon'ble Mr. Sarma for a reduction in the grant.

"The Bill will undoubtedly be a heavy one, but it must be remembered, as pointed out yesterday by the Hon'ble Mr. Ironside, that the stock and materials which it is now proposed to secure will not amount to more than one-half of what the same money would have purchased in pre-war days. Even with the large provision of funds which has been made, we shall not therefore be able to overtake more than a portion, though a considerable one, of the arrears which have accumulated.

"Granting then that our first concern must be to endeavour to overtake the arrears which have piled up during the war period, it will be impossible to allocate any of the funds available entirely to construction. But little advantage indeed would be gained by developing and bringing increased traffic on to main lines until these attain a sufficiently high standard to deal efficiently with what already comes to them, and the most we propose to do therefore in the way of extensions is to re-start some of the works progress on which has been interrupted during the war. If, however, we are in the same position a year hence, as we are now with regard to funds, it may be anticipated that some of the larger projects will then receive attention.

"In questions put by the Hon'ble Rao Bahadur B. N. Sarma and other Hon'ble Members during the present Council meetings, reference was made to the old-standing controversy of State *versus* Company-managed railways, and from the answers given to the question, Hon'ble Members were made aware that in the case of one important railway system it has been decided to transfer its direction a few years hence from London to India, though the particular form which control will take has not yet been arrived at. The Council were also made aware that the appointment of a Committee is contemplated to inquire 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. Opportunity will then presumably be afforded to those interested in the question of recording their opinions before the Committee, and it is hoped that as a result of its deliberations, a final settlement of this thorny question may result.

"A matter which has been occasioning Railway Managers the utmost concern during recent months is that of labour. Throughout this country railway men were conspicuous among railways of some other parts of the world which could be named for the loyalty and devotion to duty they showed throughout the long trying war period. Coupled with the strenuous endeavour they were called upon to exert, they, in common with others, have been affected by the general increase in the cost of living. Government and railway managements generally recognised the difficulties in which the lower paid men were placed, and from time to time have endeavoured to improve their position by the grant of allowances calculated to be equivalent to the additional expenditure occasioned by the rise in prices in necessities of life. The position, however, is a constantly changing one and has been receiving unrelenting attention, the desire being that all cases of hardship should be justly met.

"I have already referred to the difficulties of obtaining materials during recent years; though these difficulties will be eased in future, it must of necessity be some time before normal conditions of supply are restored. In India we are taking advantage of local resources to secure as much permanent-way and rolling-stock as possible. I would like to say a word

in this connection with regard to the Tata Iron and Steel Company. This Company has been a veritable Godsend to us during the war period, as but for its enterprise we would, during the last two or three years, have been unable to secure a single mile of additional railway, or to extend a helping hand to Mesopotamia, East Africa and Egypt in the matter of their railway building. For some considerable time the whole output of these works went to the different theatres of war in the East and nothing but praise is due to the Company for the sustained effort they made to meet successfully all calls made upon them. Other firms have also shown their metal by rendering most valuable assistance during these trying times. It would perhaps be invidious to distinguish between them, but I can assure all of those concerned of the high appreciation of Government of the assistance rendered by them.

“ Our requirements for the coming year are heavy and large orders have been placed in England, particularly for rolling-stock, engines and machinery. The capacity of India as yet is extremely limited in regard to the former of these items, while none of the latter classes are yet produced in this country. In the many directions in which developments are taking place, we may confidently look forward to railway wagon-building being in the forefront, and though it will probably be a number of years before India will witness its first locally manufactured locomotive running on its railways, it is not beyond the bounds of possibility that in the not distant future we shall see such a result actually achieved.

“ A direction in which improvement is showing itself lies in the substitution of oil-burning for coal-burning engines on lines serving West Coast ports. This has been made possible by the supplies of oil which have become available from the head of the Persian Gulf. Its introduction will free a large amount of coal for purposes other than railways, and will at the same time lessen the pressure on railways, so that taken together the advantages to be gained from its introduction are considerable.

“ A matter which also is of interest is that of railway-owned and managed harbours. Up to the present time the only railway in the country working and controlling a harbour, where ocean-going vessels can come alongside, is the Madras and Southern Mahratta Railway. This Company have worked the Portuguese harbour of Marmagao for a considerable number of years past, and though the war has interfered with the successful development of the trade of the harbour, sufficient experience was gained prior to the outbreak of hostilities to prove that the combination of railway and harbour under one management possesses many advantages. It is now proposed to extend the system, though in a more complete form, by constructing a harbour at Vizagapatam, to be owned and worked by the Bengal-Nagpur Railway Company. The scheme at present contemplated is of moderate dimensions, but with the construction of the Raipur-Vizianagram Railway it is confidently anticipated that the trade which will come to the port will necessitate considerable expansion at a not very distant date.

“ Perhaps it is not generally known that, while we have been busy during the war period in supplying materials for military railways overseas, either from local manufacture or by dismantling existing lines in this country, we have at the same time been pushing forward the construction of an important strategic broad gauge line, starting from Nushki, on the North-Western Railway, to Dalbandin, and from thence to the Persian boundary. The railway runs through a most inhospitable country, but despite all difficulties, including the almost total absence of potable water throughout its length, the first 120 miles were built in the short period of four months. When it is remembered that all labour, materials, stores, supplies and water had to be carried along with the railhead, the achievement is one which those in charge of the work have reason to be proud of. The total length of line already constructed is about 350 miles.

“ The only other purely railway matter to which I would refer is that of the restrictions which had been placed upon travel during the past two years. Government are well aware of the discomfort and inconvenience caused to the public by the curtailment of train services which have been introduced,

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TION OF BUDGET ALLOTMENT FOR RAILWAYS.

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The pressure on railways left them no option but to bring it into being. Now, however, that normal conditions are being resumed, Government will use their best endeavours to restore the services to their former level at the earliest possible date. Already some improvements have been effected, particularly on the North-Western Railway, and similar action will be taken on other lines immediately opportunity presents itself.

"I would like to now refer to a subject which has been mentioned in recent issues of the Administration Report on Railways. Government have for some time past had under consideration certain schemes for the construction of aerial ropeways for the carriage of public traffic in various parts of India. Though this form of transport is not altogether a novelty in this country, it has not so far been used for the carriage of public traffic. Experience in other countries has, however, proved that it is eminently suited for the opening up of mountainous tract where the cost of construction of railways or of roads would be prohibitive; and there is obviously ample scope for its employment for this purpose in India, as well as for the replacement of cooly transport to and from hill stations in Northern and Southern India which are not served by railways. The most important of such schemes now before the Government of India contemplates the construction of a ropeway from Jammu to Shahabad in Kashmir, and of a railway in continuation from Shahabad to Srinager. This scheme has been investigated in detail on behalf of the Kashmir Durbar by a well-known Karachi firm who are in negotiation with the Durbar with regard to it. Further schemes of a similar nature are also contemplated by the same firm as well as by other promoters. Some of the projects have already made considerable progress, and the Railway Board hope that circumstances will so shape themselves as to admit of a start being made with construction before very long."

**RESOLUTION *RE* REDUCTION OF BUDGET ALLOT-
MENT FOR RAILWAYS.**

The Hon'ble Rao Bahadur B. N. Sarma:—"Mr. Vice-
President, in my Budget remarks I have stated that I am one of those who
believe in the rapid development of railways in this country . . . 12-3 P.M.

The Hon'ble the Vice-President:—"May I remind the Hon'ble
Member that he should first read the Resolution he moves?"

The Hon'ble Rao Bahadur B. N. Sarma:—"I beg your
pardon.

"Sir, I beg to move the following Resolution:—

'This Council recommends to the Governor General in Council that the Budget allotment of 217.7 millions for the construction of railways, be reduced by £5 millions.'

"Sir, I have already stated in my Budget remarks that I am one of those who believe in the rapid construction of railways with borrowed funds, and if I bring forward this Resolution asking for the curtailment of the Budget allotment of railways by £5 millions on the capital expenditure, it is because I am not satisfied, on the materials available to Hon'ble Members, that there is any necessity whatsoever for such a large expenditure of money consistently with the needs of the country or with the needs of any of the other branches of administration, and also I may say, consistently with economy. At this juncture I may be permitted to state that perhaps the procedure that is followed in Madras, if followed here, would help Hon'ble Members in appreciating more correctly the value of the Budget statements than is at present possible. We are there furnished with a statement of the existing state of the establishments, the existing state of the administration and the proposed increases in the various branches, together with the details as far as they can be

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given, so that Hon'ble Members will know exactly where they are, in dealing with the details. Now here, it may be, that that procedure cannot be followed in its entirety in the case of the Government of India which may have to deal with additional taxation proposals. But I humbly submit that in the case of departments like the Post Office and the Railway, where there cannot be any question of disclosure of secrets, it would help us considerably in arriving at a correct understanding and appreciation of the existing state of things if that procedure were to be followed. For instance, we might be told what exactly is the number of wagons required, what exactly is the number of engines required, what approximately is the quantity of material that is to be carried, how the stock is proposed to be added, or what the cost of it is to be approximately, so that we may know whether there would be so much need for materials, whether the materials are being properly priced, whether there is so much need for the increase of engines or wagons and so on. Of course it may be said that in the details prices cannot be given, as that would mean dangerous disclosures. I humbly submit that that argument does not seem to be sound, because if the details are given in respect of contracts already made, there cannot be any difficulty whatsoever; people will be able to appreciate whether the contracts are proper or not; if they are in respect of future contracts, then it is but right that everybody in the market should know exactly what is wanted by the Government so that the Government may purchase at the lowest possible rate. I allude to this fact, because supposing we had known what the number of wagons or other materials proposed in this year is, what the increased traffic would be for which the increase in the number of wagons is meant, what the cost of these materials is to be and what the proposed cost is, then certainly we should have been able to appreciate correctly the need for this 35 crores of rupees expenditure. So much for the difficulties of Hon'ble Members.

"Now on the materials available, can Hon'ble Members be accused of having criticised adversely, wrongly and ignorantly this large programme of railway expenditure that is proposed during 1919-20? My submission is, no. I am not here, as I have already stated, to defend any particular position. We are here to bring to the notice of His Majesty's Government in India what our views are in respect of the various branches of administration. Certainly if we are given the information in the course of the reply to show how those views are incorrect inasmuch as we are not placed in the position of His Majesty's Government where they cannot acknowledge an error or in the position of His Majesty's Government here who are perhaps in the same situation, I should certainly be most happy to withdraw my Resolution; but on the materials furnished to us, I think I am perfectly right in asking for a retrenchment on the lines I have suggested. Why is it so? Now the Hon'ble Sir Arthur Anderson has told us that owing to the war we have not been able to replace various materials; that the machinery is out of order, and consequently there would have to be a good many replacements before we can cope with the traffic that is at present ready and that is going to be increasingly ready for conveyance the moment facilities are afforded to the public. I quite appreciate that position, and I see that under the head of working expenses a sum of about 10 crores of rupees has been taken for replacements, etc., and I take it that that grant, though it is a very large grant, would meet the necessities of the case, and therefore in respect of making the present machinery efficient, I think there is no dispute at present between the non-official Members and the Government, and they have not criticised that part of the Budget. Therefore, we must take it that we proceed with the railway appliances in the same state of efficiency as they were in before the war with such increases as may have been made during the course of the war.

"Then what is our next position? I understand and appreciate correctly, and I myself feel the difficulty as to whether by curtailing the expenditure we might not add to the difficulties of the public in reducing facilities by additions to the coaching or to the goods wagon stocks. But I will never, assuming that there is a difficulty, I will never arrive at the conclusion that

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because there is a difficulty and therefore there is a need for increase, therefore there must be so much increase. It does not logically follow that because the Railway Department has not been able to meet the demands of the public in the past owing to certain artificial circumstances, therefore they will not be able to meet the same demands or similar demands in future. It will have to be shown how it is so, and I hope, before I sit down to show that part of the programme should be deferred. Now we have been told that there has been a considerable curtailment of expenditure during the war. I will take the first item, for which a grant of £17 millions has been made. I find that during the years 1911-12, 1912-13 and 1913-14 there has been an expenditure of Rs. 1,167 lakhs, or an average of Rs. 389 lakhs a year. Now, if the expenditure during the next four years, namely, 1914-15 to 1917-18 be taken, we will find that it was Rs. 1,141 lakhs. That is, there has been a reduction, taking the average of the previous three years, of Rs. 415 lakhs, and taking the normal increase to be Rs. 389 lakhs, we will arrive at Rs. 369 for the current year + 415 lakhs, or about 80½ lakhs of rupees, taking the proportions existing prior to the war and nothing else.

“Then it cannot be said that there has been no increase whatsoever in coaching traffic. We find that while the number of passengers has during the years 1913-14 to 1917-18 varied from year to year and was 457 millions in one year and in 1917-18 it was 436 millions the coaching stock has been increased, I do not say in accordance with the needs of the situation, because there have been loud complaints that there has been overcrowding, and I appreciate the difficulties of the situation, but still there has been an increase and the increase is as follows :—

“It was at the end of 1914-15 22,991 coaching stock, and in 1917-18 23,956, or an increase of 965. If we turn to goods stock we find also there has been an increase. It was 184,376 in 1915-16 and 189,538 in 1917-18, or an increase of 5,162. So there has been an increase, as a matter of fact, in the goods stock.

“Then I submit that the total goods weight that was carried when I spoke last was about 83 million tons, dividing the total mileage by the number of miles run by each ton of goods. That may be a correct method of working or it may not be. If it is a correct method of working, it works out to an increase of about 3 per cent. I find, turning to page 130, that the weight of the principal commodities that were carried during that year 1917-18 were 67½ million tons. The same or 67·05 in 1916-17. Whereas I find that during 1912-13 it was more than that, about 78 million tons; so that although a certain quantity of goods were to be carried over a longer length of mileage, we find that there has not been an appreciable increase in the weight. And we find if we turn to the agricultural statistics on page 6 that in 1917-18, except in the case of rice, the yield of the other articles in 1917-18 has not been greater than in 1914-15, that the yield of 1918-19 must have been even smaller than in 1917-18. Consequently it cannot be said that the produce of this country, I mean the agricultural produce of this country, the weight of agricultural produce has been so enormously increased as to necessitate drastic changes. It may be that, owing to having to carry the coal traffic which increased by about 4 million tons over longer distances, the goods wagons which were available could not be utilised for carrying the ordinary agricultural produce, but we at any rate think that inasmuch as a large part of the military traffic would not be necessary during the next year, it is possible to effect economies which would make a portion of the rolling-stock available to the merchant dealing in agricultural produce. And I think the same may be said with regard to the carriage of coal. We may be in the wrong, but at any rate we have reason to expect that that would be so.

“Now turning to the goods coaching facilities, we find that about a fourth or a fifth are military wagons. I do not think that, as the war has come to a close, there would be any necessity for an increase under that head; and the total cost of the goods stock being about Rs. 52 crores, even if you put the increase at one-fourth, it will not come to more than 13

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crores at the old cost. The new cost being heavier, it is possible you would have to increase the Budget expenditure for the same quantity hence there must be economy, and a large increase is impossible in a year of high prices. I therefore submit that, whether we look to the existing agricultural prospect or the agricultural situation of the past few years, or whether we look to the increased facilities, which the Government can place at the disposal of the public in the immediate future, or the amounts of money that were being expended on the development of rolling-stock during the last few years and during the years previous to the war, we are unable to see that there is any need for such a vast expenditure as 1,714 lakhs. Well then with regard to the rest, that is the other items, we are hopelessly in the dark, they amount to 86½ lakhs. There may be a very good explanation, but it would be for the erection of additional buildings or expenditure of that kind, or it must be, I suppose, by increasing the length of mileage. If it were so, it would have been a very welcome expenditure, but there are to be no new lines to be constructed. The only new lines to be constructed would cost 76 lakhs of rupees. Therefore we are not contemplating during the next year any very large or any appreciable increase in our total mileage, and it is solely and wholly with a view to the development of open lines, for adding to rolling-stock and making other improvements that we contemplate this expenditure, not to make the old machinery more efficient, but to add to the existing rolling-stock. I hope that the Hon'ble Member in charge of Railways will be able to convince us that there is real need for the money and that the money will be well spent, and then I shall be only too happy to acknowledge that the Resolution, though it serves a useful purpose, will have served its purpose, and withdraw it."

12-20 P.M.

