



DEBATES

SESSION OF 1942.

CONTENTS:

	PAGE
Alleged Attempt to assault Member	1667
Land Redemption Bill—Second Reading (<i>contd.</i>)	1667
Leave of Absence: Mr. R. C. Kannangara	1683
War Damage (Business and Personal Movables) Regulations	1683
Castle (Amendment) Bill	1686
Public Service Mutual Provident Association (Amendment) Bill	1686
Appropriation Bill, 1942-43: Committee Stage—	
Head 1, H. E. the Governor	1688
Head 2, Supreme Court	1688
Head 3, State Council	1690
Adjournment (Quality of Flour Sold—Hydro-Electric Scheme: Termination of Civil Engineering Contract—Copra: Increase of Price)	1697

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STATE COUNCIL OF CEYLON.

Tuesday, August 18, 1942.

The Council met at 2 p.m., Mr. SPEAKER [THE HON. SIR WAITIALINGAM DURAISWAMY] in the Chair.

ALLEGED ATTEMPT TO ASSAULT MEMBER.

Mr. Speaker: As regards the complaint made by the hon. Member for Colombo South (Dr. de Zoysa), on August 14, 1942, I invited the Minister of Agriculture and Lands and the hon. Member to my Chambers and they met and discussed the matter, which was mutually settled. I have no doubt the incident is regretted by the Hon. Minister of Agriculture and Lands, and that is a very satisfactory ending to this incident.

BUSINESS OF COUNCIL.

The Hon. Mr. D. S. Senanayake (Acting Leader of the State Council): I move, Sir:

That Government business do have precedence on Wednesdays as well till the conclusion of the consideration in Committee of the Appropriation Bill, 1942-43.

Question put accordingly, and agreed to.

†LAND REDEMPTION BILL.

The debate on the following motion of the Hon. Mr. D. S. Senanayake (Minister of Agriculture and Lands) was continued:

"That the Bill intituled 'An Ordinance to make provision for the acquisition by the Crown of certain lands sold in execution of mortgage decrees or transferred by their owners in satisfaction of mortgage debts, for the alienation of such lands by the Crown and for matters connected with or incidental to the matters aforesaid', be now read a second time."

Mr. H. W. Amarasuriya (Galle):

When we adjourned on the last occasion, I was speaking on this Bill and I referred to the fact that the estimate prepared by the Hon. Minister of Agriculture and Lands is likely to be a conservative one, because to my mind a very large extent of land would be involved if the provisions of this Bill are to be made applicable to all those people whose lands have

[Note.—An asterisk (*) against the name of a Member indicates that his remarks have not been revised by him.

† For the Observations of the Financial Secretary and the Report of the Board of Ministers on this Bill, see HANSARD of July 31, 1942.

passed on to other creditors or have been alienated since 1st January, 1929.

According to the Observations of the Hon. the Financial Secretary, he estimates that about 25,000 acres have changed hands, and that if 10,000 acres out of the 25,000 acres are to be compulsorily acquired under the provisions of this Bill a sum of about Rs. 6,000,000 would be required for the purpose. Well, I think this estimate is really a very conservative one, and I see no reason why we should acquire only 10,000 acres, because most of this land is situated in areas where there is congestion and where the population is very thick. I feel that more land should be acquired if we are to relieve the congestion and if we are to give the people the full benefits of this law. Therefore in accepting this proposal we should anticipate that more money would be required for this purpose.

Under this Bill it is proposed to find the money in three ways. Clause 4 says:

The funds necessary for the purposes of this Ordinance may be provided out of—

- (a) moneys voted for such purposes by the State Council out of general revenue;
- (b) moneys raised for such purposes by way of loan in accordance with the provisions of sub-section (2); or
- (c) such other moneys at the disposal of the Land Commissioner as may have been received for such purposes by way of bequest, donation or otherwise.

So, Sir, there are three ways of raising money for this purpose. I do not think we would get very much money from bequests, donations or otherwise. So that the whole of this burden will have to be borne by the State.

In dealing with the financial aspect of this question, I do not think it would be proper for us to vote money out of general revenue for this purpose. I do not think the Minister and his Committee would have recommended this course if they had been aware of the present financial situation of the country. Therefore we shall consider this question in relation to the present financial position of the country. I do not think it would be proper to vote money out of general revenue for this purpose, because if that was done a good deal of our social services would have to be greatly restricted, because if the State undertakes to acquire these lands, such acquisition would have to be effected almost immediately. The acquisition

[Mr. H. W. Amarasuriya.]

cannot be spread over many years and would have to be done almost immediately or within a short period.

If the acquisition is to be carried out within a short period a very large sum of money will have to be voted by this Council for the purpose. I am not in any way opposed to such a course, but the fact is that we have very little money to spare for a purpose of this kind.

The second method of raising the money for this purpose is, to my mind, the best method, namely, that the money should be raised by way of loan. I believe I have been advocating on the Floor of this House that we should invest more money in this country. The Hon. the Financial Secretary has been complaining that he has been unable to find sufficient gilt-edged securities in this country. This proposal of the Hon. Minister of Agriculture and Lands would give him an opportunity of investing some of that money. Therefore I would advocate that the authorities should raise money for this purpose and the land should be disposed of as is proposed in Clause 5 of this Bill. Under Clause 5 people whose lands have been sold or otherwise alienated will not receive the full extent of land that had passed to others. But under this Bill their minimum needs will be considered, and it is proposed to give such people some extent of land, and the balance is to be disposed of under the Land Development Ordinance. I think that is a step in the right direction.

As I said earlier, there is a great deal of congestion particularly along the sea coast of this Island, and in many parts of the country we are finding it difficult to move the population elsewhere for want of land. It is very difficult to get the people living along the coast to move to the rural areas, and even in rural areas the extent of land available for this purpose is very limited. Therefore the only other alternative is to acquire land and settle these people on it, so that in course of time we shall be able to build up a bold peasantry which will undoubtedly be the backbone of this country in the future.

The objects of this Bill are very laudable indeed, and the Ministers responsible for this Bill ought to be congratulated. I believe the Hon. Minister of Labour,

Industry and Commerce is the father of this Bill and the Hon. Minister of Agriculture and Lands is the foster-father, and I hope that there will be no quarrel between the two and that they will see that the objects they have in view are attained and that the country reaps the benefits of the principles underlying this Bill.

I wish the Minister of Agriculture and Lands had gone a step further and proposed the acquisition of lands in areas where lands are required for the use of the people, even though such lands have not been sold or otherwise alienated to outsiders. In many parts of the country, particularly to-day when the price of land has appreciated, almost everyday we find quite large extents of land being sold under private treaty.

The Minister of Agriculture and Lands is to-day finding it difficult to satisfy the needs of the people for land, and I think he should get the Land Commissioner to acquire larger extents of land than he is doing now. About a year ago the Minister of Agriculture and Lands arranged the exchange of certain lands with some companies. Some lands in the Matale District and in parts of the Southern Province were exchanged for Crown land elsewhere in less densely-populated areas. The Minister did the correct thing in effecting these exchanges. It has resulted in conferring large benefits on the people who have been settled on the lands that were taken over from the companies. Some of the rubber lands that were taken over have been settled on peasants, and these peasants are now the happy lessees of those lands. They are being allowed to take all the produce of the land, and it has certainly effected an improvement in their economic condition.

If that policy is pursued on terms such as those envisaged in this Bill, it will help to rebuild the economic life of the peasants. If we merely ask the peasants to engage themselves in paddy cultivation, we shall not improve their economic condition. The poorer classes must be encouraged to engage themselves in pursuits which would bring them satisfactory money returns. If we adopt the policy of acquiring all kinds of agricultural land such as land planted in tea, rubber, coconuts and other economic products, we shall be able to help the peasant.

Aug. 18, 1942]

Debates.

1669

The proposal of the Minister of Agriculture and Lands is to be highly commended, and I hope that he will raise a very large sum of money for the purpose and see that the full benefits are given to people of whose plight we are all well aware.

Mr. G. A. H. Wille (Nominated Member): This is a Bill very well intentioned—to repair the losses suffered by agriculturists through the vicissitudes of fortune partly, and partly also through faults of character, such as excessive land-hunger, improvidence and extravagance.

We can quite understand the sympathy that the Minister of Agriculture and Lands has for genuine agriculturists; not only understand it, we can also share it. But, unfortunately, those who happen to be aware of the great losses that were suffered by mortgagees as the result of the historic slump can hardly bring themselves to vote for this Bill when it is so one-sided, not to speak of its other defects.