The Hon'ble Mr. M. N. Hogg :—" Sir, I really do not know whether to wonder at the pertinacity or to deplore the shortsightedness of my Hon'ble friend in bringing forward this Resolution. I wonder at his pertinacity because I should have thought that the speeches made by the Hon'ble Mr. Ironside and Mr. Howard and Sir Dinshaw Wacha during the last stage of this discussion, to say nothing of the *coup de grace* administered by the Hon'ble Finance Member, would have entirely demolished any vestige of a case that my Hon'ble friend may ever have imagined himself to possess, but apparently it is not so and he remains unrepentant and unconvinced. It is necessary therefore for me to oppose this Resolution. In doing so it is difficult to avoid repeating a good deal of what has already been said, but I will avoid repetition as far as possible, and I will therefore start by associating myself whole-heartedly with the very excellent speech on this subject made by Mr. Ironside last Friday. Now, Sir, the first point which emerges from this Resolution is whether the proposed expenditure during 1919-20 on railways is in excess of the requirements of the railway system. What are the facts? The facts are that the Mackay Committee recommended an annual expenditure of £12½ millions sterling as required for the railways of India. They recommended that several years before the war, but not only was that recommendation never acted up to as an average annual expenditure, but I think I am right in saying that in no single year was that figure actually attained. We, therefore, entered upon the war with a railway system which had already fallen behind the requirements of the country. I base that statement not only on the fact that we were behind the recommendations of the Mackay Committee, but on what I think was an almost universally acknowledged fact. Every year, when the yield of any particular kind of agricultural produce in any particular district was unusually large, there was the same tale, hopeless congestion, much of the produce spoilt through, being unable to be railed down to the consuming or exporting centres before the advent of the rains.

" Well then, we entered upon the war period with arrears of railway development. During the war the railways have accomplished wonders, but they have accomplished those wonders at the cost being bled white. I do not think I need labour that point. It is generally admitted. And what are

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we doing? This extravagant grant, against which my Hon'ble friend rails, simply amounts to giving the railways this year the equivalent of what the Maokay Committee recommended should be spent upon them each year. They recommended 12½ millions and there can be no question about it that the purchasing power of the 24½ millions recommended this year is certainly not in excess of, if it is equal to, the purchasing power of 12½ millions in pre-war days. Therefore, it simply amounts to this, that our estimate for this year is equivalent to what we were told a good many years ago we ought to spend each year on our railways; whereas the railways have been worked to the death during the last three or four years and all repairs and renewals neglected through absolute necessity. I submit, therefore, Sir, that the grant this year is in no way in excess of the requirements; indeed it is barely adequate to the requirements; and I would ask Hon'ble Members of this Council to face this railway situation seriously and to realise that if we are to have a railway system in any way adequate for the requirements of the country, we have for several years to come to maintain railway expenditure on very much the same level as it is in the estimates for the coming year; unless, of course, the cost of all railway materials goes back to pre-war prices which I for one do not expect to see for many years to come. It is not a question merely of this year's programme; we shall have to face a programme of this nature for years to come or else fall hopelessly into arrears. The next point for consideration is whether, if this grant is not in excess of the requirements of the railway system, it is desirable that those requirements should be met. I do not think that I need say much about this, as I understand that even the Hon'ble mover admits that it is desirable. This aspect of the question was also fully dealt with by the Hon'ble Mr. Ironside. There is just one point however I should like to refer to in this connection, and that is the very common fallacy which finds a place in the writings and speeches of some publicists, who ought to know better, the fallacy that it is only the commercial classes who really benefit by an efficient railway system. The truth is that, although, of course, the commercial classes like everybody else benefit by an efficient railway system, there is nobody who benefits more than the agricultural labourer who is the backbone of this country. As the Hon'ble Sir Claude Hill pointed out on Saturday, in times of scarcity, an efficient railway system is required to relieve that scarcity; in times of prosperity an efficient railway system is required to enable the agriculturist to reap the full fruits of the prosperity.

"Well, Sir, I have accused the Hon'ble Member of shortsightedness in moving this Resolution, and I propose to attempt to justify that accusation. In this connection the first point to which I would refer is the remark made by the Hon'ble Mr. Howard who pointed out that by starving your railways you were killing the goose that laid the golden eggs. In support of this I need only refer the Hon'ble Mr. Sarma to the Hon'ble the Finance Member's Narrative relating to this year's Budget, in which it is pointed out that railways this year were a great standby, and similar remarks occur in the similar statements of the last two or three years. Throughout the war one of the greatest standbys of Government has been the revenue derived from railways.

"Another reason why I accuse my Hon'ble friend of shortsightedness is this. He professes—and I am sure he feels—great eagerness for the development of industries. In this Council, only on Saturday, he moved a Resolution pressing for further expenditure in carrying out the recommendations of the Industrial Commission. I put it to the Council, what better way of carrying out those recommendations can there be than expenditure on railways. An efficient up-to-date railway system is the very life's blood of, the very first essential to, any industrial development whatever, and I would ask Sir Thomas Holland whether his Industrial Commission's Report is worth the paper it is written on without an efficient railway system.

"I have just one other point in this connection to make, and that is that it is not sufficient from my point of view that this Resolution should be, as I hope it will be, rejected. The mere moving of it is capable of doing a good

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deal of harm and for this reason. We have heard at different times a good deal of the lack of sufficient capital in India for the development of industries or rather of the shyness of Indian capital in coming forward to invest in industries. Can anything be more calculated to increase that shyness and to reduce English capital to the same condition than finding that gentlemen in the position of my Hon'ble friend are always ready to move reductions in the most necessary expenditure on railways? It is no use my Hon'ble friend profacing his remarks by assuring us that he is a whole-hearted advocate of railway development and then proceeding at once to move the reduction of the most necessary expenditure. Words of that sort will cut no ice with the investor. I do very earnestly ask Hon'ble Members to look at this aspect of the question. We are on the eve of great constitutional reforms in India, constitutional reforms which will enable gentlemen in the position of the Hon'ble Mr. Sarma and those who agree with him to have a great deal more power and influence over financial and political matters than they have at present. Is it likely to encourage the investment of capital, whether English or Indian in industries in this country, if those who possess that capital find Hon'ble Members like Mr. Sarma taking up this attitude towards the most necessary expenditure on what is the very foundation of any industrial progress or development at all? I can assure him from my own personal knowledge that this Resolution and the point of view it represents is calculated to do considerable harm to the prospects of the investment of English capital in this country, and with regard to Indian capital I will leave that to the Hon'ble Sir Fazulbhoj Currimbhoy to say."

12-31 P.M.

The Hon'ble Rai Sitanath Ray Bahadur :—" Sir, I am sorry to have to oppose this Resolution, because of the fact that I am myself a merchant and I know from my personal experience that it would be most mischievous and detrimental to the interests of the country to reduce by £5 millions the allotment of £17 millions made for the construction of railways. Now when scarcity looms very large in the horizon and when famine has already been declared in some parts of Bombay and other places, what could there be more positive proof of the desirability of doing all that we can to make up the deficiency that has been caused by the transfer of wagons and locomotives to Mesopotamia than in the fact that it is on account of the shortness of wagons that restrictions have been placed on the movement of foodgrains from one province to another, and we cannot move grain freely even where it is absolutely necessary that they should be so moved. Only the other day I purchased some thousands of maunds of rice in a place very near to Calcutta; and for the last two or three months I have been moving heaven and earth to get a few wagons to transport that rice, which was lying at a distance of only 16 miles from Calcutta, and where boat or other transport is not available. Even with my best efforts I could not induce the Railway Department to give me these wagons, and I had to move the Hon'ble Sir Arthur Anderson to come to my rescue. He was good enough to refer me to two other gentlemen, and those gentlemen referred me back to the Traffic Manager at Calcutta, and it was with the greatest difficulty that at last I secured a few wagons. However, I have got most of the rice now in Calcutta. It is only the merchant who knows the difficulty that is being experienced in this matter, and it would be a misfortune if, after the drain which has been caused to the railways of India by the transfer of wagons and other rolling-stock to Mesopotamia, we were to reduce the allotment made this year for railway construction. I am, therefore, sorry to have to oppose this Resolution."

12-35 P.M.

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—" Sir, the Hon'ble Rai Sitanath Ray Bahadur has opposed the Resolution moved by the Hon'ble Mr. Sarma as a representative of the Indian mercantile classes. As a representative of agricultural interests in this Council, I rise to offer my opposition to the Resolution. I cannot help thinking that when my friend th

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[10TH MARCH, 1919.] [Khan Bahadur Mian Muhammad Shafi; Sir
Thomas Holland; The Vice-President.]

Hon'ble Mr. Sarma decided in his own mind to move this Resolution, he could not have had an adequate conception of the state of things actually existing in the country. My province has been spoken of by the poet of old as *Intikhab-e-haft Kishwar*, i.e., 'an epitome of seven kingdoms'. I will, therefore content myself with describing very briefly indeed the state of things prevailing in the Punjab, assuming, as I do, that the conditions obtaining in the rest of India are either absolutely or very nearly similar.

"Before the middle of 1914 the process of railway expansion in the Punjab was tardy enough, as pointed out by the Hon'ble Mr. Hogg; but some railway expansion did go on from year to year. Towards the end of that year, because of the terrible world conflagration which has brought untold misery on the human race, the expansion was absolutely stopped owing to the exigencies of the military situation and of the exorbitant and heavy calls on the public exchequer due to military expenditure. For the past $4\frac{1}{2}$ years, therefore, there has been no railway extension of any kind or sort in the Punjab. But matters did not rest there. When the Mesopotamian campaign was undertaken, branch lines in more than one part of the province were taken up and the rails were sent to Mesopotamia to meet military requirements there, with the result that not only was the trade of those parts absolutely dislocated, but a considerable amount of hardship and inconvenience was caused to the people in those tracts who had become accustomed to railway traffic. In addition, a large number of locomotives, wagons and trucks and I am not certain if 3rd class railway carriages also.....

The Hon'ble Sir Thomas Holland :—"Yes."

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—
.....were sent away from our province to Mesopotamia, with the result that the number of goods trains and the number of passenger trains had to be cut down. The consequences of this curtailment of passenger and goods trains are obvious. Foodstuffs from parts of the province, where they were in abundance, could not be transported to places which were threatened with scarcity and famine. Trade was dislocated and the travelling public in the Punjab had to face difficulties and inconveniences which those who have actually seen the discomfort of the travellers with their own eyes can alone appreciate. When I have during my travels over the Punjab in the hot months of June, July and August seen 3rd class passengers packed in 3rd class carriages like sardines, I have pitied their lot, and I have been waiting, anxiously waiting, for the time when the situation would enable the Government to meet the difficulties of the travelling public. To me it seems that the urgent necessity of a speedy restoration of the state of things which existed before the war is the paramount duty of Government, and it is obvious that the industrial development of this country also will require considerable railway expansion in order to meet the needs of the situation. I do not wish to travel over the ground which has already been covered by the Hon'ble Mr. Hogg, and I will therefore conclude my remarks by hoping with the Hon'ble Mr. Hogg that my friend, the Hon'ble Mr. Sarma, will see his way to withdraw this Resolution. I have personally a suspicion that he really intended to put forward this Resolution in order that he might be able to point out where the money for his two previous Resolutions in regard to Sanitation and Elementary Education--Resolutions with which I was in entire sympathy--was to be found. If that is so, there is no sense in insisting on this Resolution now. But if he intended to put forward this Resolution on its own merits, then I am sorry to have to oppose it. With these few words I beg to oppose the Resolution."

The Hon'ble the Vice-President :—"Pandit Madan Mohan Malaviya."

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FOR RAILWAYS.

[*Pandit Madan Mohan Malaviya; The Vice-President; Sir Fazulbhoj Currimbhoj.*] [10TH MARCH, 1919.]

The Hon'ble Pandit Madan Mohan Malaviya:—"I will speak after my Hon'ble friend (Sir Fazulbhoj Currimbhoj) has spoken."

The Hon'ble the Vice-President:—"I am afraid the Hon'ble Member can only speak when he is called on by the Chair."

The Hon'ble Pandit Madan Mohan Malaviya:—"I refuse to speak until my Hon'ble friend has spoken."

The Hon'ble the Vice-President:—"I have given the Hon'ble Pandit an opportunity of speaking, and he must not complain if I do not give him another."

The Hon'ble Pandit Madan Mohan Malaviya:—"I will be within my rights in asking for another opportunity whether you give it to me or not."

12-42 P.M.

The Hon'ble Sir Fazulbhoj Currimbhoj:—"Sir, I fully endorse what has fallen from my friend the Hon'ble Mr. Hogg. The Indian commercial community, Sir, have always complained of the shortage of wagons. Even before the war, the Indian Chambers of Commerce were feeling the pinch. There were not enough wagons even to transport cotton from one place to another, and a lot of money was locked up by cotton merchants in the districts on account of this shortage of wagons. What has been made most of is that it is only the commercial people who for their own benefit want to extend the railway programme. I think that it is not entirely so. As my friend, the Hon'ble Mr. Shafi, has just pointed out, it affects agriculture also. Then, Sir, we must see what other countries have done in regard to railways. All other civilised countries, according to the proportion of their land and population, have much larger mileage of railways than this country, and we ought, therefore, I think, to extend the programme, which ought to be kept up as my friend, Mr. Hogg, has suggested. I therefore wish that Mr. Sarma will withdraw his Resolution. I think, Sir, that Members in this Council also must think of the commerce of the country. Unless you have commerce extended how can you get more money? In financing the war a lot of money was met by the commercial people; not only that, but the major portion of the loan was subscribed by the commercial people. So Indian politicians ought to try to expand trade and industries in the country. I know my friend, Mr. Sarma, is also very keen on industries. I hope he will do his best to ask his Indian friends on the Madras side to do their best in starting industries. In this way he will get money for sanitation, as well as more money for education. As my friend, Mr. Hogg, has said, railways are the first charge upon which the industries can be extended. With these few words I oppose the Resolution."

The Hon'ble the Vice-President:—"I will give the Hon'ble Pandit another opportunity of speaking. But we must naturally observe the rules under which we meet here. I refer him to rule 11 of the rules for the discussion of Budget Resolutions. But on this occasion I will give him another opportunity."

12-44 P.M.

The Hon'ble Pandit Madan Mohan Malaviya:—"I submit with due respect, Sir, that I do not violate any of the rules. A Member is entitled to speak when he has a chance."

The Hon'ble the Vice-President:—"I cannot hear the Hon'ble Member on a question of order. The rule says distinctly that Hon'ble Members will speak in the order in which the President may direct."

RESOLUTION *RE* REDUCTION OF BUDGET ALLOTMENT 825
FOR RAILWAYS.

[10TH MARCH, 1919.] [Pandit Madan Mohan Malaviya.]

The Hon'ble Pandit Madan Mohan Malaviya:—"Well, Sir, I will not say anything more about it at present, save that I think that Members have a right to speak at the time they think fit. Now, coming to the Resolution, I do not think that my friend, Mr. Sarma, left it in doubt that he appreciates railway development. His point is not that there should be no sufficient provision made for railway development. I understand his point to be that the provision made is excessive. The remarks which have been made after his speech show also that it was so understood by some Members, for instance, Mr. Hogg in speaking of it put it distinctly that the question was whether the provision was in excess of the requirements of the situation. Now, one of the arguments which has been used is that in past years during the period of the war railway finance was starved and the amount that is now provided is, in the words of one of the speakers, just equivalent to what would have been provided in the past years according to the recommendations of the Mackay Committee. There are two points to which I will invite attention. The first is that the Mackay Committee recommendation had never been carried out to its full extent during the years before the war, has never yet been carried out, and it seems to me to be a peculiarly bad time to select after this period in this particular year to make up for the deficiencies of all the grants provided in the previous years according to the recommendations of the Mackay Committee. I have never heard that because a man was starved or had not had sufficient food for a certain number of days, therefore he should be stuffed with an amount of food equivalent to make up the deficiency of the whole period during which he had been starved. The question raised is, whether the amount that you are providing in the Budget will be usefully, reasonably, properly spent, and there I beg to join issue with all the Members who have spoken in support of it. We are not opposed to railway development; we are not blind to the existence of commerce or agriculture; we recognise that railways are beneficial; we want railways to be developed; but the substance of the Resolution, as I understand it, is whether you are likely to spend the amount that you are providing reasonably without extravagance and without waste. On that point I submit the explanations that have been given are not sufficient, are not convincing. Now, it has been said by the Hon'ble Sir Arthur Anderson that there were difficulties in obtaining supplies of railway materials within the past three years. Naturally. And he hopes that those difficulties will be surmounted. I join in that hope most ardently. We do need railway development, and I hope that those difficulties will be surmounted to a large extent. But is there a reasonable guarantee that those difficulties will be surmounted to the extent of justifying the expenditure which is provided for without involving waste and extravagance? That is the point which is before the Council. I submit that nothing that I have heard satisfies me that extravagance and waste will be avoided. Therefore, Sir, all remarks pointing to the urgency of railways, to the need of railways and more railways, and to the benefits which are to be derived from those railways, do not touch the main point which has been raised by the Resolution. I hope that I will hear something more before the Resolution is put to the vote. There is one other aspect to which I would invite the attention of this Council. The opposition of some of us Indian Members to the extension of railway programme is not properly appreciated by my European friends in the country. In other countries where you have railway systems, the railways are worked more economically and with more benefit. Thus Holland has paid up every pica of what it had sunk in railways. Other countries have derived large profits. Here you are extending the railways system on a basis which is very extravagant, very much more costly than it should be. This has been pointed times without number. Years ago, in the eighties I think or early in the nineties, a member of the geological department deplored that when the Government of India resolved upon having a State railways system, and upon extending the railways in this country, they did not at the same time decide to start iron and steel works in order to manufacture railway material which they required for the purpose of that extension. He pointed out that it cost 50 per cent. more of tonnage charges importing material from England,

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FOR RAILWAYS.

[*Pandit Madan Mohan Malaviya*; *Sir Thomas Holland*.] [10TH MARCH, 1919.]

50 per cent. more than would be required if the material were produced in this country. Now, the experience of this war has shown the work done by the Tata Iron and Steel Works, has shown that material can be supplied, can be obtained in this country. The Government have utilised that material, and I am glad to know that the Government have asked the works to go on supplying materials for the years to come; but the point is that if the Government has appreciated the extension of the railways they ought at the same time to appreciate the duty of doing everything that they can to economise the extension of those railways, and one of the ways is to found workshops, huge workshops where railway materials should be manufactured in the country. That is one point.

"The other point is that in other respects also you have shown nothing that you are doing anything to economise railway construction and management. Complaints have been made many times in this Council and elsewhere that you are not employing indigenous agency to the extent you should in order to have a less costly and equally efficient agency to deal with. Well, I have not heard anything said in this debate, or throughout the Financial Statement debate, which would point to the hope that the Government are alive to the necessity of practising such economies as can be practised and ought justly to be practised in the extension and management of railways. I should like to hear something on that point. These are the reasons why we Indians are so suspicious, rather I would say so anxious, to see that railway extension should not be pushed at a breakneck rate. We do not ignore the benefits of railway extension. We should have more if we had the power which my friends on the official bench have; probably we could show that we could develop railways to a larger extent, with more economy and with greater benefit to the people and with greater satisfaction to everybody concerned. That is the gist of the opposition. Let the Government deal with the proposition as they like."

12-52 P.M.

The Hon'ble Sir Thomas Holland:—"Sir, I propose to deal with the remarks that have been made to-day in the inverse order of the speakers. My Hon'ble friend, Pandit Malaviya, has just drawn your attention to the fact that, as he thinks, there have been extravagances in the management and working of railways. He apparently suggests that if we could change the present management and introduce more Indian experts like himself, these difficulties would disappear"

The Hon'ble Pandit Madan Mohan Malaviya:—"I did not say I was an expert in railway working. The Hon'ble Member is wrong."

The Hon'ble Sir Thomas Holland:—"I will withdraw the suggestion that the Pandit is an expert in railway working, but nevertheless he is ready to give us advice. I should like to point out that we shall not get one step further in this discussion as long as we introduce extraneous questions of this kind, as there is no quantitative unit by which may be determined estimate the economic advantage that will follow if we introduce more Indians into the management and working of Railways. My friend Mr. Hogg from Bombay said it was not sufficient to reject this Resolution. I agree with him; and I hope the patience of the Council will not be exhausted while I attempt the difficult task of making the situation convincingly clear to the Hon'ble Mover. The Hon'ble Mr. Sarma complains that members are not provided with details sufficient to enable them to criticise the details of the Budget. The Annual Administration Report on Railways is one of the most detailed reports of its kind issued; but, if the Hon'ble Mr. Sarma can move a Resolution without knowledge of the facts, it would be quite useless to provide him with any details."

"The questions that have been discussed to-day were discussed last week, and the arguments used to-day were effectively answered last week."

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FOR RAILWAYS.

[10TH MARCH, 1919.] [*Sir Thomas Holland,*]

from different points of view. I will not waste the time of the Council by reviewing them. I will not attempt also to review the compelling claims of sanitation, of education, industrial development and irrigation. These types of activities fall into one class in this respect, namely, that any money spent, except through qualified agencies and without carefully thoughtout plans, must necessarily do more harm than good to the country. The Government are as anxious as any member of this Council to improve and extend both education and sanitation; but it would not be difficult to cite examples to show how costly have been our past errors in both directions.

"My business to-day is not to establish a justification for every constituent of the Budget equation, but to demonstrate to the satisfaction of the Council the necessity of increased expenditure on those activities for which I am for the time being responsible. It is easy to prove, not only that the money allotted is necessary and urgent, but that it can actually be spent judiciously within the year. On Friday last the Financial Secretary, Mr. Howard, drew attention to the fact that we look to the Railways for a revenue of 10 to 11 millions sterling, and he advised us to be careful of the fruitful goose that lays the golden eggs. But it is not the eggs so much as the goose itself that I am now so anxious about. That goose cost just 367 millions sterling. We have been compelled during the war to starve it and we have been compelled even to pluck many of its feathers. The eggs we got in any one year are less important than its depreciation by neglect and ill-treatment.

"To neglect to renew our losses and to repair the damage done to such a valuable property would be justifiable only to win the war. We have won the war, and it would now be criminal disregard of our trust to postpone any longer the repairs and renewals which are necessary to preserve the fertility of the goose. I will not pursue this simile any further, as on the last occasion when I adopted a homely domestic illustration, the Hon'ble Mr. Sarma, in reply, first mutilated it beyond recognition, and then pursued the idea to the borderland of the indelicate.

"Neglect to repair our property means that depreciation sets in, not by arithmetical increments but in geometrical progression. We dare not wait another year, whatever the prices of materials may be. The sum we now propose to spend on railways would be regarded by any business-man as distinctly small.

"You can get some idea of the necessity of repairs and renewals from two sets of figures; the profits compared with the expenditure and the rolling-stock compared with the traffic statistics. The Hon'ble Mr. Sarma this morning has given us certain figures with regard to both, and I will try to make them a little clearer by removing unnecessary details. During the war the net working profits on Indian railways have jumped from £2 millions to £11 millions, which indicates significantly the way in which receipts have outstripped expenditure. If now we take the rolling-stock account and compare it with the traffic figures, we get what a shareholder would regard as equally disquieting results. When the war started we had 186,000 wagons in commission. By last April we had 192,000. If now you allow us to carry out our programme and add 15,000 wagons, we shall have by next April, not 192,000 *plus* 15,000, but only some 198,000; that is, we have to allow for about 4,000 that certainly will be scrapped this year and more in the next, in addition to the 4,418 that were sent to Mesopotamia. The increase of wagon capacity will thus be about 6 to 7 per cent. The ton-mileage has, however, risen from 15 thousand millions in 1915 to 21 thousand millions in '18; that is, an increase of 40 per cent. without counting the record year just closing and the year about to open. And still the picture is not quite true; for our annual 'scrap' account henceforward will certainly be in excess of the past: wagons that have been overworked during the war will fall to pieces as rapidly as the rest of us who have also been overworked. These figures in a business concern would naturally give rise to disquieting suspicions in the mind of any wise shareholder. He

[*Sir Thomas Holland.*] [10TH MARCH, 1919.]

would naturally expect his Board of Directors to prove that his property is not being torn to pieces, and the future being sacrificed for immediate profits.

"I could give you a similar picture of our 8-9,000 locomotives, but I do not want to weary the Council with figures. What I do want to say for the Hon'ble Mr. Sarma's edification is this: If he had the most elementary political provision, instead of trying to starve the goose, he would have challenged the Government for neglecting the property which he, as a prospective member of the Reformed Government, hopes to inherit.

"On Friday last the Hon'ble Sir Dinshaw Wacha told us that a year ago he recommended the Hon'ble Mr. Sarma to take up the study of finance; and, based on the improvement which he thinks he now recognises, he predicts that Mr. Sarma might be the Finance Minister of the Reformed Government, possibly in another ten years. Sir Dinshaw's cheerful and charitable optimism is well known to all of us. But, Sir, on the assumption that this time his diagnosis and his prediction are both well-founded, I will take the opportunity of giving Mr. Sarma a formula that may serve to be a useful guide to him in time of doubt. It is this: the Finance Minister who fails to distinguish between what is important for the future and what is absolutely essential to-day, will bring his country to grief in his first year of office. It is the observance of this formula (which is true in business, true in administration and fatally true in war), that forces the Government at this special time to distinguish between Education and Railways and between Sanitation and Railways.

"The expenditure of a relatively large sum on Railways, as compared with Irrigation and Industrial development, is based on another principle only secondary in importance. It has been pointed out in this Council that the railways are already unable to carry our crops and our coal. Few people here realise the great increase of tonnage that follows the development of a relatively small industry. It is not so much the transport of the finished products, which was referred to by one of the speakers on Friday, as the assembly of the raw materials (which weigh much more than the finished products) that throws a burden on the railways. I have not looked up the figures very recently, but I think I can trust my memory in saying that the Bengal Nagpur Railway statistics show that, on account of the Tata Steel Works alone, the ton-mileage of the whole system had increased by 50 per cent. There are gentlemen in this room who will remember, and remember with pain, my refusal to give priority recommendations last year for the plant required for a most desirable industrial enterprise, merely because I knew that the railway concerned could not handle the raw materials to be assembled without the doubling of its track.

"Now, the other business principle which I offer to complete the mental equipment of our future Finance Minister is this: In business administration take care that all parts of the organization are duly balanced. The most economical step towards increasing the strength of the chain is to discover and strengthen its weakest link, and in the industrial development of India—especially, the railways at present are carrying as great a burden as they can bear; they form the weak link in our chain.

"It has always struck me, as an outsider and before responsibility had produced its inevitably soothing influence, that one Finance Minister after another till now had failed fully to realise that every rupee spent on our railways also meant subsidising a new industry, adding far more to our wealth than the golden eggs which Mr. Howard counts so anxiously. This battle between the prophets and the financier has been going on since the railhead first stopped at Ranigunj. In my old office at Calcutta will be found a correspondence dated in the early sixties when the first Director of the Geological Survey implored Government to push the rail through the coalfields. He was told to mind his own business and to cease the correspondence; but, being less perfectly disciplined than some of his successors, he delivered a final shot by rashly declaring that, in his opinion, it would pay ultimately to push the railway even as far as Benares! It is

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difficult to realise now the mental attitude that existed in those days with regard to the railway question, but I am afraid we have always been lagging behind the needs of the country.

"Some of our commercial friends here have never ceased telling the Government that the Railways have hitherto been the limiting factor in commercial progress. I recently noticed, on turning over the products of my early service in India, before Councils were invented and one had time to work and think, a deduction drawn from the study of mineral statistics which subsequent figures, so far as I can ascertain, have confirmed and demonstrated to be sound. Twenty-five years ago the annual output of coal in India was under 3 million tons, while the consumption of Indian coal on railways was just a million tons. Last year the output of coal was over 18 million tons and the consumption on Indian railways under 6 millions. So that the output of Indian coal has risen by six times in the same period. If you study also any intervening year, you will find that the consumption of coal on railways has never been below 28 per cent. and never above 33 per cent. of the total output. This means that the ratio between coal consumed on railways and that used in other coal-consuming industries has remained almost stationary for 25 years, in spite of an increase in both of 600 per cent. I would not say from this that the development of railways has absolutely checked the development of industries, but I do say that the railways have obviously never rashly gone ahead of the coal-consuming industries, and that fact is, I think, significant. I published this conclusion 15 years ago, and was never reprimanded by the Department of Government responsible for the Railway policy. I re-state it now, on behalf of that Department, as a lesson that we should take to heart in considering the Railway policy of the future.

"One of the Hon'ble Members has already drawn attention to the important fact that during the past three years we have spent on our Railway property less than 3 millions a year, against the 12½ million standard which was set by the Maokay Commission. The actual position, however, is far worse than these figures disclose; they take no account of the fact that during that period we have sent away to Mesopotamia 210 engines and 429 coaching vehicles and 4,418 goods wagons. These have to be replaced, in addition to large quantities of rolling-stock that have been damaged by over-work and forced neglect of repairs during the war.

"I regret, therefore, that on behalf of the Railway Department, I cannot undertake to relinquish any part of the money that has been allotted in the Budget for the purpose of preventing further losses on our Railway system. On the other hand, I ought to remind the Hon'ble Mover of the Resolution that when, ten years hence, he proposes a small allotment of say 50 millions for Railways, some member, with an inconveniently long memory, may recall, to his discomfiture, this Resolution of March 10th, 1919. My advice to him is, therefore, to earn merit now and to justify Sir Dinshaw's prediction by acknowledging an error which great men before him have also made, and an error that, I understand, some of them have reported."

The Hon'ble Rao Bahadur B. N. Sarma :—" Sir, I am very 1-10 P.M. glad that I have moved this Resolution because the extreme warmth with which the Hon'ble the Commerce Member has been compelled to defend his policy and his measures, convinces me beyond doubt that I am right and the great need for the non-official public to take hereafter some interest in railway administration. Well, I never posed as an expert, and I never in my dreams expected that the Government of India would be so radically modified in the near future as to allow any Indian five thousand times more brilliant than I to occupy those sacred seats which are now occupied by Sir Thomas Holland and others. Therefore I think the Hon'ble Sir Thomas Holland has, for lack of argument, made use of my friend's joke, which I did not take exception to seriously as coming from an elder who has a perfect right to give advice, but I am afraid that at this juncture I shall have to show that perhaps

[*Rao Bahadur B. N. Sarma.*] [10TH MARCH, 1919.]