This Bill is going to cost the country a great deal of money. The Financial Secretary states that the total extent of land which may be liable to acquisition is estimated at 25,000 acres to the end of 1941. I do not know where he got those figures from. In a complicated matter of this kind, depending as we must on important data, we should have had a Committee of Inquiry appointed by this House, and a Sessional Paper issued so that we might have been able to understand the full implications of this Bill. Instead of that, we are simply told that during the slump mortgagees put their bonds in suit, and therefore, in the interests of agriculturists, the lands must be restored to them.

In the Observations of the Financial Secretary it is stated that the amount borrowed in respect of the 25,000 acres was nearly Rs. 16,000,000, and the amount for which the 25,000 acres was sold was nearly Rs. 7,500,000. Who suffered the loss of the difference? Was it the agriculturist or the mortgagees.

The Financial Secretary goes on to say that if 10,000 acres out of the 25,000 were suitable for acquisition and were acquired within five years the expenditure during that period might work out at

about Rs. 6,300,000. We will assume that there will be no defaults under the Land Development Ordinance which is to be resorted to for conferring these lands on certain people, and that the money will be ultimately got back, but is this a correct estimate of the total cost of the scheme? Is it going to stop at 10,000 acres?

These figures are most unreliable. Some time ago, when the proposal was mooted, the Low-country Products' Association appointed a Committee, and they came to the conclusion that there were some 750,000 acres of coconut land alone under mortgage, and according to the Committee's report some 80 per cent. of the 750,000 acres, that is 600,000 acres, had fallen into the hands of non-Ceylonese.

So that, one does not know where this scheme is going to end as regards the financial burden of it. Surely, before a proposal of this kind was brought before us, it would have been fair to this House that we should have had a thorough report?

Even with regard to the Rs. 7,500,000, for which we are told the 25,000 acres were sold, I wish to know what really it represents. If the figure represents the price at which outsiders bought the lands then what is given as the reason for this Bill, namely, that mortgagees rushed to the Courts during the slump and, impliedly, bought the lands does not stand. I know that in the District Courts of Colombo when mortgagees are forced to buy at a sale, they are not allowed to buy at less than the claim and costs, which amount to very much more than the amount borrowed.

So that, if these figures represent the actual state of affairs—Rs. 16,000,000 borrowed and Rs. 7,500,000 the price at which the lands were sold—it means that outsiders have bought the land, not the mortgagees.

However, the whole thing is in a very nebulous state. There ought to be a thorough inquiry before a matter of this kind is taken up. As anybody will acknowledge, however well-intentioned the House may be, this is a most extraordinary scheme. I do not know whether attempts were ever made to find

[Mr. Wille.]

money from public revenue in order to compensate people for the misfortunes that overtake them. This is such an attempt—a rare attempt—

The Hon. Mr. G. E. de Silva (Minister of Health): What did Ireland do? They bought up all the land and handed it over to the people.

Mr. Wille: These lands are to be acquired under the Land Acquisition Ordinance. So that the price that will have to be paid depends on the ruling price at the time of acquisition. At the present time—and in the near future which may not change very much from the present—it would mean that non-Ceylonese who have acquired all these lands—I do not admit that they are all non-Ceylonese; I am merely quoting from the report I referred to—it would mean that these non-Ceylonese are going to be paid very much larger sums than they gave for the lands.

But I am also thinking of the poor mortgagees who lent money for the development of these lands. Mortgagees and other money-lenders are a most important class of people. But for them society would not progress. The Minister of Agriculture and Lands knows very well that even with regard to buildings, we have a Local Loans and Development Ordinance to encourage Clerks and others to borrow money and build houses.

A large number of people who lent money before the slump lost a good deal of it during the slump. It is very unfortunate that a slur should have been cast on mortgagees in general by a statement in the Objects and Reasons appended to the Minister of Agriculture and Lands' Bill. He says,—

“Investigation has shown that, during times of depression, mortgagees have instituted actions for the recovery of debts secured by mortgage of agricultural property and themselves purchased such property in execution of the decrees entered in such actions.”

I deny the correctness or fairness of that statement. I should like to have a list of all the cases that have been instituted, when we shall be able to see whether mortgagees have rushed into Court and put the poor mortgagors in difficulties.

I will give you one instance because it occurred recently. There was a rubber land mortgaged for over Rs. 200,000, a large number of lenders putting themselves in the position of co-mortgagees. That land was so valuable that no less a firm than Messrs. Carson and Company took a secondary mortgage of it for advances for the cultivation of that land. After a great deal of forbearance shown because of the conditions, the bond was put in suit. Years and years passed because of the difficulties raised by the mortgagors, and what was the result? A few months ago that land was sold for Rs. 6,000! I want to know whether the purchaser of that land is going to be paid some lakhs. What about the mortgagees, all Ceylonese, who have lost so much?

There are a great many complications in this Bill. A good deal of injustice is going to be done. Some people are going to benefit far more than they deserve, and the poor mortgagees are not going to get any compensation. As regards the original owners, how did they satisfy their land-hunger and develop their lands? It was through the money of the lenders, and these people are surely not to blame. Some of them have a few thousand rupees which they give out and on the interest on which they live. They are not speculators, but these agriculturists who speculated are because of the slump going to be compensated while others, innocent people, are going to be left in the lurch. I do not think this Bill, apart from the very serious burden of finance, is one that we can favour as it stands.

Then, I have to call your attention to the fact that all transactions of this kind, after 1st January, 1929, are going to be nullified. I cannot understand this date at all. Suppose a sale of mortgaged land took place in the month of February, 1929, March, 1929, or April, 1929. There was no slump even foreshadowed then. An ordinary transaction took place. But what is intended in this Ordinance is to revise all these transactions simply because they took place after 1st January, 1929.

Again, if both the lending and the sale took place during the last few years, can the mortgagors complain that their lands

were sold off in unforeseen circumstances? How long is this to go on? Money is lent to-day on land, and an action is filed against a mortgagor in default, and what is the result that would follow? The transaction will be practically nullified. The lender has to be satisfied with what he can get.

It must be remembered that most of these lenders are not people who dabble in land. As I said, they live on the comparatively small pittance which they receive as interest. But they would rather lose some of their money and let go those lands if others take them over. But who would come forward to take over if it is all to be nullified?

Why should we interfere with transactions that took place in normal circumstances, normal between one point and another with an interval of say, four or five years? I can understand, Sir, without yielding anything with regard to the other difficulties of the Bill, if it had been said that transactions that occurred during the severity of the slump, over lendings that were made before the slump, should be revised. That is not the case here.

Then, there is one Clause of this Bill which says that the question as to which lands are to be acquired and which lands are not is to be left to the Land Commissioner. I cannot understand why there should be any discrimination. What are going to be the guiding principles? I do not think this is a matter that should be left to the Land Commissioner, or to the Executive Committee to lay down by regulation. There must be a broad policy with regard to this matter of acquisition of lands and the policy ought to be embodied in this Bill. Surely, if this special measure is worth applying with regard to lands, it must be to all lands? Are certain people to be favoured? It is not that I advocate the application of the Bill at all. But I just want to show how lacking this Bill is in many important particulars—in fairness.

I do not think anyone would give serious countenance to this Bill, in spite of its well-intentioned nature. It is going to place an unlimited burden on this Island and yet not do justice. It is going to help people who least suffered by the slumps; put lands into the hands of the original owners who lived largely on bor-

rowed money, and money into the hands of Ceylonese or non-Ceylonese—I do not care which—who as purchasers have suffered no wrong, while no sympathy is shown to innocent lenders who have lost.

The Hon. Mr. G. E. de Silva: Sir, it is very surprising, even at this time, to find advocates who are in the bosom of the moneylender and who are always in the bosoms of the exploiters and men who have practically ruined this country, simply because they have come here and settled down as moneylenders. The hon. Burgher Nominated Member (Mr. Wille) is still living in a fool's paradise.

When I moved that a Commission be appointed to go into the question of finding out about banking facilities, insurance facilities and the question of indebtedness of the people, nobody realized to what an extent the unfortunate people of this country, people who were born and bred here had to suffer. Nobody realized the position of these people till this Council appointed a Banking Commission. An eminent economist, an eminent financier, came to this country, presided over the Commission and went into the whole question of our financial structure.

When he examined the banking facilities available and the very high rates of interest that had been charged by moneylenders, he put up his hands in horror and said, "I cannot understand, I cannot believe that this country has remained silent all these years." If the hon. Burgher Nominated Member wanted some information, should he not have read some of the recommendations made by the Banking Commission before he started making his speech against this motion? I should like to ask him whether he ever realized the difficulties of borrowing money on good security in this country. Has he ever read that report? Members ought not to rush in and make observations without reading that important document which has been made available.