Sir Thomas Holland is not quite so correct in his diagnosis of railway policy or in the conclusions at which he has arrived as he seems to imagine. There is no need for my defending any position and therefore for feeling anger with the Department or with the gentleman in charge of a department even when he successfully uses his position for the purpose of showing that the materials which his department can furnish him enable him to demolish a non-official member who is devoid of that advice. But, in spite of the great help which Sir Thomas Holland has and which I sought to have placed at the disposal of non-official members, what has the result been? First of all with regard to the remarks about sufficient materials being available in that blue-book, which has not been utilised, may I ask, Sir, whether Sir Thomas Holland has got here the additions by which he proposes to increase the stock by his Budget grant in 1919? The number of wagons which were sent away to Mesopotamia, the number of wagons which he proposes to build in India, the number he proposes to get from England, the cost thereof prior to the war, the cost thereof at present, and the materials which even a more obtuse mind than mine can appreciate, let alone that of the genius shining across there? He says, if I understand rightly, that 186,000 was the number of wagons prior to the war, and 192,000 at the end of the war, that is in 1917-18. There has been some increase, so I take it that the number existing now is larger excluding the number sent away to Mesopotamia, because I find here a number of minuses, so that I take it that in spite of the wagons, materials, etc., that have been sent away to Mesopotamia, we arrive at this result of 192,000. Therefore I for one, trained in less intellectual methods, cannot appreciate the force of the argument that a number of engines have been sent away, a large stock of other kinds, and many goods wagons have been sent away. Of course I can understand that if these were included in the 192,000 there would be very great force in the reasoning. But failing to see that, let us proceed. 186,000 wagons I take it cost about 52 crores of rupees. If these figures are correct and 15,000 wagons are expected to cost 17 crores of rupees that is less than 1-12th, which ought to cost $4\frac{1}{2}$ crores, are to be purchased at 17 crores now. Therefore material which we might have bought for 4 crores is supposed to be bought this year for 17 crores, and Hon'ble Members who question the wisdom of buying so many wagons in the market at such high prices are foolish, are ignorant, are asking for impossible things, are asking for uneconomic expenditure, and are therefore to be placed outside the pale of the law as persons with whom no person who has at heart the true economic and industrial development of the country can have anything to do. It may be that these 15,000 wagons are of a first class type, or it may be that some of them are of very poor quality and open trucks, but these averages will not help us and that is the reason why I said a little light thrown in the Budget Statement as to what kind these 15,000 wagons are would be an advantage. First of all we are not told that it is 15,000. Never mind that. We should then analyse and see whether they would be 1st class, 2nd class or 3rd class carriages or what kind of carriages they are if any portion of the rolling-stock is to be coaching and whether the cost taken is the correct cost. But these are materials which the Hon'ble Member (Sir Thomas Holland) thinks need not be furnished to Hon'ble Members because they are never expected to interest themselves in these matters, and it would be foolish and impertinent of me to ask similar questions of the Hon'ble Member in the midst of the august assembly which rules here. I, therefore, take it that it is about 1-12th that is proposed to be added at a cost normally four times as much as the pre-war cost. It may be that the figures and averages that I have been dealing with may be incorrect, but I think I am perfectly justified in my criticism that the purchase in the market of material at four times its normal cost would be wasteful extravagance, and that I am right to deprecate it. Then it was said, Sir, that we were not entitled to take only the weight of the tonnage into consideration, but also the total mileage run, and if that is taken, 40 per cent. would be the ratio and not 3 per cent. or less that would have to be taken into consideration. In setting out one of the factors in the situation I stated at time distinctly that that is one of the difficulties which meets us and one

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would like to know how far that difficulty would be minimised in the coming year on account of the cessation of hostile operations, on account of the large numbers of wagons which are being at present utilised and which were utilised last year for military operations and for the carriage of coal connected with the war, being released for ordinary commercial purposes, that is a proposition on which I said some light might be thrown. But I see at the end of the argument we had a lecture on general commercial development and general railway development, but on some of these details asked for the Hon'ble Member thinks that it is not wisdom to throw light. While so, I fail to see how any one, with the most brilliant intellect, can be convinced even now that my proposition was wrongly conceived or was wrongly pressed upon the Government.

" Now, referring to the observations of the Hon'ble Mr. Hogg, I have every sympathy with what he said that we should demonstrate in a practical manner that we have at heart the commercial and industrial railway development of the country and not merely profess it in theory. Well, if the Hon'ble Mr. Hogg had thrown light upon any of the difficulties which I expressed strongly both on the last and on the present occasion and helped me in a solution thereof instead of indulging in general observations, I should have been extremely thankful to him, and I should have said certainly I am in the wrong, if I felt so, but, without doing so, he cannot expect us to follow him. We are not ignoring, and I for one am not ignoring, that in the future the cost of materials is likely to be much larger than it has been in the past. But without the Legislative Council, without the country, having an opportunity of deciding, after expert investigation of the subject, as to what its future policy should be having regard to other needs, are we to have practically the inception of a new policy embarked on in this fashion? My Hon'ble friend says that my Resolution must be rejected not only because it denies the grant of £25 millions this year, but because it would in principle be rejecting the grant of another £25 millions in future. I humbly submit that it was for that very reason I have asked this Council at this stage to reject this amount of £25 millions, because we should otherwise be indirectly committing the Government to the policy. If we are to buy the same material for nearly twice the money, then certainly the proposition is an arguable one. But it will have to be considered whether we should borrow at such a high rate of interest as 5½ or 6 per cent., borrow money competing with those who wish to utilise it for the reconstruction of Europe or wait until the industrial development of this country can produce the material more cheaply and the interest rate goes down. These are questions which ought to lead us to pause before we reject this Resolution in a light-hearted fashion. I for one protest against incurring an enormous expenditure of £25 millions year after year at these high prices without an adequate inquiry, and therefore I submit that that argument should not be used during the current year for the purpose of rejecting my Resolution.

" Then, my friend the Hon'ble Mr. Shafi, drew a doleful picture with regard to trade in his own province. I might draw an even more doleful picture of what is taking place in my own part of the country; because if anyone is feeling the effects of the shortage of wagons it is my unhappy district and my unhappy province, which is too far, too distant from Delhi to have its cries heard. I have alluded to the fact that the total cost of goods wagons on the Southern Mahratta Railway is only 97 lakhs against more than 62 crores, in more favoured provinces and I have said in a way that in my district, owing to the wagon difficulty, traffic is suspended and we cannot import rice into it. I realise fully the difficulties of agriculturists and others. I realise them and if in spite of that I move this Resolution it is not because I am oblivious of all this, but because I want to have this policy threshed out and to understand clearly whether we are getting our money's worth for the money we are going to spend. I have not been convinced by the arguments that have been advanced by the other side, and I must press my Resolution."

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FOR RAILWAYS; FINANCIAL STATEMENT, 1919-20.

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The Hon'ble the Vice-President:—" Does the Hon'ble Member in charge desire to make any final observations ? "

The Hon'ble Sir Thomas Holland:—" No, Sir. The Hon'ble Mr. Sarma, I think, has the right of final reply."

The motion was put and negatived.

[At this stage the Council adjourned for Lunch till 2-30 P.M.]

FINANCIAL STATEMENT, 1919-20.

2-34 P.M.

The Hon'ble Sir William Vincent:—" Sir, I beg to introduce the following heads of the Financial Statement for 1919-20 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Registration.	Registration.
Jails.	General Administration.
Police.	Courts of Law.
Medical.	Jails.
	Police.
	Medical.

" In introducing the heads of the Financial Statement with which the Home Department has to deal, there is really little that I have to say except on one or two heads. Under the head ' Police ' there is, however, an important item to which I should draw attention, namely, the reorganization in the pay and grading of the Imperial Police. This has recently been sanctioned by the Secretary of State. The new scheme was published recently in the newspapers and I need not explain it in detail. It takes effect from the 1st of January 1919. The bulk of the cost will, I believe, be borne by the Provinces, and I understand that in the current year the great part if not the whole will be met by savings under other heads. I hope that this change will be accepted generally as giving a living wage to men who have deserved very well by the country for many years and have been labouring under a severe strain during the years of the war. If Hon'ble Members will look at paras. 95 and 96 of the explanatory memorandum which is annexed to the Budget, they will see also that the lower ranks of the police have been benefited. Indeed for some years we have been pursuing this policy of doing what is possible to better conditions in the lower ranks of the police. It may interest Hon'ble Members to know that during the years 1910 to 1917 while the expenditure on the Imperial Police rose by less than five lakhs of rupees, that on the grade of inspector and sub-inspector and the lower grades rose by 75 lakhs. I believe that in many cases this expenditure has been accompanied by a reduction in the numbers.

" Another subject to which I wish to draw the attention of this Council relates to the head ' Jail.' About five years ago, my predecessor announced that it was the intention of Government to constitute a Jail Commission to inquire into the question of jail administration, and see what was needed to bring it up to modern ideas. Unfortunately the war intervened and year after year we have had to abandon this project in which my predecessor and if I may say so I myself have taken a great interest. This year I am glad to be able to say that we propose to undertake this work. The constitution of the Committee has not yet been finally settled, but it is hoped that it will begin its operations within two or three months. It will include, besides the chairman,

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two Inspectors-General of Prisons, a prison expert of standing from England, two Indian non-official gentlemen and probably one high administrative official. It is intended that the Committee shall assemble in England, if necessary, though I doubt if it will be necessary, visit America and then return to India and make its report here as early as possible. We expect great results from this commission. I am particularly glad that the work has not been delayed any longer, because we have very definite evidence in the administrative reports that reach us of the necessity for considerable modifications in our present system.

“Under the head of ‘Law and Justice’ there are only two matters to which I should like to draw the attention of Council. The first is the conversion of the Punjab Chief Court into a High Court, which will take effect from the 1st of April next. I believe that this will be a subject for much gratification to many Hon’ble Members here. The other matter connected with law and justice is a permanent increase in the number of civil Courts in the Madras Presidency. We have recommended to the Secretary of State that substantial additions should be made in the number of permanent subordinate Judges and Munsifs at a cost of 1½ lakhs a year. My recollection is that a large number of officers are employed now on a temporary basis, and this is not at all a satisfactory system.

“There is only one other matter to which I need refer at all, and that is the great increase which has taken place in the cost of living generally during the last few years. The purchasing power of the rupee has fallen, and there appears to be little prospect of normal conditions being restored. The significance of this is that salaries both of the superior and inferior services which have hitherto been considered adequate are so no longer, and we constantly have to sanction large sums to improve the emoluments, up to now mainly of lower paid servants of Government. In Bombay, this has been a frequent necessity both in the case of the police and in the case of other services. In some cases the improvements have taken the form of temporary allowances, such as grain compensation and war compensation allowances. In some cases we have made permanent additions to the salaries. The case of the superior services, Imperial and Provincial, is a matter of urgency with which we must deal as soon as possible. In these circumstances, it is right I should warn the Council in regard both to the superior and the inferior services that there is a possibility of the cost of administration rising very considerably.”

RESOLUTION RE APPOINTMENT OF A MIXED COMMITTEE TO INQUIRE INTO THE ADMINISTRATION OF THE DELHI PROVINCE.

The Hon’ble Mr. Kamini Kumar Chanda:—“Sir, I beg to 2-10 P.M. move the following Resolution:—

‘This Council recommends to the Governor General in Council that the surplus in the Budget Estimate for 1919-20 be reduced by Rs. 10,000 in order to provide for the appointment of a mixed Committee to inquire into the administration of the Delhi Province.’

“The first thing that may probably strike some Hon’ble Members of the Council is why should a person from distant Assam take upon himself to move a Resolution about Delhi. Apart from the fact that every member of the Council is a member of the whole of India, there is no representative of Delhi on the Council, and unless members from outside take up questions about Delhi they will not be placed before the Council at all. This in fact is my apology for bringing the subject forward. Delhi, as the Council are aware, is the Imperial city, the official capital of India, formed part of the late Delhi Division of the Punjab. It was cut off from the Punjab to form the Imperial

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enclave in 1912 in accordance with the announcement made at the Durbar on the model of Washington. The idea was to keep the Government of India apart from any Provincial Government. The connection of the Government of India with a Provincial Government was characterised in the Durbar Despatch as 'bad for the Government of India and bad for the Provincial Government.'

"I will now respectfully invite the Council to consider how far that idea has been kept in view; to see whether we have not actually drifted far away from that idea, to see whether while the Government of India has come away from Calcutta to avoid connection with the Provincial Government whether a new Provincial Government has not sprung up in its midst, in close proximity to, and in intimate connection with it, a Provincial Government essentially entirely bureaucratic in nature but bereft of the benefits which the people enjoy in the provinces. The province of Delhi, since it must be called a province, is the smallest in size of any province. It is only 64 miles in length and 18 broad and is indeed very small. The income must necessarily be small, it is only 20 lakhs, I believe. But the bureaucratic administration that has gradually been built up is disproportionately top heavy, consisting as it does of a large number of highly paid officials. We have a Chief Commissioner, his Personal Assistant, a Deputy Commissioner, an additional Magistrate, a paid Municipal Secretary and a District Judge; all belonging to or drawing emoluments of the I. C. S. The Deputy Commissioner is a military man. There are two Superintendents of Police with a more than sufficient staff of police, both regular and C. I. D., and quite a host of members of the Punjab Provincial Service. Thus it is obvious we have the strongest bureaucracy of any Province in India. Surely this could not have been intended when it was resolved to have an Imperial enclave, isolated from any Provincial Government. If we are to have another Provincial Government intertwined as it were with the Government of India, what is the point in having come away from Calcutta? On the other hand, what have the people got, what benefits have they derived, what privileges have been conferred on the people along with the distinction of being the citizens of the Imperial city? In the first place the highest civic right open to an Indian now, the right of occupying a seat on a Legislative Council, the privilege of being associated with the Ruler in the administration of the province is denied to a citizen of Delhi and has in fact been taken away from him. Though the Members of the Legislative Council possess no real power there is no doubt the privilege such as it is is highly valued. Along with the rights of sitting in the Council is of course the right of electing a representative to the Council. These rights the people of Delhi possessed before. The Delhi Division along with Umballa had the right of electing a member of the Punjab Legislative Council and a well-known and highly respected citizen of Delhi, Rai Bahadur Lala Sultan Singh, was a member of the Punjab Legislative Council. The people of Delhi no longer possess this right. You may say Delhi is too small an area to have a Provincial Legislative Council; it may be so, I have no mind to dispute it at the present moment, but only point out the consequence which has automatically followed from the carving out of the Imperial enclave out of the Punjab. In the next place, though it is the Imperial city and the Imperial Council sits here, Delhi has no right to send a representative to this Imperial Council. Here again you will say there is no constituency in Delhi to be represented on this Council. Here again I say I will not join issue with you beyond referring to the bare fact. It is, however, permissible to call attention in passing to the fact that the Central Provinces had the right of having a representative on this Council before the formation of the Provincial Legislative Council. Thus the right of ventilating administrative and other grievances in the Council is denied to the people of Delhi, and we from outside have to take upon ourselves the task of bringing up questions about Delhi in this Council. That is my apology for moving this Resolution to-day as I have already said. Thus there being no Legislature to deal with provincial questions, no laws can of course be enacted here. You will inquire how are the laws passed? I say no laws are

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passed for Delhi at all. Punjab laws are engrafted on Delhi at the discretion of the administration without the people knowing anything at all, far less being consulted. The next question is that of local self-government. No doubt there is a Municipality in Delhi, the Deputy Commissioner is *ex-officio* Chairman, and half the number of Members is nominated. Apart from this unprogressive constitution of the Board, it has a very limited jurisdiction being confined within the city walls. There are three other bodies called the Notified Area Committees—a rather mystifying name, which are in fact municipalities as regards other portions of Delhi. There is one for the Civil Station, that is the Imperial city, where we are which is under the jurisdiction of one Notified Area Committee which consists of three European officials and a nominated Indian. Thus, Sir, I can say that in Delhi representative institutions are at a very heavy discount. What an anomaly! A cruel irony of fate!

“Next comes the question of the administration of justice and the Services. The highest Court of Appeal, Civil and Criminal, is the Chief Court of the Punjab, which, as we have just heard from the Hon'ble the Home Member with great satisfaction, is going to be raised to the status of a Chartered High Court from the 1st of April next. Now unlike the High Court at Patna, where the Hon'ble Judges hold circuit Courts in Orissa, which is a part of the province, here there does not seem to be any intention of having any circuit Court in Delhi though it is a different province. Therefore the people of Delhi have always to go to the Punjab Chief Court in appeal cases.

“Then as regards the services, the heads of all departments are in the Punjab. There is no provincial service in Delhi, and these provincial services from the Indian point of view are the most important services which give openings to the educated community, so the educated people in Delhi have no chance of getting any entry into the public services. It is well known, Sir, that if qualified candidates from Delhi apply in the Punjab for service, they are plainly told that they have no *locus standi* because they belong to a different province.

“Next take the question of education. There is no Government College, nor even a University, perhaps no material for a University either. The people of Delhi have got to be content with two seats by nomination on the Senate of the Punjab University out of 80. I understand there are nine colleges under the Punjab University outside Delhi, and there are three colleges in Delhi, therefore proportionately they ought to get at least one-fourth of the total number of seats on the Senate of the Punjab University.

“Then, Sir, there is no Legislative Council, there is no Advisory Board whatsoever of any kind reflecting educated public opinion which could give independent, responsible advice to the administration on public questions. There is thus no means whatever of bringing the pressure of public opinion to bear on the administration, and the Chief Commissioner of Delhi and the Chief Engineer are thus the sole arbiters of Delhi and of the greater Delhi that is in the making. They have left to their own unfettered discretion, to find as best they can what they take to be the public opinion. That means that it is and must always be a matter of personal equation.

“This being the position, there being no healthy check whatsoever which enlightened and independent public opinion everywhere exerts on the administration, it will be a marvel, it would be strange, if what has happened at other places, at other times under similar circumstances would not happen, does not happen and will not happen in Delhi. On the other hand, Sir, there being not the slightest chance of any public opinion exerting any influence over the local administration there are bound to be occasions of executive high-handedness, of improper interference with, of undue indifference to, questions affecting personal liberty, of public right of speech and public right of action, and I can give you, Sir, any number of instances of this kind. But I am afraid you will call upon me to finish my speech within the time-limit, and I shall therefore quote only a few instances.

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"The first point to which I wish to invite the attention of the Council is that in this Imperial city the right of public meetings has been taken away by an order of the Deputy Commissioner purporting to be passed under the Police Act of 1861. Some time in September last orders were passed under section 30 of the Police Act calling upon the conveners of public meetings to obtain licenses from the Superintendent of Police to hold public meetings at any place of public resort specifying the occasion for which such meetings are held, the object for which the meeting is held, and so far as possible the names of the speakers. My submission is, Sir, that these orders are *ultra vires*. I submit that it was never intended by this section to restrict the right to hold public meetings. I shall read the section to the Council. It is this. 'That a District Superintendent or Assistant District Superintendent of Police may, as occasion requires, direct the conduct of all assemblies and processions on the public roads, or in the public streets or thoroughfares, and prescribe the routes by which and the times at which such processions may pass.' I call the attention of the Council to the words 'public roads, public streets or thoroughfares.' Then further it is said in the Act 'he (that is the District Superintendent or Assistant Superintendent of Police) may also, on being satisfied that it is intended by any person or class of persons to convene or collect an assembly, in any such road, street or thoroughfare, or to form a procession which would, in the judgment of the Magistrate of the District, or of the subdivision of a district, if uncontrolled, be likely to cause a breach of the peace, require by general or special notice that the persons convening or collecting such assembly or directing or promoting such procession shall apply for a license.'

"Sir, my submission is that these orders under this section are *ultra vires*. Action under this section could not possibly include a public meeting held at a public place. The section speaks of 'public roads, thoroughfares and streets', and if the Council will bear with me for a moment I shall show how the original section stood. The words originally framed were 'place not being a private house or place of worship.' That is to say, if anybody wanted to convene a meeting or assembly at a place which was not a private house or a place of worship, he had to take a license. The words being found capable of being misunderstood, the Select Committee substituted the words which are now embodied in the section. The words in the section relate only to processions or things of that kind, and it is obvious that it was never intended to restrict the right to hold public meetings in a public place. But in this Imperial city, Sir, action has been taken under this section and public meetings were prohibited, with the result that persons wishing to hold meetings had to hold them in private houses.

"Not only this, but when the Secretary of State came here, Sir, the Local Government prohibited all public meetings in public places. On these orders being passed, Mr. Asaf Ali, a well-known gentleman of the city, in company with the Joint Secretary of the Home Rule League, interviewed the Deputy Commissioner with reference to their application for leave to hold a series of meetings, and Colonel Beadon is reported to have said (I am quoting the *Bombay Chronicle* of the 22nd December, 1917, which, so far as I know, has never been contradicted) :—

'The Government do not want any *tamasha* during the Secretary of State's stay. He further regretted the unwisdom of the Government in allowing Mr. Montagu any deputations at all.'

"Sir, even assuming that such an order could be passed, my submission is that such an order ought not to have been passed. I do not think such an order was passed anywhere else during the war. That is how the status of the citizens of Delhi have been raised.

"Then, there is a well-known incident in connection with the *Ramtila* procession of 1917. The Hindus from time immemorial have been celebrating the

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Ramlila during the Dussera festival. It is a religious institution, not a *tamasha* as the Deputy Commissioner described it when disposing of the application for a license. *Ramlila* is celebrated for nine days in the month of *Asauj*, corresponding with the month of October. In 1917, it was to take place between the 17th and 26th of October, and the *Mohurram* procession of *Mendhi* and *tazias*, which the *Shiah* Moslems—to the resentment of the *Sunnis*—celebrate, was fixed to take place on the 24th and 27th of October. It was found that on one of these days it would coincide with the *Ramlila* procession which would end on the 26th. On this day both the processions would have a small part of the route—about half a furlong I am told—in common, namely, that lying between the Ajmer Gate and Barh Shahbala. To avoid any possibility of friction, however remote it might be, some of the leading Hindu and Moslem citizens of Delhi met and by common consent prepared a time sheet for both the processions; and a deputation of 12 gentlemen, 5 Hindus and 7 Mussalmans, including the two headmen of the *Shiah* community, handed this to the Deputy Commissioner on the 23rd August. No order was then passed. It became known, however, that the Deputy Commissioner on the 15th September called some of the Hindus and told them that it would not do; they must have a different route, which excepting a small part was uninhabited. The Hindus met and considered the matter and decided that the proposal of the Deputy Commissioner would not suit them. There were also mass meetings of Hindus and Moslems at which thousands of Moslems attended who condemned the Deputy Commissioner's proposal as unnecessary interference with the rights of the people, and held that there was no danger of disturbance if the *Ramlila* and *Mohurram* processions were to pass by the common route. But the authorities paid no heed to all this and as no written order was passed by the Deputy Commissioner, the *Ramlila* Committee on the 11th of October filed a formal application for a license, and the Deputy Commissioner added insult to injury to the Hindu feelings by the terms of the order he passed. On the 16th of October the *Ramlila* Committee then approached the Chief Commissioner, the Hon'ble Mr. Hailey, who I am pleased to find has taken his seat in the Council again to-day. They got stones in place of the bread they asked for, as he dismissed them summarily with caustic remarks. The result was that no procession was taken out, and as a result of this disregard of Hindu feelings, the Hindu shopkeepers as a protest and to mark their sense of grief, closed their shops for nine days, and the resentment was deepened and everybody was simply bewildered when they saw artillery parading the streets of Delhi and the cavalry being drafted out to keep the peace. Sir, that is how the Imperial city was administered in October 1917. That the action of the authorities was unjustifiable is shown conclusively by the fact that in 1918, under exactly similar conditions, the two processions of *Ramlila* and *Mohurram* passed on the same route, not on one day as would have happened in 1917, but on two days, and there was not the slightest hitch or disturbance.

"Then, Sir, take another instance in Delhi. There is a Hindu girls' school called the Indraprastha Girls' School. It used to get a subsidy of Rs. 200 a month. There was a lady called Miss Gmeiner as Lady Superintendent in charge of it. She formed a branch of the Home Rule League in Delhi and came and informed the Chief Commissioner of this, and the result was that the Chief Commissioner called upon the School Managing Committee either to part with Miss Gmeiner's services or do without the grant. They would not part with the services of Miss Gmeiner and the grant was withdrawn. Not only that, but privileges due to the students were withheld. The students of Delhi are allowed one day a week to visit the gardens of the Port and this right was also denied to the students. On this matter I put a number of questions in this Council on the 24th of September 1917 and the questions were practically all admitted, as the Council will see. I will read them out:—

(a) Is there a girls' school in Delhi called the Indraprastha Girls' School established in 1904, and is it a fact that Miss Gmeiner was Lady Superintendent thereof from 1905 and that last year this school with an enrolment of 350 girls was raised to the status of a High School, and that the school was receiving a grant-in-aid of Rs. 200 a month?

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(b) Is it a fact that after the opening of a Branch Home Rule League at Delhi, the grant-in-aid has been withdrawn on the ground that the Lady Superintendent, Miss Gmeiner, had joined the League and that she must withdraw either from the school or the League?

(c) Is it a fact that at the same time the payment of the scholarship money which was then overdue was also withheld?

(d) Is it a fact that the said school is the largest girls' school in Delhi and that though all other schools were given one evening in the week to visit the Delhi Fort Gardens, no day was allotted to it?

(e) Is it a fact that the Lady Superintendent and the Honorary Secretary of the School Committee gave an assurance to the Chief Commissioner that the Home Rule League is quite apart from the school and that no member of the School Committee nor any person connected with the school besides Miss Gmeiner and an Honorary worker, Miss Priest, had anything whatever to do with the Home Rule League?

"Then, Sir, the next point is this. Miss Gmeiner opened a Home Rule reading-room and library and what happened in regard to this library will be seen from the question I put the same day, which was admitted by the Hon'ble Home Member:—

(a) Is it a fact:—

(i) that a reading-room called the Home Rule Reading-room was lately opened at Delhi? and

(ii) that the management of the reading-room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits?

(b) If so, was any inquiry made about the complaint?"

The Home Member admitted this.

The Hon'ble Mr. Srinivasa Sastri:—"Does the Hon'ble Member mean that the Home Member admitted the question or that he admitted the facts?"

The Hon'ble Sir William Vincent:—"That is what I wish to know too."

The Hon'ble Mr. Kamini Kumar Chanda:—"I will quote the answer."

The Hon'ble the Vice-President:—"I would advise the Hon'ble Member not to quote it at great length because he has only 2½ minutes left."

The Hon'ble Mr. Kamini Kumar Chanda:—"The Hon'ble Sir William Vincent replied:—' (a) The fact is as stated.' But I need not repeat the answer. I shall refer only to one other matter as an instance of how educated public opinion is flouted by the local authorities. It is in connection with the public procession in honour of the President Elect of the Indian National Congress in December last. The route that was applied for by the Reception Committee is the route that is daily taken by processions without any hitch. There was also another reason why the Reception Committee selected this route. It lay through streets lined on both sides by houses, the owners of which were most of them members of the Reception Committee, and it was their desire that the procession should pass that way. But it was not to the liking or pleasure of the Police Superintendent, who said it would look too much like 'A State Entry.—' I quote what I understand were the gentleman's own words—and he prescribed a route which lay through roads where there were no inhabited houses but only railway godowns, the building of a cinema show, and houses occupied by local prostitutes. The Reception Committee

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mad Shafi.]

were not prepared to accept this route. They then applied to the Deputy Commissioner, and having failed to obtain a favourable decision from him, they approached the officiating Chief Commissioner. This is what the Chief Commissioner replied :—

‘Such assemblies and processions are, under sections 30—33 of the Police Act of 1861’ entirely subject to the general control of the Magistrate of the District exercised through the District Superintendent of Police. The law does not contemplate any interferences by any superior executive authority with the exercise of the responsibility thus placed upon the District Magistrate.’

The Head of the Province will not look into the matter even though there was an improper exercise of the discretion of the District Magistrate.....

The Hon'ble the Vice-President:—“I must ask the Hon'ble Member to bring his remarks to a close, as he has been speaking for half an hour already.”

The Hon'ble Mr. Kamini Kumar Chanda:—“I will, Sir. These are the grounds on which, I submit, there ought to be an inquiry of the kind my Resolution suggests.”

The Hon'ble Mr. W. J. Reid:—“Sir, I come from the same 3-14 P.M. remote Province as the Hon'ble Mover of this Resolution, and we live in the same mofussil town. The Hon'ble Mover is the Chairman of the Municipality that looks after the affairs of that town. He has filled that honourable position for many years and is therefore eminently qualified as a critic in matters municipal. In the course of his speech I understood him to take strong exception to the system under which certain members of the Delhi Municipality are nominated. That system or some modification of it is in force in our own Province, and I hope the Hon'ble Mover's condemnation of it is not universal.....

The Hon'ble Mr. Kamini Kumar Chanda:—“Just one word, Sir. What I said was this, that on the Delhi Municipality half the members are nominated, which makes it a most unprogressive body. In our Municipality only one-third of the members are nominated.”

The Hon'ble Mr. W. J. Reid:—“I said, Sir, that in Assam the system in a modified form is in force. That is not the point which I wished to make. The Hon'ble Member himself is at the present moment a Municipal Commissioner by the way of nomination. When the last elections were held an ungrateful constituency refused to elect him as their Ward Commissioner. I regarded this as a public calamity because the Hon'ble Member had for many years been an admirable Chairman of the Municipality and persuaded him to accept a nomination, which he did. I would only suggest, Sir, that a system which has done so well for the people of Siblebar cannot be an entirely bad system.”

The Hon'ble Khan Bahadur Mian Muhammad Shafi:— 3-16 P.M.
“Sir, I have no desire to intervene in this combat between the champion of Delhi and whoever is going to champion the cause of the Government in this matter. But there is one error—and to my mind a very grave error—in the figures and in the claim based on those figures, which, on behalf of the rest of the Punjab, it is my duty to invite the attention of this Hon'ble Council to. My learned and Hon'ble friend claimed that there being three colleges in Delhi, Delhi was entitled to 25 per cent. of the seats on the Senate of the Punjab University. According to him there are only nine colleges outside Delhi. I find on a very hasty calculation of the number

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DELHI PROVINCE.

[*Khan Bahadur Mian Mahammad Shafi*; Sir [10TH MARCH, 1910.]
William Vincent.]

of colleges in our Province that there are altogether twenty-one colleges in the Punjab. That is to say, the colleges at Delhi number only one-seventh of the total number of colleges in the whole province. If the Government were to distribute the seats on the Senate of the University only between the towns which happened to possess colleges in proportion to the number of colleges which those towns do possess, I do not know how the educational interests of the rest of the Province could find representation on the Senate of the University. For if this principle were to be adopted, there are eight colleges in Lahore and Lahore ought to have 8 by 21 of the total number of seats on the Senate of the University; and similarly the other towns, whether they have two or whether they have three or whether they have one, college, ought to have proportional representation on that principle, and the rest of the entire population of the Punjab and its educational interests, according to the principle, ought to go entirely unrepresented. That is the fallacy of my Hon'ble friend in regard to this particular matter which I want to point out to this Council. I am not concerned in the combat itself between the Delhi town and the Delhi Government. That is a matter which I have no doubt the champions on the two sides will fight out among themselves."

8-19 P.M.

The Hon'ble Sir William Vincent:—"Sir, the Hon'ble Member, began with an apology for putting himself forward as a champion for Delhi. If I may say so, no apology was needed. Delhi is indeed to be congratulated on having secured so eloquent an advocate of its cause. It is moreover correct that there is no direct representation of the Province of Delhi on this Council, and having regard to the limited number of members, I think Hon'ble Members will admit that any such representation is impossible. At the same time, when any public question is agitated in the Province, I have always found that there were numbers of non-official Members ready to take it up and make representations about it to this Council; and I do not think that it can be said that the pressure of public opinion in the city of Delhi is not felt as much as it is elsewhere. In any case, I submit that there is scarcely any room for an inquiry by a Committee into this question of representation, because we know that in the Report on Reforms recently prepared by His Excellency the Viceroy and the Secretary of State, provision has been made for the representation of Delhi; and Lord Southborough's Committee—on which I believe some Hon'ble Members here also served—has no doubt considered that question in connection with the franchise for the Legislative Assembly, I mention this as indicating the absence of any need for a separate Committee to inquire into a matter which has already been fully investigated. As a matter of fact, the population of Delhi being what it is, I think the Hon'ble Member would himself admit that there is no reason why it should be represented in this Council at present. Nor can it be maintained that being outside the Punjab it is entitled to any representation in the Punjab Council. It is an unfortunate position, but as I explained it will possibly be rectified—or at any rate, it has been fully inquired into recently.

"The Hon'ble Member complained of the laws that were in force in Delhi. Sir, I speak merely from memory, but I believe most of the laws that are in force in this province are those which have come down from the time when Delhi formed part of the Punjab, and had a representative in the Punjab Council, or are laws which would have applied to it whether this Province had remained inside or outside the Punjab. I may be wrong; as I said, I am speaking from memory; but I think this statement is correct as to most of the laws.

"The Hon'ble Mr. Chanda then made references to the question of municipal administration, on which he suggested an inquiry was needed. This is a matter really for my Hon'ble colleague on my left (Sir Sankaran Nair) to deal with, and I should be hardly justified in touching on it except to suggest to the Council that it is unnecessary to discuss the appointment of a Committee of inquiry to investigate a matter of this kind before other and simpler methods

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of dealing with it have been tried. I am quite sure my Hon'ble colleague will be the first to pay attention to any representation that may be made to him in the matter. Then I am told that another reason for an inquiry is that there is no circuit Court of the Chief Court or High Court at Delhi. Sir, if any complaints had been made to the Home Department on this matter, they would have been inquired into. To the best of my knowledge no such complaints have been made. There is a circuit Court in Outback, in the province of Bihar and Orissa, but there are those who doubt if it is really a great benefit, and if there are advantages there are also certainly corresponding disadvantages, as I think some of those who come from that province will admit. In the absence, however, of any express request by responsible people in Delhi for a circuit Court here I urge that no case for the appointment of a Committee to inquire into this matter has been made out. May I remind Hon'ble Members in this connection that we have recently had rather a surfeit of these reports. We have reports of Committees on industries, a report of a Committee on legislation, which is now pending before this Council, a report on reforms which gave us a good deal of work, and we are now threatened with a report on University education which is likely, I believe, to run to 2,000 pages. I think that the Hon'ble Member would scarcely wish to add to the number of reports of that kind.