Mr. Wille: Question.

The Hon. Mr. G. E. de Silva: The document was made available for the education of people who did not realize their own position in this country. We have paid for that report; a large sum of

[The Hon. Mr. G. E. de Silva.]
money was spent. Furthermore, we have implemented some of the recommendations as far as it was possible for this country to do so.

Sir, I know, at the time we started to get at least one bank established in this country, what opposition we met with, but now, to some extent, borrowing facilities have been created by the Legislature. There are the State Mortgage Bank, the Bank of Ceylon and the Co-operative Credit Societies now. Have we not heard of cases where mortgagees had charged rates of interest as high as 12, 15, 18 and 30 per cent. on agricultural undertakings?

People laugh when a sensible idea is put forward. They sometimes are less responsible than they pretend to be. What I want hon. Members to bear in mind is this. Are we going to do an injustice by these people? Does this Ordinance contemplate it? If an injustice is going to be done, I think every right-minded hon. Member of this House will oppose it. We are going to provide some means whereby an injustice which had been done prior to the acceptance of this Bill would be remedied.

If hon. Members will take, for example, the case of coconut estates along the sea coast, they will see that even if those estates paid very well at any time, they did not yield the owners more than 6 or 7 per cent. on their money. I know hon. Members are aware that coconut estates have been mortgaged at rates of interest of 12 per cent. and over, and mind you, coconut estates do not come into bearing generally under a period of eight years. Sometimes in the Chilaw District coconut may come into bearing in six years. It takes eight years for coconut to come into bearing generally, and in some places it may take ten years.

My point is that when you raise money at 12 per cent. for, say, ten years, you have to keep on paying interest to the moneylender. During all that time the man does not get anything from his property, and just when he is about to obtain some produce and the property is paying, the mortgagee sues him and takes the property. He may or may not have been in default, but that property goes out of his hands, and he has no way of getting it back.

What is the rate of interest in England? It is 3 to 3½ per cent. What is the legal rate of interest in this country? It is 9 per cent. We passed a motion to the effect that the legal rate of interest should be brought down to 4½ per cent. or 5 per cent. It is now four or five years—and this is how we are helping the people of this country! The legal rate of interest is still 9 per cent.

I will read a passage from this Report. It appears on page 170. It is for the edification of the hon. Burgher Nominated Member (Mr. Wille). Section 585 reads as follows:

"If the figures furnished to us are even approximately correct, it can well be imagined what the position of owners of coconut land would be if the market does not improve in the near future. Even if 50 per cent. of the total, i. e., about 500,000 acres held by the creditors and money-lenders under their mortgages pass out of the hands of the Ceylonese to their non-Ceylonese Creditors, the consequences would be disastrous. Ceylonese investors do not come forward to buy these lands even at the present prices. We are told by some witnesses that nearly one-third of the coconut land mortgaged to Chettians has already gone into their hands and most of the former owners have to seek elsewhere their means of subsistence. This information is corroborated by the Natuncootal Chettians' Association, who in their memorandum furnished to us admit that they have purchased 500,000 acres of coconut land against their claims. These figures call for earnest consideration by Government and immediate relief."

This Report was made in the year 1934. Now, in spite of these established facts, the hon. Burgher Nominated Member gets up in his place and says that this Council is going to do an injustice by passing this Bill. In fairness to everybody else, I would ask the hon. Member to read this Report; then he will know actually what our plight is.

Sir, in order to implement the recommendations of that Report which was made about eight years ago, we have devised various means to retrieve our lost position without damnifying the creditors. What is the suggestion of the Hon. Minister of Agriculture and his Committee? Is there a suggestion of any kind that you are going to deprive the man who has purchased these lands of any amount that may be due to him? He is only seeking now to remedy the grave injustice that we have done in not looking after the people in the right way.

Supposing, Sir, we had brought down the rate of interest to five or six per cent. some years ago, can anybody suggest that the country would be in the same parlous condition as it is in to-day? No, Sir. We must take all these facts into consideration and we must adjust, and equitably adjust, the recommendations made by the Banking Commission in the interests of the people of this country.

Although I do not wish to say anything further, I may state I have had personal experience of very many matters in which I myself was "sacrificed", because I supported the introduction of the income tax. I did not care anything about it. I did my duty by the country, and I know I have suffered.

Mr. Wille: So did we.

The Hon. Mr. G. E. de Silva: If you had suffered, you would not have spoken as you did. Your suffering may be on the right side.

Mr. Wille: We did our duty by income tax.

The Hon. Mr. G. E. de Silva: There are many people who talk glibly of income tax and not pay a single cent. There are people who pay income tax ungrudgingly and feel happy. When the time came for putting the Income Tax Ordinance on the Statute Book, I think every possible step was taken to prevent that measure from becoming law, but it did come into force at the very inauguration of the State Council.

Now, this is a further recommendation made by the Commissioner:

"Estimating on a conservative basis that the total acreage of coconut land already mortgaged with creditors at, say, one-third of the total area, it would be about 370,000 acres. Taking the money borrowed per acre at about Rs. 300 per acre, the total amount of indebtedness on 370,000 acres of coconut land would amount to Rs. 111,000,000."

Mr. Wille: Hear, hear!

The Hon. Mr. G. E. de Silva: Yes. I will read on.

"Calculating the average rate of interest now running on these mortgages at 12 per cent. only the difference between this rate and the proposed rate of 7 per cent. would cause a saving of not less than 5 per cent. in the interest charges to coconut landowners who have mortgaged their lands. A saving of nearly Rs. 5,500,000 a year only in interest charges is the essence of this scheme."

So, what he said was, "Without even in any way altering the position of these mortgagees, pay every cent due to them, but bring the extortionate rate of interest down to 7 per cent.," that is calculating at 12 per cent. The Chettiers, reasonable people—they only wanted the money; they did not want the land—agreed to give back the land. It was from that day onwards that the Hon. Minister of Labour, Industry and Commerce, who represented the Chilaw District—a coconut district—has been endeavouring to get something done to relieve his people, but he has had no opportunity of obtaining that relief. The Hon. Minister of Agriculture and Lands, whose one desire is to promote the welfare of this country, has been able to bring up this Bill, and it is our duty as reasonable men to help these people.

Supposing you send these people out of their lands, what would happen to them? They are people born and bred in this country; they have nowhere else to go. A man comes from India and he lends money. His occupation is not buying land, but lending money; that is his profession. The creditors themselves are prepared to take back their money with a reasonable rate of interest. They offer to sell back the property, but the people have no money to buy it.

That is why, Sir, even at this late hour, this Bill has been brought before this Council. Is it not our duty to help these people to get back these lands? That is the proper way to look at the question. Unless you put these people back on the land, they would become vagabonds.

I know, many people will say, "Oh, what is the use of helping these people who have been extravagant, who have incurred these debts without looking after their properties in the proper way". I quite see that. There have been cases where people had mismanaged their property, mismanaged their business and had been sold out. But, Sir, what about their children? What about the others? They have been thrown into the street. If the land is bought back, are we going to say, "Oh, we are going to give it to any man who comes forward?" No, Sir, the scheme is that all these things should be considered by the Land Commissioner, and he will make equitable suggestions

[The Hon. Mr. G. E. de Silva.]
as to how these properties should be disposed of.

The hon. Member who spoke just now asked, "Why should the Land Commissioner be given this discretion? Can you just give the discretion to one man?" He might just as well ask me, "Why should the Chief Justice be Chief Justice of this country, because he has to adjudicate on every matter that comes before the Courts?" Surely, there must be a limitation to this kind of criticism. There must be somebody to adjudicate on these questions. The hon. Member might ask the House to-morrow, "Why should the Governor be in this country, and should we leave to his discretion the administration of this country?" I suppose other questions might follow. I might ask him or somebody else might ask him, "Only elected representatives should be here. So why should Nominated Members be here?"

Sir, these are not questions that could be given rational answers. You, Sir, are presiding over our destinies here. So somebody, following this new mode of questioning, may ask, "Why should the Speaker preside?" After all, somebody must be given the power to carry out certain things. Is there anybody more versed in land matters than the Land Commissioner, a distinguished Civil Servant, who has earned the encomiums of everybody and whose judgment we all respect? I respect his judgment because I know in my own experience he has never done any injustice to anybody—

Mr. Wille: Is he permanent Land Commissioner?

The Hon. Mr. G. E. de Silva: If it is to be a permanent Land Commissioner, God must put in there a man who will never die. Land Commissioners come, and Land Commissioners go. If you get the wrong man, you can replace him by getting the right type of man.