"There is another reason why no inquiry by a Committee is necessary into the administrative matters to which he refers. I listened with some care to the complaints that have been made of the administration of Delhi. Let me begin with that regarding public meetings. The order referred to was made in October, 1917, that is about 18 months ago, and I do not know even if it is in force now. I am quite prepared to have inquiries made as to whether that order is in force, or as to whether any necessity exists for keeping it in force; but had there been any real cause for inquiry, I submit to the Council that it is reasonable to suppose that we should have heard of it sometime earlier than 18 months after the order, and that it is unnecessary now to have an inquiry into so old a matter. At the same time I am quite prepared to have the question which the Hon'ble Member has raised examined.

"Similarly, with the *Ramlila* procession of 1917. That is, I believe, a matter also about a year and a half old. Am I correct in that?"

The Hon'ble Mr. Kamini Kumar Chanda:—"Yes, that is so."

The Hon'ble Sir William Vincent:—"Yes, October, 1917. I should have thought that if there had been any real police or executive *coolum* the Hon'ble Member or somebody else—Delhi is never lacking in persons ready to take up these questions—would have brought forward a Resolution in this Council dealing with the matter at the time, in which case we should have had a full debate on the question, and I should have been in a position to answer it....."

The Hon'ble Mr. Kamini Kumar Chanda:—"There was no Council sitting at that time; it was in October."

The Hon'ble Sir William Vincent:—"I will ask the Hon'ble Member to remember that there was a Council sitting in January and at that time....."

The Hon'ble the Vice-President:—"I think the Hon'ble Member means that it takes a long time for news to get from here to Assam."

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The Hon'ble Sir William Vincent:—"The Council met in January, and if the Hon'ble Member had wished he could have brought it up then....."

The Hon'ble Mr. Kamini Kumar Chanda:—"6th February was the first meeting."

The Hon'ble Sir William Vincent:—"It is very difficult to speak if I am subjected to constant interruptions. But I still submit that there was ample time in the cold weather Sessions last year in which the Hon'ble Member could with ease, as was done by the Hon'ble Mr. Banerjee, put a question or have brought this matter to the notice of Council by means of a Resolution. We had a full report on it at the time and the information we received was that on a previous occasion the *Ramlila* and the *Muharrum* festivals had clashed with the result that there was a very serious riot, details of which are recorded. In consequence of that it was decided that no procession should pass through the Chandni Chowk in subsequent years.

"In 1915, a meeting was held of leading Hindus, Muhammadans, Sikhs and Bengalis, and after protracted discussions and adjournment of the matter for a month, the approved scheme of routes, as agreed on at the second meeting, was embodied in an order issued by District Magistrate which was communicated to all the parties. The revised scheme provided that no Hindu procession should pass either the Jumma Masjid or the Fatehpuri Mosque, but as a compensation the Hindus obtained a much more suitable and lucrative route, namely, through the Chandni Chowk and Egerton Road. This arrangement was intended to hold good for normal years, but the District Magistrate recorded that the general sense of the meeting was that if in future years the dates of the *Muharrum* and the *Ramlila* were to clash, the latter might suitably proceed, *via* the Dariba, the Chandni Chowk, the Queen's Garden and Dufferin Bridge to the Tis Hazari Maidan. Well, in 1917, the dates of these two processions did clash. Meetings were held, every possible attempt was made to arrive at a satisfactory understanding, and in the end Colonel Beadon, the Deputy Commissioner, gave the *Ramlila* Committee a choice of two courses, namely, either to celebrate the festival throughout on the alternative route described above, *i.e.*, ending up on the Tis Hazari Maidan, or to maintain the old route ending up at the Shaji tank. There were detailed inquiries into the matter, and the local authorities did the best they could to meet the wishes of all concerned. I submit it would be idle after 18 months to start an inquiry into a thing of that kind.

"The other matter to which the Hon'ble Member referred, I think, was in connection with the Home Rule League Reading Room at Delhi. The facts are that a question to which Mr. Chanda has referred was asked in this Council and I read it and the answer.

Question—

(a) 'Is it a fact—

- (i) that a reading room called the Home Rule Reading Room was lately opened at Delhi, and
- (ii) that the management of the reading room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits?

(b) If so, was any inquiry made about the complaint?'

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Reply—

(a) (i) The fact is as stated.

(a) (ii) and (b) The management have made no complaint either to the Chief Commissioner or to other local authorities of harassment by the Criminal Investigation Department.

I think perhaps it would have been a little fairer if he had read the answer in full."

The Hon'ble Mr. Kamini Kumar Chanda :—"I am sorry."

The Hon'ble Sir William Vincent :—"I am glad to hear the Hon'ble Member say so. As no complaint was made at the time it is a little unreasonable to expect that an inquiry should be made now. As to the complaints about the last Congress I am informed that large public processions are not allowed to pass a particular mosque—I am not very distinct about the point—I think it is called the Fatehpuri Mosque, as there is always a fear of a breach of the peace there. The District Magistrate went out of his way however to arrange another route for the processions through Queen's Road, through Chandni Chowk by the clock tower and past the Congress Pandal. Everything that was reasonable was indeed done. I submit, Sir, that no case has been made out for an elaborate inquiry into matters of this kind many of which are now dead matters."

The Hon'ble Mr. H. Sharp :—"Sir, the Hon'ble the Home Member said that the questions of municipal administration in Delhi were a matter for the Education Department. I do not stand here as a champion of nomination. In May of last year the Government of India issued a Resolution dealing with this and other matters of local self-government. That Resolution made clear the attitude of the Government of India towards nominated members in municipalities. Mr. Reid has made clear what Mr. Chanda's attitude is. 3-33 P.M."

"I confess I shudder to plunge into these local matters and to enter into competition with the Hon'ble Mr. Chanda after the fascinating glimpse which he afforded us on Saturday afternoon into the *penetrabilia* of provincial administration. But it is necessary for me to point out that the facts on which Mr. Chanda has based some of his statements appear to be incorrect, or at least out-of-date.

"I understood Mr. Chanda to say that in the Municipal Committee of Delhi half the members were nominated and that the Notified Area Committee consisted of three European officials and one nominated Indian.

"As regards the Municipal Committee, the fact is that the number of elected members equals the number of *ex-officio* and nominated members taken together on paper. But this is only on paper. For recently two among the nominated members have been nominated at the instance of local associations, so that to-day there are really six nominated against thirteen elected members. Furthermore, my friend, Mr. Hailoy, here tells me that some time ago he informed the Municipal Committee that he was quite ready to see a substantial diminution of the number of nominated members.

"I do not think that it is necessary for me to labour the matter farther in respect to the Notified Area Committee. The Notified Area is an exceptional and temporary arrangement. But here also the constitution of the Committee is not such as Mr. Chanda has told us. I need not weary the Council with giving them any details. But the information which lies before me shows that its constitution is considerably more liberal than he has represented.

"I am sorry to have had to trouble the Council with these matters of fact. But I feel that I cannot quite close my remarks without some allusion to what

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Mr. Chanda said regarding education, although the Hon'ble Mr. Shafi has in reality sufficiently answered him. I think it can hardly be said that Delhi is so ill-equipped in the matter of educational institutions. After all it has three colleges. Mr. Chanda found fault because there was no Government college. I can assure the Council that both the Local Administration and the Government of India have kept in view the question of a Government college. Speaking for myself, I trust that Delhi will soon be so important an educational centre as to have its own University. Nor do I think that that time need be so very far distant. I submit that the educational progress of a place should be judged not by its representation on bodies but by its institutions. I understand that Delhi is as a matter of fact not unreasonably represented upon the Punjab University. But its progress must be gauged by the number of its institutions, their equipment and above all by their efficiency."

8-39 P.M.

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I am grateful to the Hon'ble the Home Member for the sympathetic reply which he has given. Of course, I may say at once that I do not seriously press for a Committee. My submission is that this is the Imperial city, but that there is no direct control by the Government of India, and that we should have things better than they are. Things should be such that the people would take pride in the affairs of the city. It is unfortunate that an impression has been created that there is a lack of public spirit. My object in bringing forward this Resolution was to get Government to consider this matter and to agree that the status of the citizens should not be inferior to that of other places; that as I said they should take a pride in being citizens of the Imperial city. I am grateful to the Hon'ble Mr. Shafi and to the Hon'ble Mr. Sharp for pointing out my mistakes. Being an outsider I cannot possibly have an intimate knowledge of the affairs of Delhi. If I have been misinformed and any mistakes have been made I accept the corrections. As regards the *Ramlila* procession I may say that the Hon'ble the Home Member has not met the charge that I made against the Local Administration. Though there might be friction between the two communities, I say the answer to this is conclusive that in the following year under the same conditions and under similar circumstances both the processions passed over the same route without any friction or trouble whatever, and Government was satisfied. Then twelve of the leading gentlemen of this city, five prominent Hindus and seven Muhammadans decided on a common course of action and approached the Deputy Commissioner. Why did not the Local Government accept it? That is with regard to the correction which my Hon'ble friend on my right thought fit to make. Sir, it is rather unfortunate that such a local matter as this should be introduced into the Imperial Legislative Council. What happened is this: two years ago during my absence from Silchar.....

The Hon'ble Sir William Vincent:—"May I rise to a point of order? The reasons for the Hon'ble Member's defeat in a municipal election in Assam do not seem to me to be relevant to this discussion?"

The Hon'ble the Vice-President:—"I would ask the Hon'ble Member to confine his remarks to the question before the Council."

The Hon'ble Mr. Kamini Kumar Chanda:—"Well, Sir, under these circumstances I have no mind to press the Resolution, but I do hope that the appeal which I have made to the Council will be taken into consideration, and that the reforms which I have suggested will be carried out, so that the people of this city may really feel proud of being citizens of this Imperial city of Delhi. With these words I ask leave to withdraw my Resolution."

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

[10TH MARCH, 1919.] [*Sir James Meston.*]**FINANCIAL STATEMENT, 1919-20.**

The Hon'ble Sir James Meston :—" Sir, I beg to introduce the following heads of the Financial Statement for 1919-20 :-- 3-43 P.M.

<i>Revenue.</i>	<i>Expenditure.</i>
Opium.	Refunds.
Interest.	Opium.
Mint.	Stamps.
Receipts in aid of superannuation.	Income Tax.
Exchange.	Interest on obligations other than the Public Debt.
Miscellaneous.	Mint.
	Civil Furlough and Absentee Allowances.
	Superannuation Allowances and Pensions.
	Exchange.
	Miscellaneous.
	Reduction or Avoidance of Debt.

"The subjects under the direct control of the Finance Department are enumerated above and the statistical and administrative facts regarding them are set forth with sufficient fulness in the Financial Statement and in Mr. Howard's memorandum. All that I would ask your permission to do is to place on record a word or two about the war services of the Finance Department, a department which is not ordinarily associated in the popular mind with martial activities. The contributors to our war efforts which take the place of honour in this list are undoubtedly His Majesty's Mints in Bombay and Calcutta and the Mint at Hyderabad. During all the time that munitions were being made in India, those mints took a very active part in their construction. They did work which it was particularly difficult to get done elsewhere, being of a very highly technical type, particularly the manufacture of gauges for testing the output of workshops engaged in the preparation of shells. They also prepared copper bands and they were very active in the construction, especially in Bombay, of motor ambulances. They undertook all this work at a time of the greatest possible strain during their very scanty leisure with depleted staff, and it is difficult to praise too highly the unpromising zeal with which they threw themselves into this patriotic work. I did not find the staff of the Mints mentioned in the Despatches which covered so many other war workers. It seems to me that this fact is symptomatic of their work. They did their work cheerfully, zealously and unostentatiously and gave their best with no expectation of reward.

"Turning to the Indian Finance Department proper, I might mention that it possesses a cadre of 166 officers and 5,000 men. Out of these, the Department has spared, and spared very cheerfully, 51 officers and about 900 men, of whom a considerable number were on purely military duty. Three of our officers, Mr. Graham, who was well known as Accountant-General, and Mr. Sykes and Mr. Slacke, have been killed in action and a number of clerks met death whilst on active service.

"Four officers have been awarded distinctions for war services, the honours including a D.S.O. and a M.C. and three officers and four Accountants have been mentioned in Despatches.

"The majority of the officers deputed have of course undertaken financial, audit and account duties and other work of a clerical type, but nevertheless have done very valuable service of its kind. Thus at the present time officers of the department are holding the important posts of Controller of War Accounts, India, Financial Adviser to the General Officer Commanding, Mesopotamian Expeditionary Forces, and Financial Adviser to the South Persia Rifles and several of the departmental Accounts officers in Mesopotamia, for instance, the Railway and Irrigation Departments, are members of this Department.

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"Our men have also shown a versatility which perhaps was not expected from them. We have had representatives in the Infantry, Cavalry, Gunners, Royal Engineers, the Supply and Transport, and Flying Corps and on every front. In England, we have had officers working in the Admiralty, the office of the Controller of Merchant Shipping, the Ministry of Munitions, the War Office, and the India Office. One officer has been an Assistant Provost Marshal. In Mesopotamia the Director of the Blockade, Mesopotamian Expeditionary Force, was a former member of the Indian Finance Department, while other officers have worked in Local Resources and in Food Control.

"The release of so large a number of the officers and men has thrown a very great amount of extra work on to the shoulders of those who have been left behind, and I am glad, Sir, of this opportunity of testifying to the fact that this burden has been willingly and cheerfully borne by the men who stayed in India."

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2-43 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to move the following Resolution:—

'This Council recommends to the Governor General in Council that the expenditure under Miscellaneous 32 be increased by (a) Rs. 10,000 to meet the cost of a Committee to recommend the measures needed for organizing and developing the banking system of the country, (b) by Rs. 30,000 towards the cost of a Committee to inquire into and report on the civil expenditure of the country during the last five years and recommend measures for the retrenchment of the annual expenditure.'

"Sir, we have been sitting rather late, and I do not propose to go at any considerable length into the merits of this Resolution, which is of extreme importance, and I think that the Resolution is the least controversial of all the Resolutions that have so far been moved, and I hope therefore the Government will be able to meet me by accepting this.

"With regard to the first part of it in which I ask that a Committee should be appointed to recommend the measures needed for organizing and developing the banking system of this country, I do not think that there is much need for any arguments in support of this branch of my Resolution. The Government have very sympathetically answered my questions on this subject during the last two years and have in a way promised that as soon as the war conditions permit or as soon as the war is over, they would take it up and do what they can in respect of it. I shall now merely read the recommendations of two very responsible Commissions in support of my position, and I do not think anything more need be said. The Chamberlain Commission which reported on the 24th February, 1914, state on page 56 of their Report:—

'We are not yet in a position to report either for or against the establishment of a State or Central Bank, but we regard the subject as one which deserves early and careful consideration and suggest the appointment of a small expert Committee to examine the whole question in India either to pronounce against the proposals or to work out in full detail a concrete scheme capable of immediate adoption.'

"Nothing could be done, I believe, by the Government of India because war broke out in August, 1914, within six months of the signing of this Report, and it was felt, and perhaps rightly, that the experience gained during the war might be utilised in formulating proposals that might be suitable to the conditions of India after the war is over. I may point out, Sir, that various Committees have been sitting even during the war to see what can be done in the way of developing, organising and improving the resources of various countries, both in the United Kingdom and elsewhere, and I therefore hope,

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now that the Government of India will have some respite after sending Home the Reforms Committee's Report, this question may be taken up.

"The Chamborlain Commission have clearly suggested the appointment of a Committee, and I need not therefore lay any further emphasis on this point.

"Then I allude next to the recommendations of the Industrial Commission's Report at pages 179 and 182. They say :—

'We consider that the establishment of industrial banks working on approved lines is of sufficient national importance to justify Government assistance; but we do not feel that we have sufficient material before us to enable us to formulate a definite scheme for industrial banks, whether of Provincial or Imperial scope. We ask, therefore, for the appointment at the earliest possible date of an expert Committee to consider what additional banking facilities are necessary for the initial and for the current finance of industries; what form of Government assistance or control will be required to ensure their extension on sound lines as widely as possible throughout the country; and whether they should be of Provincial or of Imperial scope, or whether both these forms might not be combined in a group of institutions working together.'