Then, again, another objection was this: how can we get the money? You can obtain money easily if you have property. All the moneylenders live by lending money on properties. So if the Government is going to acquire these properties, surely every such property is an asset. Government can lend money at the rate of 2½, 3, and 4 per cent. Assum-

ing that the Banking Commissioner's calculations are correct, even if we pay 7 per cent., Government is going to make 3 per cent. Surely, Government is not going to be bankrupt as a result of this proposal. Government is going to make money over this business because the property will be in the hands of Government till it is alienated to other people who had been the owners before. So can you not borrow money? How can Government become bankrupt by it? At the present time, people acquire properties by lending money or by purchasing them. So every time you purchase a property, you have an asset, and your borrowing capacity is extended. If I have 20,000 acres worth Rs. 1,000 an acre, I can borrow at least Rs. 300 per acre. So how can Government be affected by this measure?

I suggest that, without further delay, we pass this Bill. Let us transact this business in the way the Minister wants it done, and if there is any injustice, the hon. Member or anybody else who thinks that an injustice has been done can bring it before the Council and show that the Ordinance is working hardship in certain cases. Then the law can be altered, amended, to suit the conditions and requirements then present.

So I would beg of hon. Members to support this Bill and I hope the hon. Burgher Nominated Member himself will support it because a Bill such as this is very badly wanted—the country wants it, the people want it, and the very people for whom the hon. Member is pleading are anxious to get their money and settle down to some other vocation in life.

Mr. Dudley Senanayake (Dedigama):
Sir, in spite of the acclamations of the Hon. Minister of Health, certain features of this Bill cause certain difficulties in my mind: Were it a proposal for the outright nationalization of land, certainly that project would receive my whole-hearted support. In fact, I remember having moved a motion to that effect almost two years ago. Unfortunately, no report on that motion has as yet been made.

It is true that during the period coming within the scope of this Bill, a good many of the lands, belonging particularly to Ceylonese, have gone into the hands of

Aug. 18, 1942]

Debates.

non-Ceylonese. If this Bill merely aimed at recovering those lands, reclaiming those lands and utilizing them for purposes of the State, or for alienating them under the Land Development Ordinance, then I would have heartily supported this measure.

But there is another category brought in under those who will be able to get back these lands, and that is the category of the previous owner of the land. I fail to see the reason why the previous owner of an estate, who may have lost his land through his own fault or otherwise, should be placed in a better position as regards the claim to such a restored land than any other person in this country who is not possessed of land. In certain cases, the State interferes and takes land, whether they happen to be in the hands of non-nationals or not, and gives it to the landless, but here it is proposed to give that land back to the original owners, some of whom may be in very affluent circumstances at the present moment.

If the Bill is merely confined to giving this land under the Land Development Ordinance or to giving it to people not possessed of land, excluding the original owner from having a special claim to the land so redeemed, I shall wholeheartedly support it. I think an amendment to that effect can be moved in the Committee Stage of the Bill, certainly under Clause 3, which enumerates the various categories of persons entitled to claim land under the Bill.

I, therefore, think that it is possible to restrict and confine the class of people who could get this land to those I have in mind. That is my only objection to this Bill. I do not want the original owners to be placed in a better position than any other person in this country with regard to his claim to the land redeemed by Government. I certainly think that the poor man who has no land has a better claim than the original owner, who may have lost the land because of indebtedness, due to extravagance or otherwise. That is the feature of this Bill that I object to and I think that defect can be remedied in the Committee Stage.

Mr. S. Samarakkody (Narammala):

I am glad that the hon. Member has laid his finger at the vital defect of this Bill. I, for one, am astonished to find a Bill of

this type brought before an assembly of this nature. An examination of the Bill reveals the fact that only a few land-owners who, through their own bad business methods, in not anticipating bad times to come, had borrowed money against their properties, had made bad investments with borrowed money and had come to grief are to be benefited. After a lapse of 10 or 12 years it is proposed to restore the properties that belonged to those very impecunious persons. By some device, which is against the law as it stands to-day, it is proposed to restore the land to the original owners. If any expropriation of land is to be resorted to, it must be definitely for some Governmental purpose, or for the purpose of alienating that land to landless people. I have never heard of land being restored to capitalists who had found it difficult to manage their properties.

The House will note that during the period of depression, the Courts were very reluctant to allow decrees to be put into execution. Ample time was given to come to a settlement. Sometimes two or three years were allowed before the execution of decrees.

This Bill will not help the poor man at all. In the course of my remarks on the Excess Profits Duty Bill, I mentioned that as a result of the lack of credit facilities for poor people small-holdings of one to three acres had passed into the hands of moneylenders. The Chettiar moneylender gives a loan of Rs. 200 or Rs. 300 against small-holdings and takes a lease for 10 or 15 years of the few coconut trees on the land. This Bill does not propose to do anything to benefit that type of man who gets into the clutches of the moneylender.

That type of man wants relief as the State Mortgage Bank has not come to his rescue. The State Mortgage Bank, as a rule, helps the big people. My Kandyan Friends know that the State Mortgage Bank lends money only on excellent title. It only accepts as security land with partition title or land that is the subject of a Crown grant or where uninterrupted possession extending over 100 years could be proved. In the Kandyan provinces it is impossible to have title that will satisfy the State Mortgage Bank. So that, a large section of the people are not helped by that credit institution. That is an aspect of

[Mr. Samarakkody.]
the matter which this Council ought to consider.

We should not only think of helping a few individuals whose lands passed on to non-Ceylonese in 1929, in execution of decrees entered against them. How many times since then have those lands changed hands? Those lands have been sold and re-sold several times since their sale in execution of the decrees against the original owners. What justification is there for the State now to intervene and say that we must give those lands back to the original owners? That, I think, is the intention really behind the Bill, although there is another purpose mentioned—which I think is not seriously meant—namely, alienation under the Land Development Ordinance.

I should like to know why this Bill is confined only to those properties sold in 1929? Is it because of the depression? Why do you not extend the scope of this Bill to the properties sold before that? Why fix upon that particular year—1929? This Bill might have usefully been brought forward about five or six years' ago, before the Chettians, non-Ceylonese, who became owners of these lands, transferred them to other Ceylonese. It certainly would have been useful then. But now a large number of Chettians have sold their coconut lands to Ceylonese. The question therefore arises: If I am the owner of a coconut property, what purpose does it serve to take that land away from me and give it to the hon. Member for Dedigama (Mr. Dudley Senanayake)? We are both people of the country. From the point of view of the State, I produce the same amount of coconut from that land as the hon. Member does. Whether the property is in my hands or his, there is no difference at all to Government from the point of view of produce.

I can quite understand a proposal under which Government confiscates or by some device takes away coconut property from non-Ceylonese for the purpose of giving it to Ceylonese. I would have supported any such proposal. But that is not the proposal. Non-Ceylonese can buy land; there is no restriction on non-Ceylonese buying land, unless under the Land Development Ordinance. I do not know on what particular principle Government proposes

to interfere now and restore these lands to their original owners.

I would have supported the proposal even if it was one to acquire the large acreage owned by non-Ceylonese. If it is proposed to take back, say, an estate of 500 acres owned by the Chettinad Corporation or by some other Chettian firm, or by some other non-Ceylonese firm, and split it into blocks of 5 acres and give the land to Ceylonese, I would have supported it, because expropriation for such a purpose would have been justified. But this action to help a few individuals is not justified, and I, therefore, cannot vote for the second reading of this Bill.

***Mr. H. F. Parfitt (Nominated Member):** It will be interesting, Sir, to hark back for a few minutes to the history of the coconut industry. Just after the last war, the price of copra was somewhere in the region of Rs. 84 per candy, and the capital value of coconut property was somewhere in the region of Rs. 1,500 an acre. Some owners of coconut properties borrowed money for extending their properties, while others, shall I say, lived in riotous fashion. The price of copra very soon came down from Rs. 84 a candy to about Rs. 35 a candy, or even less, and the capital value of a coconut estate remained stationary at somewhere about Rs. 300 an acre. That was the state of affairs for probably 10, 12 or 15 years. I really think that the fair capital value of a coconut estate, after those abnormal times had passed, was about Rs. 300 an acre, because since the last war whale oil has been found to be a substitute for the coconut product in the manufacture of margarine. That discovery has had a disastrous consequence on the price of copra. So far as I can see, things will remain so in the future too.

The coconut estates which stood at a valuation of about Rs. 1,500 an acre then were mortgaged when the price came down to Rs. 300. What the Government propose to do is to buy those self-same properties, certainly not even at Rs. 600 per acre but more. I doubt whether Government would get an acre that was worth Rs. 1,500 at even Rs. 600: Government would have to pay more than that—at least Rs. 700 to Rs. 900.