Therefore the Industrial Commission also recommend the appointment of a Committee to go into this question thoroughly at the earliest possible date. I may submit, Sir, that the experience of the Government during the last two years in connection with the war loans shows clearly what India can do under proper organisation and with Government co-operation. There is no gainsaying the fact that the people of India are at present shy in investing capital in large commercial concerns, but that they have very great faith and credit in Government institutions. I need not elaborate the point, and I therefore submit that any interest the Government may take in banking would be of considerable use in bringing forward capital to assist the industrial concerns that happen to be started. I think it must be admitted that there is enough capital of a kind, if only the people would use it, in this country to run their industries without much extraneous help. There is no use disguising the fact that the people of this country will have to change their habits considerably if they are to be industrially forward. I find from statistics that from £200 (two hundred) to £300 (three hundred) million worth of gold have been imported into this country and about Rs. 400 crores worth of silver has also been imported for various purposes, coinage, etc., and there is not in England as much gold and silver as there is here, though their fluid resources are incomparably superior. In point of land, in point of our water power, in point of human power, in point of everything that goes to constitute the credit of a country and the wealth of a country we are not backward, but we have to learn proper methods and organised banking will be one of the principal methods by which the people can be taught to utilise their resources and make them liquid. It is therefore, Sir, of the highest importance that this question should be taken up at the earliest possible date. I fear that what I have asked for is too little and not too much for the purposes we have at heart, and I have not the slightest objection if the Finance Member will see his way to give us more money than that. All I ask for is that a Committee may be appointed; the question of money is of secondary importance.

"Coming to the second part of my Resolution, I would submit here that this is no reflection whatsoever upon the Government. This proposal should not be considered as hostile to the Government when I ask that there should be a Committee appointed to consider the question of the expenditure of India. This is a matter that every responsible Government provides for automatically. We know that in France and other countries they have Committees sitting to inquire into this question year after year, and we know that during the war various Committees were appointed in England to suggest methods and help the Government with proposals as to how Government expenditure should be curtailed. I need not take the Council into many figures to convince them that during the last few years the expenditure (I shall omit the military expenditure) has been so great that it demands some outside body to help the Government with suggestions and suggestions in favour of retrenchment. I would

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only ask the Council to remember this, that between 1902 and 1913, while the total expenditure of India rose from £62 millions to £82 millions, that is, by about £20 millions in a period of ten to eleven years, during the last five years our expenditure has grown from £82 to £123 millions, or an increase of £41 millions, or about 60 crores of rupees. So in five years we have increased the expenditure by Rs. 60 crores, whereas during the previous period of ten years it was increased by £20 millions. I recognise that of this increase of 60 crores about £20 millions is under the Army head. But even deducting that, we have got about £20 millions expenditure within five years under civil, as against £20 millions during previous ten to eleven years. I recognise also that during the last five years grants have been made for education, etc., and the Imperial expenditure would come to about 5½ crores. Even deducting this expenditure under heads which are approved by everybody, there is still an expenditure of £16½ millions during these five years as against 18 or 17 during the last ten years. I need not take the Council into detail after detail under direct demands of revenue, under salaries and expenses, under miscellaneous expenditure; in almost every department there has been enormous growth. Of course most of this growth may be on inquiry found to be suitable and expenditure which cannot be avoided. In a short speech it is impossible to indicate in what particular directions expenditure should be curtailed. The Hon'ble Members will see, if they go through the pages of the civil estimates the enormous sums spent on travelling expenses, and one sometimes fails to see how it is necessary for administrative purposes to transfer officers so frequently and to such distant places. We see it in the provinces as well as in the Government of India, and I think a Committee will be able to suggest various improvements in that direction. If we go into the matter in detail we shall be able to find expenditure under each head, part of which may be necessary, but part of which would be and could be cut down. But enough has been said by me without entering in the slightest degree into any hostile criticism to indicate that it should be highly beneficial to the Government as well as to the public that this question should be gone into by a Committee whose report would be of considerable assistance in reassuring the public mind that the expenditure is on healthy and sound lines. With these words, Sir, I recommend the proposition to the acceptance of the Council."

4 P.M.

The Hon'ble Sir Dinshaw Wacha:—"Sir, I should like to say a few words as far as the recommendation of a Committee for considering the question of a Central State Bank is concerned. The Chamberlain Commission did, of course, conditionally recommend such a bank, and, I believe, it will be for the Government of India in the Finance Department to see in future how a Central State Bank can be practically established. Opinions have widely differed on that subject; different Chambers of Commerce have entertained different views and the general difference is this, whether the three Presidency Banks should be amalgamated as suggested into one Central State Bank. I think the question was mooted and a good deal of discussion took place on the subject, but the result was that, as far as possible, the three Presidency Banks should be allowed to remain where they are. But how far a separate State Bank, apart from the Presidency Banks, a bank which might in its fundamental constitution approach as near as possible the Bank of England, might be established is, of course, a question for serious consideration by the Government and the Finance Department. I do not know whether this Council will act wisely in asking Government to appoint a Committee on this subject. As far as the private banking institutions are concerned, I do not see what would be the use of a Committee for this purpose. Everybody in India is fully alive to the fact that more extensive banking facilities are necessary and to the necessity of an organisation to promote the object. There is no speciality about it; it requires that the people should be taught how banking organisations could be established in each province. The only thing required is that the people themselves should have sufficient enterprise and enlightened self-interest to embark on

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such organisations for extensive industrial development. Self-help must be greatly stimulated. Nothing more than that is essential. However, if the Council is anxious that the Hon'ble Mr. Sarma's proposition, which is quite an academical one, may be put into effect, I have not the slightest objection. As far as civil charges are concerned, Members of Council may recollect that in this place I did bring forward this matter first to the notice of the Finance Minister who is now gone—Sir William Meyer. What I did say was this: that the net expenditure, wholly apart from the Army charges, was increasing, and that it was increasing in a larger ratio than that of net revenue. Let us put it in this way, that there is a net revenue showing in ten years a growth of only 10 per cent., while the net expenditure for the same period shows a growth of 13 per cent. Now, that is a state of finance which I do not consider to be very sound; because under those circumstances, the net expenditure would outrun the net revenue. That is my point; and I will relate to you where the fallacy lies. If the railway surplus, which now averages somewhere about 8 or 9 millions, is separated from the ordinary revenue accounts, it will be easily found that the ordinary revenue does not suffice for our expenditure. Our expenditure has increased enormously in the last ten years. If you would look into the figures of net revenue and expenditure, say, for the decade ending 1917 and if you would deduct the railway surplus from the net revenue, you will find that instead of having these large surpluses that have been shown in the past Financial Statements, there have been actual deficits. I went into the figures carefully some time ago and I am now speaking from memory; but it is a fact that in only two years during the ten years ending 1917 was there a surplus, apart from the railway surplus; that is to say, in the other years the revenue was a great deal less excluding the railway surplus to suffice to meet the increased expenditure. The other years really closed with a deficit which was concealed because of the inclusion of the railway surplus in the revenue accounts. That, I say, is not a state of things which ought to be allowed. It is financially unsound and now that the Hon'ble Sir James Meston has come and the war is over, I think it would be a very good thing if this part of the administration of civil expenditure was thoroughly overhauled. What I mean to say is this that expenditure under different heads, such as education, sanitation, police, law, etc., might be necessary; but the question is this; whether a Finance Minister should allow it or sit tight on the spending departments and say 'No, my revenues will not allow it and therefore I shall not allow larger expenditure; I will not allow my net revenue to be outrun by my net expenditure.' That is a point on which, I think, an experienced Finance Minister of the ability and acumen of the Hon'ble Sir James Meston can do more than any Committee of experts. More I need not say. There is, I admit, something in the contention of the Hon'ble Mr. Sarma that a Committee or some kind of inquiry is necessary for the purpose of investigating how far the civil charges have outgrown the revenue; but I am of conviction such a Committee cannot do any good. The question is one of practical finance. The Finance Minister ought never to allow the net expenditure to outrun the net revenue. That is my point."

The Hon'ble Mr. H. F. Howard:—"Sir, the Hon'ble Mr. Sarma's Resolution deals with two quite different matters, as he recognises, the common link being the studied moderation with which he has pitched the cost of them, as if he were to say, 'Let me have but a little'. Now, Government are very anxious to do what they can and they sympathise entirely with his object. As regards the question of banking, everybody of course—as the Hon'ble Sir Dinshaw Wacha says—realises the necessity and importance of banking development in this country. In fact the Hon'ble the Finance Member specifically referred to the importance of that question in his Statement where he said that any development in other ways, in the way of checking hoarding and in the way of a saner currency policy, must go hand in hand with the development of banking. It was a great disappointment to the Government five or six years ago when the Swadeshi banking movement, which seemed from all the outward signs to be set on a fair course, came to such horrible grief.

4-4 P.M.

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So far as I can recollect, the smash commenced with the People's Bank in the Punjab with no less than 70 branches or so and a crore or more of deposits; but when that went down the road it was followed by the collapse of many others, including various mushroom institutions. Apart from the smaller institutions there were the Credit Bank in Bombay and a larger bank, the Indian Specie Bank. Sir, the collapse of those banks taught us one very important lesson, and that is, for banking development you must have sane and sound and trained bankers. It is the same question as that of the trained teachers, who are so necessary for real educational development. The present position is not without its hopeful signs that we are getting to be better off than we were before in this respect. We have seen the large industrial Bank of Messrs. Tata's started in Bombay which has been mostly, if not entirely, floated on Indian capital. And we have in Bombay on smaller lines a very successful little bank, the Central Bank, which has weathered all these storms, owing largely, I believe, to the great efficiency and commonsense and knowledge of its manager, Mr. Pochkhanawala. Mr. Pochkhanawala has had great difficulties to contend with, both in the waves of panic which at different times have swept over Bombay as the result of War conditions, and I believe even as the result of spiteful personal attacks made upon him. But I understand his bank stands stronger than it did before. We have again Sir Robert Aitken in the Bank of Bombay, who has been introducing, I understand, the policy of employing Indians to an increasing extent in his Bank and its branches. Well, Sir, every little helps and we hope that all these signs show that something is being done, not by Government, but by a more or less spontaneous process, which is of far more value than anything that Government can do.

"At the same time Government recognise that there are these large problems to which the Hon'ble Mr. Sarma has drawn attention. There is the question of general banking, which is bound up with the Chamberlain Commission's recommendations, and there are those perhaps no less important side lines, the question of industrial banking, in connection with which the Hon'ble Sir Thomas Holland's Committee has recommended the appointment of a small export Committee, and there are other branches also. I need not run through them all; but perhaps one of the most important of them is the co-operative banking movement. Many of those interested in this movement have emphasised the importance of considering how far the Government should take a hand in supporting the central finance of the movement. Sir, it is impossible to say at this stage how far these various inquiries will ramify into one another; but Government are ready to agree, as far as industrial banking goes, that a Committee should be appointed. Its composition has not yet been considered; and that will have to be carefully thought out: it was proposed that it should be an expert Committee. The Government are quite ready to make such grant as may be necessary for that purpose. The amount proposed by the Hon'ble Mr. Sarma is so small that I am not quite certain whether it is necessary to include the particular sum mentioned by him in the Budget, but if he wishes us to do so I think, Sir, we can agree.

"The second portion of the Hon'ble Member's Resolution relates to a very much wider sphere. Here again, Sir, the question is one in which Government have definitely declared what their policy is. The Hon'ble Member's suggestion in this matter is also not a new one. There have been many of these recommendations for commissions to examine expenditure and to recommend measures for retrenchment. So far as I know, the last occasion on which a definite motion to this effect was before the Council was that moved by the late Mr. Gokhale in 1911. He was given on that occasion a very sympathetic reply by Sir Guy Fleetwood Wilson and he withdrew his motion. Later on, however, Government had an officer placed on special duty and compiled a lengthy report containing a very detailed examination of the growth of public expenditure in India over a period of ten years. I know this to my cost as I was officiating in the Finance

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Department as Secretary, and this took me many hours a day for many weeks if not for several months. It was duly presented to Parliament and, I believe, it has thereafter reposed in the libraries; but nobody has shown any interest in it. That is apt to be the fate of all inquiries into public expenditure. Their results, however good the intentions with which they are started, are almost invariably infructuous. What usually happens on these occasions is that the factors responsible for the growth of expenditure are very well known from the outset. Take the factors on the present occasion. I will not take the Hon'ble Mr. Sarma's years, as the fact of the growth is admitted, but the two years quoted by one or two other Hon'ble Members the other day—the accounts for 1917-18 and our Budget estimate for next year. The figures mentioned by the Hon'ble Members in question were those for the growth under 'Salaries and expenses of Civil Departments', the growth being from £20·8 millions to £44·3 millions, or an increase of approximately £3½ millions in two years. Well, Sir, the main causes of that increase are two. The greater portion of the increase is due to expenditure on the beneficent services. Education accounts for £1½ millions; Medical Services £350,000; Sanitation £350,000; Agriculture £300,000, and the Scientific Services £100,000; or say £2,600,000 in round figures. The net balance of the increase (I say 'net' because there was an increase under some heads and a decrease under others) is due to the large increases in the salaries which it has unfortunately been necessary to sanction—I say unfortunately not because they are not deserved but because they were necessitated by the very high level of prices with which we are now faced. 'Police' is the largest item; under the head 'Police' there is an increase of £700,000. But an increase appears under practically all the heads. The facts are well known, and I do not think that Hon'ble Members would urge that we should not pay our servants a living wage; in fact we have heard Hon'ble Members sympathise with these services—for example Mr. Banerjee came to us the other day and said 'what about such and such a department? They are suffering great hardship.' That is just where it is. On the one side the Finance Department is asked to control this expenditure and on the other side we are accused by our own officers of not paying them a living wage. My only point in saying this is that the facts are very well known.

"Further, even assuming that at some time it may be desirable to appoint a Committee for the purpose of inquiring into the growth of expenditure, I submit that this is not the time. The five years in the immediate past which we are asked to examine are years entirely of abnormal expenditure due to the war; and an inquiry into expenditure of abnormal character can produce no useful result. As to the future we are on the eve of the introduction of the reforms scheme and we may expect to see very shortly an entirely different line of demarcation as between Imperial and Provincial expenditure and resources. If a Committee set about these inquiries now they would have to travel all over India, and it would many years before they could hope to get to the bottom of even a small portion of the items which are covered by the Resolution. I submit it would serve no useful purpose whatever in anticipation of the separation of our finances which is contemplated to appoint any such Committee to hold an exhaustive inquiry. Again, one of the points pressed by the Hon'ble Mr. Gokhale when he moved a similar Resolution was that the Comptroller and Auditor-General should submit appropriation reports which would be published and put in the hands of Members of Council. The Comptroller-General does now submit appropriation reports; they are published and similarly the Accountants-General in the provinces submit similar appropriation reports, and I have never yet heard of any use being made by Hon'ble Members of Councils of these reports with the detailed information which they contain.

"The only other point to which the inquiry of such a Committee could be directed is the everlasting price question which underlies a great deal of the growth of expenditure. Sir, the last Committee on prices sat for over three years and produced an enormous number of volumes of very valuable statistical information supplemented by a very valuable report. But all that that report tells us is again practically what was known before, the main point being summed

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up in the Government Resolution on the subject. It was practically that the prices of Indian exports are governed by those prevailing in the world's markets and through the growing influence of foreign trade Indian prices, apart from temporary fluctuations resulting from the character of the seasons, tend to follow the same course as world prices. The position may have been affected to some extent by the abnormal conditions of the war as a result of which communications between countries have been restricted so that special Indian conditions may affect the position, but these disturbing factors must be transient. I feel, Sir, that if the Committee's energies were directed to that point of the inquiry, this could serve little useful purpose and they would find themselves in the position of poor Mrs. Partington who when last heard of was endeavouring to sweep back the Atlantic with a mop.

"There is only one other point which I need mention, namely, that referred to by the Hon'ble Sir Dinshaw Wacha on the question of the growth of our expenditure at a rate exceeding that of our gross revenue. I think I remember that he wrote to Sir William Meyer on the subject, and that we looked into it and we found we were largely assisted in meeting this growth of expenditure by our increasing railway surplus. But I do not know that that really affects the particular proposal which has now been made. He suggested also that there might be an overhauling of the whole position. I think that some such overhauling must necessarily take place in working out the detailed arrangements for the greater separation of the Imperial and Provincial spheres of finance."

4-18 P.M.

The Hon'ble Sir Dinshaw Wacha:—"I wish to say one word only. The railway surpluses actually conceal a large amount of expenditure growing from year to year. There will be more economy if this is made transparent. The railway surplus is the *deus ex machina* as opium revenue was."

4-19 P.M.

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, I am glad to know from the Hon'ble Mr. Howard's statement that the Government are going to appoint a Committee to consider the question of Industrial banks. I wish, however, to point out the urgent necessity of the Committee being asked to deal with the larger question of banking in general. My friend referred to the collapse of Swadeshi banks. He will be aware, I presume, that by this time one of the banks referred to, the People's Bank, has paid up 17 annas in the rupee or is going to pay it. From the history of banking in the Punjab it is clear that these banks failed not for the fault of the management entirely, but owing to other reasons. I draw attention to this because it is likely to have an important bearing upon the question. There was a Committee appointed in the Punjab to inquire into the causes of the failure of these banks, of which the Hon'ble Mr. Maynard was the President. That Committee summed up the result of their investigation in the following words: 'Thus, speaking generally, our feeling is that the collapse can be referred to two fundamental causes:—(1) the inexperience and the defects of the machinery, inevitable to the starting of every new venture; (2) the lack of palliation or remedial action such as government itself, or quasi-government agencies, *i.e.*, a State-supported Provincial bank, might supply.' I refer to this to show the need for the Government widening the scope of the inquiry of the Committee which they propose to appoint. If the inquiry is confined to the case of Industrial banks only I fear that will not be enough.

"I would like to draw attention to one other circumstance. Mr. Howard spoke of the employment of Indians in banks started by private persons or bodies. I fear that Government does not yet realise that in this country, situated as it is, it is the duty of Government to organise banking and place it on a far better footing than heretofore. At present we are in a very unfavourable position as compared with Japan. At the time of the Restoration in 1868 ignorance concerning the methods of foreign finance, or of

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banking, or of joint stock companies was universal, although Japan was not entirely without some financial machinery. National finance and economy were both in a perilous condition. The Japanese Government took advice as to the system of banking. They sent men to other countries, America among them, and they introduced a well-considered scheme. They invited a gentleman from England to introduce the scheme. The first National Bank was established in Tokyo in 1873 and began business in less than ten months. There are now five kinds of banks in Japan, viewed in relation to the line of business respectively followed, namely, Home Trade, Foreign Commerce, Industry, Agriculture and Colonisation ; and in 1918 the total number of the banks was 2,152, of which 2,100 represented ordinary and savings banks at the end of the first half-year, and 52 the number of special banks at the end of the year. The paid-up capital of these banks amounted in 1918 to 486,188,271 yen, the reserve fund to 189,109,917 yen, the total deposits to 10,811,834,300 yen. I draw attention to this to show how much can be done if Government will take up the whole question in right earnest. There is a pressing need for having a net work of banks all over the country to help agriculture, trade, commerce and other purposes. The Committee which is going to be appointed should be instructed not to confine its attention to the question of industrial banks, but to the larger question of organising banks of different kinds which are needed for the development of the country. The case for a State bank has been strongly presented by the Hon'ble Mr. Sarma ; the Chamberlain Committee recommended that the question of a State bank should be investigated by a Committee. I maintain it is high time that this question was dealt with. Another matter to which I would draw attention in connection with this point is the necessity for Government taking steps to provide better training in banking and commerce for our young men. Commercial colleges are a growing necessity. The Maynard Committee pointed out that it was the want of business knowledge and experience on the part of company promoters and managers that was the primary cause of bank failures in the Punjab. It is necessary that the investing public should be protected against inexperience and from other incidental evils. There should be a regular system of commercial training where young men could qualify.

" Lastly, I would say a word about the growth of civil expenditure. My friend the Hon'ble Mr. Howard said that this is not the right time for an inquiry. But in England during the war a National Retrenchment Committee was appointed to look into the question of expenditure. Happily the war is now at an end, and this in my opinion is the proper time for an inquiry into expenditure when experience gained in several directions is fresh. But not only this. While on the one hand my friend urged that this is not the time for examining the question of increases in expenditure, we find that the Secretary of State has granted increases of pay and pensions, and expenses are going up in other directions. If a Committee is appointed it could look into the whole question and suggest retrenchment. The country could then know whether the growing expenditure is justified, and the inquiry may lead to some economies being effected. The period is critical, expenditure has grown, and there is likely to be an increase of expenditure in several directions in the near future. This is therefore just the time when a Committee should look into the question and afford valuable help. I hope the Government will consider the matter and appoint a Committee to report to the Council. The question deserves looking into and should not be shelved any longer. I trust the proposal will be accepted."

The Hon'ble Sir James Meston:—" Mr. Howard has so fully and adequately dealt with the attitude of Government towards this Resolution that it is unnecessary for me to do more than to say a few words in explanation of one or two minor points. The Hon'ble Mover may naturally feel that we exhibit a certain amount of ingratitude in declining the help he has offered us in dealing with the very thorny and difficult question of banking. We are by 4-29 P.M.

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no means ungrateful, we are very anxious to have all the light that we can get on the subject, but there is a distinct danger of over-nursing a matter, the health of which depends very largely on spontaneous growth. At the present moment I confess I can see no clear advantages in undertaking this wide inquiry which Hon'ble Members press on us. If there are any obvious advantages, I can only repeat what my Hon'ble colleague, Sir William Vincent, said a little while ago, that we have sufficient on our hands to justify us in asking to be absolved from further investigations which are not of the first interest. Banking, for all practical purposes in India, may be divided into four heads. There is first general banking, the ordinary bank with which we are familiar with which we keep our accounts or our over-drafts; there is, secondly, the land mortgage bank, thirdly, the co-operative bank, and fourthly, the Industrial bank. These are the four branches with which India is mainly concerned. As regards general banking, we have to walk warily, because we come at once against sharp differences of opinion as regards State banking and the way in which it should be approached. We are not forgetful of the problem. We are not absolutely supine on the subject. We are endeavouring to ascertain the best way in which we can approach a difficult matter. And so I must leave the question of a State Bank alone for the present, I am not sure that I am convinced by my friend the Hon'ble Pandit Malaviya that it is the duty of the Government to establish model banks in the different provinces. It is a matter which I would very much rather wish was left to the people themselves

The Hon'ble Pandit Madan Mohan Malaviya :—“ May I, Sir, explain? I did not mean that Government should only establish model banks. I said that Government should establish and regulate banks. I meant both.”

The Hon'ble Sir James Meston :—“ I accept the Hon'ble Member's correction. But I am afraid my difficulty still remains as it was. I have no objection to see strong banking laws, strong regulations for preventing dishonesty and fraud. But apart from that, it does seem to me that the best way in which a nation can work out its own banking salvation is by its own experiments and its own experiences. India, as we know, is making considerable progress in indigenous banking. Mr. Howard has shown how successful the development of indigenous banking has become in Bombay. It is spreading in all parts of the country. Every six months we hear of new institutions being established, and it is no secret, that through the agency of the Presidency Banks, State or quasi-State assistance and guidance are generously provided for young banking institutions which are able to establish their claims to consideration. It would clearly be a breach of confidence for me to go further than that at the present moment, but many Hon'ble Members here will know perfectly well what I allude to.

“ Now coming to the second type of Banking, the Land Mortgage Bank, everybody will recognise that it is a very different sort of institution from the ordinary commercial bank. It must be an institution which is financed very largely by long term deposits in order to ensure that it shall not be embarrassed in its handling of advances to landlords and estate holders. It is a type of bank which I do hope to see established in this country, but I hope to see it done in every province or even in smaller areas in every province, started very largely by local enterprise and maintained under local supervision and control. It is the local knowledge and neighbouring control by groups of intelligent landlords that are going to make the land mortgage business a success in this country, and I do not think it is any use for Government to undertake work of this sort on a large scale.

“ We then come in the third place to co-operative banking, and in regard to that inasmuch as a very influential Committee has quite recently reported

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and as action is now being taken on that Report, it is unnecessary for me to say more.

"As regards Industrial Banks, the fourth and the last head of Banking, we have declared our willingness to accept the recommendations of Sir Thomas Holland's Commission, and we are prepared to act in accordance with its recommendations. If the Hon'ble Member wishes that the expenditure under Miscellaneous 82 be increased by Rs. 10,000 for the purpose of carrying out those recommendations, I shall most gladly consent to that being done.

"Then, Sir, I turn to the second proposal of Mr. Sarma, to increase our expenditure by Rs. 30,000 towards the cost of a Committee to recommend measures for the retrenchment of the annual expenditure of the last five years. That again at the risk of apparent ingratitude I am obliged to resist. We are always glad of any help we can get in keeping down expenditure. I do not know that we always get that particular form of help in this Council, but we are always glad of whatever help we can get. But I do say, Sir, that this particular suggestion of the Hon'ble Mr. Sarma is at present wholly premature. The last five years have been entirely an exceptional period. Everything has been abnormal, and there is no use whatsoever in setting up the huge machinery of a big Committee to correct obvious abnormalities. They are going to correct themselves. Then you have prices rising still. You have salaries slowly rising behind them, and you have got the whole of the future of our salary and wage basis extremely indeterminate and uncertain. You must give the Departments breathing time till they settle down to new conditions. It may be that we are now at the turn of the tide, that prices will shortly fall, and the necessity for a further increase in wages and salaries may cease. Anyhow none of us know what is going to happen. There is no use investigating a question of that kind until we get to a more stable position. Finally, as Mr. Howard has emphasised, there is, in connection with the Reforms which are now impending, an absolute certainty of a very considerable increase in expenditure. The new régime, whatever else it is to be (I hope it is going to be a very great success), is going to be a very expensive thing. There is no question about that. Until therefore the normal state of things is restored, until we get the new apparatus of Government into working order, I can hardly imagine the necessity for an inquiry of this kind. In fact I cannot imagine a less suitable time for such an inquiry; and therefore on behalf of Government I must oppose the second part of the Resolution."

The Hon'ble Rao Bahadur B. N. Sarma:—"We are grateful, Sir, to the Government for accepting the proposition dealing with the investigation in at least one branch of banking, namely, Industrial Banking. But I must confess that the replies to the other parts of the inquiries which I have suggested have been most disappointing and will leave a very painful impression in the country. The Government perhaps does not realise that in rejecting an inquiry into the possibilities of a State Bank which the Chamberlain Commission, a very authoritative Commission, suggested five years ago, in rejecting that proposal

The Hon'ble Sir James Meston:—"May I explain, Sir? I have not objected to that, but we cannot undertake it at present."

The Hon'ble Rao Bahadur B. N. Sarma:—"I am glad I am corrected, because it will still leave some faint hope—five years is not too long a period. I hope we shall live to see that when Government's hands are free from other urgent work, they will be able to appoint a Committee to investigate into the possibilities of a State Bank, and to meet the peoples' wishes. People realise that though the individualistic attitude which was in vogue both in England and in India, has very very important possibilities and should not be overlooked, it has been played out, at any rate it should not be a working proposition in India, as it is not elsewhere. I hope that the Government, having

[*Rao Bahadur B. N. Sarma ; The Vice-President.*] [10TH MARCH, 1919.]

regard to the inaptitude of the people, you may say weakness of the people, you may say the ignorance of the people, ought to take up a more nationalistic, a more socialistic attitude with regard to their needs, and not refer to the individualistic policy always whenever some help is needed in this matter. And in this matter of banking, Sir, if the general banking which has ramifications into almost every other branch of banking and trade which is connected with the other branches, is neglected, and its improvement postponed, and, if you merely take up one, it will be attending to a branch instead of to the root, and I do not think that fruitful results will follow. I hope, therefore, Government will be able to find time to investigate the first branch also.

"Then coming, Sir, to the second question, namely, the appointment of a Committee to inquire and report on the retrenchment of the annual expenditure, I may be permitted to state that here again the Government reply means that we dare not risk an investigation into the annual expenditure of the country during the last five years. It comes to that virtually, or at any rate the implication is there. Well, I should have expected that when in the hurried days of the past large expenditure was incurred, that Government, of all departments, would welcome an inquiry of the kind I have suggested which would show that money has been well utilised having regard to the abnormal conditions which prevailed. They should therefore have welcomed an inquiry such as I have suggested even apart from its usefulness for the future. But has it no lessons for the future? I humbly submit that it has. The very reason that we have to differentiate between Imperial and Provincial finance seems to be the reason for inquiring into the growth of Imperial as well as Provincial expenditure so that we may know what is really Imperial expenditure and what is really Provincial expenditure, so that the Government of India may not take more from the provinces than is absolutely necessary for true Imperial needs, so that they may give the provinces all the legitimate help that is needed by them, which is only possible in the light of an inquiry such as the one I have suggested. We should have known then what revenue would have to be set apart to the Imperial Government. At any rate whether the Imperial Government from the revenues which it has would be able to help the Provincial Governments or would have to take as contributions something from the Provincial Governments. On a question of that description it is of very vital importance that we should know what the Imperial expenditure is, and therefore I should have thought the Government would have welcomed an inquiry of that sort. Apart from that, it is said that the rise of prices is so abnormal and has been so unusual that nothing which could be settled now would be of value a few years hence. I recognise the value of that reasoning to a certain extent, but because these prices have been rising there must be some constructive programme, some programme which will not result in expenditure being incurred in a haphazard manner, but according to a plan devised to meet needs as they may arise in certain eventualities. Supposing the prices increase to a certain extent, what shall be our policy; supposing they increase a little more, what will be our policy should be thought out beforehand? An inquiry like that might help the Government in formulating its policy previously and enabling it to fall back on that policy, instead of being driven into sanctioning four annas here, eight annas there, bargaining with the officials and saying 'would not this do?' and so on. I hope that this would be useful, and I therefore hope that, though the Government may decline to accept this part of the Resolution now they may be able to see their way in the near future to take action in this direction on their own initiative. I wish the two parts of my Resolution to be put separately."

The Hon'ble the Vice-President:—"If the Hon'ble Member would like to amend his Resolution, he may do so. I understand the only hope held out by the Hon'ble Member in charge was for a Committee on Industrial Banks. I shall put the Resolution in two parts as requested.

Part (a) was put to the Council and lost.

Part (b) was put to the Council and lost.

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[10TH MARCH, 1919.] [*The Vice-President.*]

The Hon'ble Member then asked for a division on the Resolution as a whole and the Council divided as follows :—

<i>Ayes—9.</i>	<i>Noes—31.</i>
The Hon'ble Mr. S. N. Banerjee.	The Hon'ble Sir Claude Hill.
„ Raja of Mahmudabad.	„ Sir George Lowndes.
„ Pandit M. M. Malaviya.	„ Sir T. Holland.
„ Mr. S. Sastri.	„ Sir William Vincent.
„ Mr. B. N. Sarma.	„ Sir James Meston.
„ Mr. V. J. Patel.	„ Sir Arthur Anderson.
„ Maharaja of Cossimbazar.	„ Mr. W. A. Ironside.
„ Sardar Sundar Singh.	„ Mr. H. F. Howard.
„ Mr. G. S. Khaparde.	„ Sir James DuBoulay.
	„ Mr. A. H. Ley.
	„ Mr. W. M. Hailey.
	„ Mr. H. Sharp.
	„ Mr. R. A. Mant.
	„ Sir Godfrey Fell.
	„ Mr. F. C. Rose.
	„ Mr. C. H. Kesteven.
	„ Mr. D. de S. Bray.
	„ Lieutenant-Colonel R. E. Holland.
	„ Surgeon-General W. R. Edwards.
	„ Mr. G. B. Clarke.
	„ Mr. H. Moncrieff-Smith.
	„ Mr. C. A. Barron.
	„ Mr. P. L. Moore.
	„ Mr. T. Emerson.
	„ Mr. E. H. C. Walsh.
	„ Mr. C. A. Kincaid.
	„ Sir John Donald.
	„ Mr. P. J. Pagan.
	„ Mr. J. T. Marten.
	„ Mr. W. J. Reid.
	„ Mr. W. F. Rice.

The Resolution was therefore negatived.

The Council adjourned to Wednesday, the 12th instant, at 11 A.M.

DELHI ; } H. M. SMITH,
The 20th March, 1919. } *Offy. Secretary to the Government of India,*
Legislative Department.