Aug. 18, 1942]

Debates.

They propose to restore those properties to those very people who the hon. Member for Dedigama (Mr. Dudley Senanayake) said had lost their properties through short-sightedness and in some cases through extravagance. I do not think that such people deserve consideration any more than—certainly not as much as a poor man who was not guilty of short-sightedness or extravagance. For that reason I am in full agreement with the two hon. Members who preceded me in this debate.

What is going to happen when we come to the poor man? Government propose to buy this land at Rs. 600 or Rs. 700 an acre and sell it to the poor man at that price—a boom price. Land, which in the ordinary course of events would not be worth more than Rs. 300 an acre, Government propose to hand over to the poor people at the rate of Rs. 600 or Rs. 700 per acre and expect them to pay that price when with the return of normal times copra will revert to its normal price of Rs. 30 or Rs. 35 a candy? Then what will happen? Government will again have to help those men, which again will be at the cost of the taxpayer, a large number of whom have no interests in coconut estates whatsoever.

This proposal only means that Government wants at a boom time to spend the taxpayer's money for the purpose of buying land at an exorbitant figure when it is obvious that as soon as the abnormal times pass and coconut land reverts to its normal value of something like Rs. 300 an acre and the price for copra falls, the persons to whom the land is restored will find it difficult to meet their commitments.

***Mr. S. Abeywickrama (Uduagama):** Normally, I would not have risen to offer any comments on a Bill of this nature, as it would have got through the second reading without many speeches in support of it, but I find it necessary to offer a few observations after listening to the speeches made by the hon. Member for Dedigama (Mr. Dudley Senanayake) and the hon. Member for Narammala (Mr. Samarakkody).

I believe it is the intention of the Minister to grant relief in the direction the

hon. Members mentioned. The Minister will have to decide to whom the restoration of the properties should be made. For instance, small plots, in extent 50 or 100 acres, can normally revert to the original owners who have not indulged in such gambles as were mentioned. In the case of estates of an extent of 1,000 or 2,000 acres, which belonged to those who had got into debt because of business speculations and horse-racing, the estates should not revert to their original owners. They can be parcelled out into 5-acre blocks and given to poor people.

The trouble to-day is that we have to save ourselves from ourselves. There are "sharks" who have swallowed "sharks." At one time we thought that the Indian moneylenders were the only "sharks" in this country, but I know that there are worse "sharks" about us. When a Chettiar moneylender takes over a property, the threat is sometimes held out to him that he would not be allowed to enjoy that property in peace, that nuts would be plucked from the trees in defiance. The result is that the Chettiar sells the property for a lower amount and gets rid of it.

Therefore those now in possession of the lands say that the scheme put forward is bad, in order to maintain their properties. I cannot agree with that view. This relief is very necessary, because there are a large number of people who, as the Hon. Minister of Health said, have got into debt for no fault of their own, owing to unavoidable circumstances. So that I do not think there will be any harm in passing this Bill and allowing this scheme to be worked. If we want to know how this scheme is working, we can ask the Hon. Minister to furnish us with details.

I know that certain valuable estates have passed into the hands of certain people for one-tenth of their value. It would cause uneasiness to people who have been frightening Chettiar and buying lands—I am not holding a brief for them—to look at this Bill in the light in which it has been framed.

The hon. Member for Narammala (Mr. Samarakkody) said, "Why should we limit the period up to 1929?" We can extend the period up to the time of the conquest by the British Government.

[Mr. Abeywickrama.]

Even the Burgher Nominated Member (Mr. Wille) might support this Bill if we go back to the Dutch period.

I, therefore, think that it would be very reasonable to allow the able Minister of Agriculture and Lands to deal with this question. This relief is necessary. I have great pleasure in supporting this Bill.

***Mr. B. H. Aluwihare (Matale):** I think the hon. Member for Udugama (Mr. Abewickrema) deserves some kind of apology on behalf of the hon. Member for Dedigama (Mr. Dudley Senanayake) and the hon. Member for Narammala (Mr. Samarakkody).

There is a principle on which, I think, most of us are prepared to support this Bill, and that is that such land as it is possible to conserve should be conserved in the hands of our nationals. Now, that is very necessary, because we are an agricultural country and our whole fate depends on our present state of society—I suppose, even if we become an industrialized country—on the holding of land, on the ownership of land; and if we acquiesce in the position that large tracts of our lands are in the hands of foreigners, then we shall certainly land ourselves in difficulty.

The point that the hon. Member for Dedigama (Mr. Dudley Senanayake) raised was, not that the land should not be conserved, but that, having conserved the land, you should not go and be a god-father to wastrels. If land is acquired on behalf of Government it is acquired for the people of this country as a whole. The Government are taking that trouble, not to put some man who has been sold out back on his land, but to conserve land for the nation as a whole.

Once Government act on that principle, how can the Government, in the redistribution of that land, give preference to people who have been blessed with large acreages and yet have allowed them to be sold over their heads. How on earth can you give them that preference when the vast majority of the people who are industrious farmers lack land to cultivate? That is the vital question that has been raised by the hon. Member for Dedigama (Mr. Dudley Senanayake) and, I think, the hon. Member for Narammala (Mr. Samarakkody) himself, because I

take this to be only one aspect of a much larger question. The much larger question is redistribution of land. If the Hon. Minister wants support for it, this must be the step towards nationalization of the greatest asset that the country possesses.

***Mr. Abeywickrama:** Sure foundation.

***Mr. Aluwihare:** I do not think most of us are prepared to support him if he merely wants to reinstate a few landed proprietors. What interests us is putting this land to the profit of the community as a whole, raising standards of life, and curing poverty.

The Hon. Mr. D. S. Senanayake (Minister of Agriculture and Lands): I must admit that the criticism of this Bill was really unexpected.

I was under the impression that hon. Members of this House were sufficiently aware of the circumstances that exist in the country and also had taken the trouble to read the Bill carefully. From the criticism that has been offered, it is evident that either some who criticized the Bill did not know the circumstances that exist, or the others who criticized it had not read the Bill carefully.

I would like to point out to them that if they had read the Bill carefully they would be in support of it.

I would first like to deal with the class of person who did know the circumstances of the country, or knowing them felt that the person who should receive the sympathy of this House and of all was the moneylender and no one else. I shall deal with that view first, because I believe it is only one hon. Member who spoke in that strain, who said that he represented the moneylender and that therefore this man's interests must be looked after. The hon. Member started by saying, "In an important question like this, why was not a Commission appointed? Why was not a report submitted, and why was not there further delay in giving effect to an important decision or applying a remedy that some people considered necessary for a state of affairs that it was considered needed relief".

When I listened to my hon. Friend I wondered whether he had even allowed himself to think impartially on this subject. When he asked why a report had not been obtained, so that there would

have been a considered decision on the subject by this House and by himself, one would have felt that he was so ignorant of facts that he was not in a position even to criticize the Bill. But when you listened to the hon. Member, you would have realized that he knew one side of the question only and was blind to the other.

As far as he was concerned, there was no report necessary, because this question had been dealt with by the Banking Commission in its Report. All that the hon. Member wanted was that this matter should be delayed indefinitely; he did not want anything else. The hon. Member trotted out some queer arguments. I could not imagine that a person who has been associated with the Law Courts of this Island for a number of years could be so illogical in pleading a case before an Assembly like this House. I hope he does not plead in the same way before Judges.

Let us look at the point put forward by the hon. Member. He said that this Bill will do a great deal of injustice to the creditor who has lost his money. He said, "This will do him a great injustice. A creditor who has purchased the land might be deprived of it." The creditor has to buy that land, not for the amount that another person would pay for it, but for the amount of his claim. If he buys up the land for the amount of his claim, and if he cannot recover anything more than that, why should my hon. Friend plead so much for his client? The creditor has got his money.

The only thing that he can plead for is that if the land to-day is not worth the amount of his claim, then of course it may be acquired for less. But even then if the value of the asset that he has got is not worth anything more than what he has paid for it, he has nothing to grouse about. If he has paid less, what would happen? He would get the value of the land at to-day's market price. A creditor who does not want the land, who has the land saddled on him for the amount of his claim—a land which is not worth the amount of his claim—would be paid the full value ruling to-day. Where is the injustice?

Mr. Wille: I did not say one word about creditors having acquired land. I said that most creditors did not get the

land. The report of the Hon. the Financial Secretary stated that there was great loss to the creditors.

The Hon. Mr. Senanayake: Speaking about the unfortunate debtor, the hon. Member said, more than once, "What about the creditor who has lost so much money?" Although he did not speak so much about the creditor, at the same time he asked, "What about the creditor? Are you not going to sympathize with him?" I am showing you that all the sympathy you require is in the Bill.

There is one thing I must say. The hon. Member did not make a certain point in the course of his speech but it made me suspect that it was in his mind. There were creditors who, if they had a property mortgaged with them, would have had to buy it in in satisfaction of their debt. So these creditors are sometimes advised by eminent lawyers, who realize the disadvantages from which their clients would suffer, to have their nominees buy the land at a certain price at the sale. Then, of course, a part of the debt still remains unpaid and, at the same time, they get the land. Of course, those creditors in whose name the land remains may suffer.

Under this Bill creditors do not suffer to any extent. They get the full value of the land when it is taken over. Therefore, to hear the hon. Member plead for the creditor on the grounds he put forward is really distressing to a person who has known him as a social worker and one who wants to improve the conditions of the people of this country.

Actually, Sir, an eminent lawyer like him—

***The Hon. Mr. Bandaranaike:** Question!

The Hon. Mr. Senanayake: My Hon. Friend questions it. I, not being a lawyer, may be a wrong judge, but still I consider him as an eminent lawyer. I may be right or wrong I do not know.

***The Hon. Mr. Bandaranaike:** You are wrong!

The Hon. Mr. Senanayake: What would I have expected of him? The hon. Member told us that the creditor lends money, and it is because of the money

[The Hon. Mr. Senanayake.]

having been lent that the properties have been planted up and big estates have been brought into existence. All this happened, he says, because of the assistance given by the creditor. Owing to the depression, the value of the property deteriorated. Therefore, that creditor should have the right to take all that the mortgagor possesses and send him into the street!

Sir, in England, I believe, the law of mortgage is quite different—I would like to be corrected if I am wrong. I consider that the man who lends the money and the person who borrows it for the purpose of investment in a sort of way enter into a partnership, to this extent: the man uses the money and with his energy he develops the property. The man who lends the money receives interest on the money lent as his share, and the owner of the land, for the energy that he has expended, gets any benefit that might accrue by the development of the land and the increased value of the property. It may so happen that the man who had borrowed money might not realize his expectations from the investment and he may lose on it. In that case, I would certainly think it fair that the man who did not derive any benefit should not expect anything from the land, but that the land should go to the other man who was quite satisfied with keeping his capital and getting someone else to do the work. If he takes the land for the money, I have nothing to say.

In England, I believe only mortgaged property can be seized and sold, but in Ceylon, if a partnership is entered into, it is not only the business that the creditor can seize. He can seize that man's business; he can seize the property that the man owns, and the man is thrown into the street and, perhaps goes to jail. And this is the lawyer, Sir, who has sympathy for the people and who speaks for the creditor!

If a person was quite content to lend money on certain security, that person should be content with getting that land and nothing more. In Ceylon, what happens? Not only that land, but everything that the man possesses is seized—his furniture; his household goods; even his suit of clothes!

*Mr. Aluwihare: No.

The Hon. Mr. Senanayake: Clothing may not be seized, because if that happens the man may be charged for indecency in public or something of that sort! Everything else goes.

Mr. Wille: Who lost the Rs. 8,000,000 mentioned here?

The Hon. Mr. Senanayake: Not my hon. Friend. I ask him, if Rs. 8,000,000 was lost by the man who lent half the value of the property, what did the other man lose? My hon. Friend must realize that no creditor lent in the olden days more than 50 per cent. of the value of a property, and if Rs. 8,000,000 was 50 per cent., what did the man who had 100 per cent. lose?

We should not look at things through coloured glasses, or with any prejudice or any bias in favour of a client; we must look at things from a national point of view, and from the point of view of the difficulties that existed. You have to consider that people have to live in this world; and I believe it is because of the Shylocks who exist that we have all these wars and troubles. It is merely because the power of money is sufficient to enslave unfortunate individuals that we have all these troubles. I am very glad to find that my hon. Friend, the lawyer of the great creditors and the social workers—that all these people have joined together and consider that these unfortunate people should not exist. I do not think there is anything more I can say with regard to my hon. Friend. I think I have dealt with him sufficiently, and I hope that, even if the creditors do not get any benefit, these gentlemen will get some benefit and their hearts will be softened in the future.

With regard to the other class of people, I would only appeal to my hon. Friends to read the Bill before they criticize. There is one criticism that has been made with which I shall deal later—as to why a person should have preference. Before I deal with that point I wish to show what the preference given is and to what extent that person is to get preference.

The Bill says:—

“Any land acquired under this Ordinance, or any part of any such land, may be alienated by grant as a protected holding,”

There are two things that are provided for in this Bill. This is an Enabling Bill. It enables any land acquired under this Ordinance or any part of any such land to be alienated by grant as a protected holding. Clause 8 says:

"The Executive Committee may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Ordinance".

Clause 5 (3) says:

"No land acquired under the provisions of this Ordinance shall be alienated as hereinbefore provided to any person, unless that person is

The qualifications are given.

The method of giving has to be prescribed, which means that the rules and regulations will be brought before this House. What I want to point out is this: there is a class of people who owned thousands and thousands of acres and who have lost them. If anyone is under the impression that, merely because a person had been a very wealthy man, the land when it is purchased is going to be given back to that person, he is mistaken.

***Mr. Aluwihare:** What is there to prevent it.

The Hon. Mr. Senanayake: This Council is there to prevent it. I read out those two Clauses for this simple reason: the guiding principles are to be laid down by regulations which are to be approved by this House.

***Mr. Aluwihare:** Not necessarily.

The Hon. Mr. Senanayake: Why?

***Mr. Aluwihare:** If I may interrupt the Hon. Minister—I am afraid I am also a party to this—there is nothing which makes it requisite that regulations should be framed as to extents or any other restrictions on giving the land to the original owners.

The Hon. Mr. Senanayake: I will mention the intention—there is not the slightest doubt about it—the intention is that no such land is to be given in that way. There was an Ordinance that was gazetted some time ago but it was not brought before this House, because in that Ordinance there was no provision that anyone but those original owners should get the land. My hon. Friend will

remember that we considered this matter and we felt that the original owners have preference to a certain extent, but they are not entitled to preference to an unlimited extent. The extent to which they were considered to have preference was that they were entitled to live and that some opportunity should be given to them to live by getting a portion of the land which would enable them to maintain a certain standard of living. It is only to that extent and not more.

***Mr. Aluwihare:** That is not in the Bill.

The Hon. Mr. Senanayake: What I want to draw attention to is this:

"Any land acquired under this Ordinance, or any part of any such land, may be alienated by grant as a protected holding, or on a permit, under the Land Development Ordinance."

It says, "any part of it". I have not the slightest objection at any time to putting up the limit, if they want it done. It was never our intention to give this land back to make them capitalists. But we feel that there are unfortunate people who were victimized at the time of the depression, and they lost not only the properties that had been mortgaged but all their properties.

I have very often heard it said in this House that Ceylonese do all kinds of things. What do they do? They go in motor cars; live in Colombo and waste their money. They say that such people should not have sympathy. I have heard it repeated by my European friends. We have among our people very extravagant men. They are foolish in their actions; but if they are foolish in their actions, the folly is due to their trying to ape the European. They are trying to live in Colombo like those very Europeans who have come to this country and made a great deal of money. Unfortunately, the same opportunities to make the money, or the same amount of money, not being available to them, they started spending money before they had accumulated a sufficient amount which would enable them to spend money in the way in which these others did.

After all, living in Colombo is not such a great crime. Further, it has also been said that these people do not live on their estates. I wonder how many planters there are who do not, after a

[The Hon. Mr. Senanayake.]

few years, come and live in Colombo and control their estates from Colombo. But when a Ceylonese does a thing like that, it has been said—and I would myself say it—that it is foolish for him to do so. At the same time, I would like to tell hon. Members that those who live in glass houses should not throw stones at others. When they themselves come and live in Colombo, when they sit in an office in Colombo, go about in motor cars, go to Clubs and drink, and do all that sort of thing, let them not say, "Look at those people; they are also trying to do the same thing as ourselves and they, therefore, deserve no sympathy". If they themselves deserve no sympathy, how much more sympathy should the others deserve who do the same thing.

After coming to this country and making all the money possible, it is quite easy to criticize other people, but I would ask such people to examine their own actions first before they think of criticizing others. It is easy for such people to criticize others, because they were able to enjoy certain facilities from the Banks in regard to obtaining money at cheap rates of interest, money that is collected from here itself—it may be taxpayer's money—and then getting certain lands settled on them at the expense of the poor villager, whose claim is also disputed by the Government Agents and others.

We know, for instance, how the Land Settlement Ordinance was operated in the past and how some of these great magnates managed to get their money. I will ask my hon. Friend the Member for Matale (Mr. Aluwihare), what happened to his land. When his grandfather refused to give up a portion of their share to a company, it was declared Crown land, and when he wanted to lease the rest of the share to the company it was declared private land.

After all, for such people to say what they do say, now when we are trying to save the people who owned these lands and who lost them at a time of difficulty and at a time of distress, is not correct. What we propose to do is nothing more than to pay the full value of those lands, to make money cheaper and available at a low rate of interest to those unfortunate people who owned these lands, and not to give large extents of land, but

sufficient land to enable these people to maintain themselves, just to exist. If that is objected to, I do not know what will not be objected to.

With regard to the rest of the land, our object is to distribute it among the rest of the people. We are only giving preference to the man to a small extent in order to enable him to exist; but the rest of the land will be distributed among others.

I do not think it is necessary for me to go into the matter any further. The principle of the Bill will be quite understood. The hon. European Nominated Member (Mr. Newnham) said that he wanted to move certain amendments at the Committee stage. I hope I will get good notice of those amendments, because I shall certainly have to view them with a great deal of suspicion before I can accept them.

Question put, "That the Bill be now read a second time".

The Council divided—Ayes, 31; Noes, 3:

AYES.

Senanayake, The Hon. Mr. D. S.	De Silva, Mr. G. R.
Kannangara, The Hon. Mr. C. W. W.	De Zoysa, Dr. A. P.
Bandaranaike, The Hon. Mr. S. W. R. D.	Freeman, Mr. H. R.
C Corea, The Hon. Mr. G. C. S.	Grimth, Mr. F. H.
Kotalawala, The Hon. Colonel, J. L.	Hewavitarne, Mr. Rajah
De Silva, The Hon. Mr. G. E.	Jayah, Mr. T. E.
Mahadeva, The Hon. Mr. A.	Jayasuriya, Mr. A. P.
Abeywickrama, Mr. Simon	Kotalawala, Mr. D. H.
Aluwihare, Mr. B. H.	Kularatne, Mr. P. de S.
Amarasuriya, Mr. H. W.	Parrit, Mr. H. F.
Amarasuriya, Mr. Thomas	Pereira, Diwan Bahadur
Batuwantudawe, Mr. U. De Fonseka, Mr. Susanta	I. K.
	Razik, Mr. A. R. A.
	Senanayake, Mr. Dudley
	Siriwardana, Mr. H. de Z.
	Sri Pathmanathan, Mr. R.
	Tambimuttu, Mr. E. R.
	Vytillingam, Mr. S.
	Whitby, Mr. G. R.

NOES.

Ratnayake, Mr. A.	Wille, Mr. G. A. H.
Samarakkody, Mr. S.	

Mr. Speaker: The motion is passed.

Bill read a second time.

The Hon. Mr. Senanayake: I should like my Hon. Friend, the Minister of Labour, Industry and Commerce, who has been the father and godfather of this Bill, and also the hon. European Nominated Member (Mr. Newnham), who has certain amendments to move in Committee, to be co-opted to the Standing Committee.

Question put, and agreed to.

Mr. T. B. Jayah (Nominated): The hon. Member for Dedigama (Mr. Dudley Senanayake) also wants to be co-opted.

Question put, and agreed to.

Bill allocated, under Standing Order 77 (b), to Standing Committee "A", the Hon. Mr. G. C. S. Corea, and Messrs. H. E. Newnham and Dudley Senanayake being temporarily added to the Committee.

LEAVE OF ABSENCE:

Mr. R. C. KANNANGARA.

The Hon. Mr. D. S. Senanayake (Minister of Agriculture & Lands): I move,—

That Mr. R. C. Kannangara, Member for Morawaka, be granted leave under Article 15 (f) of the Ceylon (State Council) Order in Council, 1931, to absent himself from the sittings of the State Council from August 18, 1942, to September 17, 1942, on the ground of ill-health.

Question put accordingly, and agreed to.

FOOD CONTROL REGULATIONS.

The Hon. Mr. G. C. S. Corea (Minister of Labour Industry & Commerce): I move,—

That the regulation made by the Executive Committee of Labour, Industry and Commerce, under section 5 of the Food Control Ordinance (Cap. 132), and tabled at the meeting of the State Council held on July 8, 1942, be approved.

Question put, and agreed to.

FOOD CONTROL ORDERS.

The Hon. Mr. Corea: I move,—

That the Order No. 22, dated July 7, 1942, made under section 4 (7) (a) of the Food Control Ordinance (Chapter 132) (published in *Gazette Extraordinary* No. 8,964 of July 8, 1942), be approved.

Question put, and agreed to.

WAR DAMAGE (BUSINESS AND PERSONAL MOVABLES) REGULATIONS.

The following item stood upon the Orders of the Day:

The Minister of Labour, Industry and Commerce to move,—

That the following regulations made by the Executive Committee of Labour, Industry and Commerce, under section 25 of the War Damage (Business and Personal Movables) Ordinance, No. 9 of 1942, be approved.

Regulations.

1. The War Damage (Personal Movables) Insurance Regulations, 1942, published in *Gazette Extraordinary* No. 8,907 of April 9, 1942, are hereby amended as follows:—

(a) in regulation 5, by the substitution, in paragraph (1), for the words and figures "less than Rs. 10", of the words and figures "less than Rs. 5";

(b) in regulation 13, by the substitution, for paragraph (2), of the following new paragraph:—

"(2) No payment under this regulation shall be made by the Commissioner to any person of such an amount that the aggregate of that payment and of all previous payments under this regulation made to him, where he is a householder, would exceed Rs. 250, and where he is not a householder would exceed Rs. 50";

(c) in regulation 13, by the omission of paragraph (3); and

(d) in the Third Schedule, by the substitution, for paragraph (3) under the heading "Limitations and Conditions, of the following new paragraph:—

"(3) No payment in respect of any goods being works of art, gold and silver plate, jewellery, precious and semi-precious stones, furs, objects of historical or scientific interest, and curiosities, stamp collections, small scale models, books and printed publications more than 50 years old and manuscripts shall be made to any person of such an amount that the aggregate of that payment and of all previous payments under section 14 made to him in respect of any such goods would exceed the sum of Rs. 100".

2. The War Damage (Business and Personal Movables) Insurance Regulations, 1942, published in *Gazette Extraordinary*

No. 8,907 of April 9, 1942, are hereby amended in regulation 15 by the substitution, for paragraph (2), of the following new paragraph:—

“(2) In respect of any one business no payment under this regulation shall be made by the Commissioner of such an amount that the aggregate of that payment and of all previous payments under this regulation in respect of that business would exceed Rs. 250 ”.

3. The War Damage (Business and Personal Movables) (General) Regulations, 1942, published in *Gazette Extraordinary* No. 8,907 of April 9, 1942, are hereby amended as follows:—

(a) by the re-numbering of regulation 10 as regulation 12; and

(b) by the insertion, immediately after regulation 9, of the following new regulations:—

“ 10. Any sum payable under either of the schemes to a person under the age of twenty-one years may, if the Commissioner thinks fit, be paid for the benefit of that person to a parent or guardian of that person.

11. In determining what payment in respect of war damage to make under either of the Schemes in respect of the interest of any person, the Commissioner shall have regard to the extent to which that person has been, or will be, indemnified (otherwise than by virtue of that payment) in respect of the damage under any Ordinance, policy or scheme whatsoever, and if it appears that that person has been or will be so indemnified, shall reduce the amount of the payment he would otherwise have made to such extent as appears just ”.

Observations of the Financial Secretary.

The purpose of the amendment is:—

(1) to reduce the minimum premium in the case of the

Personal Movables Scheme from Rs. 10 to Rs. 5;

(2) to clarify the position regarding free cover, payments in respect of servants and minors under both Schemes; and

(3) to prevent duplicate payments in respect of the same war damage.

The reduction of the minimum premium in respect of the Personal Movables Scheme will, it is hoped, result in the collection of more premiums. The liability of Government is impossible to calculate.

Report of the Board of Ministers.

The financial implications are as explained in the observations of the Financial Secretary. The Board of Ministers approves.

The Hon. Mr. Corea: I move the motion standing in my name.

Most of these amendments are to make certain regulations already approved by this House fairly clearer than they were in their original wording. There is only one rather important amendment here, and that is the first amendment—the amendment to Regulation 5. In the original Regulation 5 it was stated that the lowest premium that must be paid was Rs. 10; that is, a person could not insure when the premium he had to pay was less than Rs. 10. We are now reducing that amount to Rs. 5 in order to enable the smaller man to insure and receive the benefit of war damage insurance. The other amendments are very formal.

Question put, and agreed to.

MANUFACTURE OF MATCHES REGULATIONS.

The following item stood upon the Orders of the Day:

The Minister of Labour, Industry and Commerce to move,—

That the following regulation made by the Executive Committee of

Labour, Industry and Commerce, under section 10 (2) of the Manufacture of Matches Ordinance (Chapter 131), be approved.

Regulation.

The Manufacture of Matches Regulations, 1938, published in *Gazette Extraordinary* No. 8,418 of December 3, 1938, as amended by regulations published in *Gazette* No. 8,822 of December 5, 1941, are hereby further amended as follows:—

(1) by the insertion, immediately after regulation 32, of the following new regulations:—

“32A. Notwithstanding anything in regulation 32, no holder of a licence to manufacture matches shall, in respect of any quota year, be allocated a quota which is less than three hundred cases of matches.

“32B. Notwithstanding anything in regulation 32, where the Director is of opinion that the production of matches exceeds the consumption thereof, he may reduce, by endorsement on each licence to manufacture matches and by such amount and for such period of any quota year as he deems fit, the maximum permitted monthly output of the manufactory specified in that licence, so however that he does not thereby reduce the licensee's quota for that quota year to an amount which is less than three hundred cases of matches; and the holder of every such licence shall, at the request of the Director, produce that licence to enable such endorsement to be made.”

(2) in regulation 47, by the substitution, for the figures “40” occurring under the heading “Rs.”, of the figures “70”;

(3) in regulation 57—

(i.) by the substitution, for paragraph (1), of the following new paragraph:—

“(1) (a) The licensee of a manufactory of matches shall pay every person employed in such manufactory, other than a person employed on piece-work, wages calculated at a rate not less than such of the rates set out in the following

table as may be appropriate to that person:—

	Rate per Hour in the Case of Skilled Labour. Cents.	Rate per Hour in the Case of Unskilled Labour. Cents.
For each male person who has attained the age of twenty-one years ..	16	11
For each female person who has attained the age of twenty-one years ..	12	9½
For each male or female person who has attained the age of eighteen years and is under the age of twenty-one years ..	12	8
For each young person	—	5½

(b) the licensee of a manufactory of matches shall pay every person employed in such manufactory for the purpose of filling boxes with matches by manual labour wages calculated at a rate not less than six cents for every gross of boxes so filled with matches”;

(ii.) by the substitution, for paragraph (3), of the following new paragraph:—

“(3) The licensee of a manufactory of matches shall issue to every person employed in such manufactory a certificate stating—

(a) the name of that person,
(b) whether that person is employed as a skilled or unskilled worker, and

(c) the rate at which wages are paid to that person.”;

(iii.) by the addition, immediately after paragraph (3), of the following new paragraph:—

“(4) In this regulation, “young person” has the same meaning as in the Employment of Women, Young Persons, and Children Ordinance.”.

Observations of the Financial Secretary.

The financial implications of these regulations are contained in the proposal

in paragraph (2) to increase the tax from five-ninths to thirty-five-thirty-sixths of a cent per box of matches. An increase in Revenue of about Rs. 375,000 per annum is expected if the consumption of matches during the last financial year is maintained.

Report of the Board of Ministers.

The financial implications are as explained in the observations of the Financial Secretary. The Board of Ministers approves.

The Hon. Mr. Corea: I move the motion standing in my name.

The regulation sets out certain wage-rates and prescribes payment according to piecework, and gives authority to fix the quota at not less than 300 cases of matches a year.

Question put, and agreed to.

CATTLE (AMENDMENT) BILL.

The Hon. Mr. Senanayake: I move,—

That the Bill intituled "An Ordinance to amend the Cattle Ordinance" be now read a second time.

Question put accordingly, and agreed to.

Bill read a second time, and allocated, under Standing Order 77 (b), to Standing Committee "A".

MOTOR REGULATIONS.

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** I move,—

That the regulation made by the Executive Committee of Local Administration under sections 125 and 174 of the Motor Car Ordinance, No. 45 of 1938, for the urban area comprised within the administrative limits of the Municipal Council of Kandy, and tabled at the Meeting of the State Council held on August 4, 1942, be approved.

These are formal regulations, fixing the fees for the use of bus stands.

Question put, and agreed to.

EDUCATION: CODE OF REGULATIONS.

The following item stood upon the Orders of the Day:—

The Minister of Education to move,—

That the following regulation made by the Executive Committee of Educa-

tion under section 32 of the Education Ordinance, No. 31 of 1939, be approved:—

Regulation.

The Code of Regulations for Assisted English Schools, published in the *Supplement to Gazette* No. 7,728 of August 16, 1929, is hereby amended, in regulation 2, by the substitution, for the words "equivalent standard," of the words "equivalent standard. A junior Secondary School may with the Director's written approval prepare and present pupils for the Senior School Certificate Examination (English)".

***The Hon. Mr. C. W. W. Kannangara (Minister of Education):** I move,—

That the following regulation made by the Executive Committee of Education under section 32 of the Education Ordinance, No. 31 of 1939, be approved.

The purport of this regulation is to enable a Junior Secondary School to prepare and present pupils for the Senior School Certificate Examination (English) in certain circumstances and with the approval of the Director of Education.

Question put, and agreed to.

4 P.M.

BUSINESS OF COUNCIL.

The Hon. Mr. Senanayake: I am wondering whether it is worth while moving the House into Committee now to consider the Appropriation Bill. Suppose we adjourn for tea now, and I move the House into Committee after the tea interval?

Mr. Speaker: The sitting is suspended till 4.30 p.m.

Sitting accordingly suspended until 4.30 p.m., and then resumed.

PUBLIC SERVICE MUTUAL PROVIDENT ASSOCIATION (AMENDMENT) BILL.

Mr. Wille: The Leader of the House consented to the last item on the Agenda Paper just disposed of being taken up now. It will not take more than a minute.

The Hon. Mr. Senanayake: I have no objection if the House agrees to it.

Mr. Speaker: Does the House agree to take up that item?

Members: Aye.

Mr. S. Vytilingam (Talawakele): On behalf of the Chairman of Standing Committee "B," I present, Sir, the Report of Standing Committee "B" on the Bill intituled "An Ordinance to amend the Public Service Mutual Provident Association Ordinance and to declare the extent and scope of the powers to make rules conferred by section sixteen of that Ordinance".

Mr. Wille: I move that the report of Standing Committee "B" on the Bill intituled "An Ordinance to amend the Public Service Mutual Provident Association Ordinance and to declare the extent and scope of the powers to make rules conferred by section sixteen of that Ordinance" be accepted; and that the Bill be thereafter read the third time and passed.

Question put, and agreed to.

Bill read the third time, and passed.

† APPROPRIATION BILL, 1942-43.

The Hon. Mr. D. S. Senanayake (Acting Leader of the State Council): I move, Sir, that the Council do go into Committee to consider in detail the Bill intituled "An Ordinance to make provision for the Public and Railway Services and the Electrical Undertakings for the financial year 1942-43, to authorise the payment by way of advance out of Revenue of moneys required during that financial year for specified purposes, and to provide for the refund of such moneys to Revenue", the Draft Estimates of the Revenue and Expenditure of the Island for the financial year 1942-43 (Second Print tabled on July 10, 1942) and the amendment to those Estimates tabled on August 13, 1942.

Question put, and agreed to.

* For the Observations of the Financial Secretary and the Report of the Board of Ministers see HANSARD of July 10, 1942.

In Committee—

MR. SPEAKER presided as Chairman.

The Hon. Mr. Senanayake: Before we consider the items in detail I would like to draw the attention of the House to the amendments that have been tabled.

***Mr. B. H. Aluwihare (Matale):** I should like to ask the Hon. Acting Leader of the House one question. Certain memoranda have been supplied to us in regard to Defence expenditure, and those memoranda, I understand, are marked "Secret". I presume we shall have to achieve such secrecy as we have in the discussions.

The Hon. Mr. Senanayake: I do not quite follow the hon. Member.

***Mr. Aluwihare:** The Committee will have to discuss those in secret session because we will have to consider them first under the Chief Secretary's votes.

The Hon. Mr. Senanayake: Those documents are secret documents, and I believe secrecy will have to be maintained.

The Chairman: When we come to those items?

The Hon. Mr. Senanayake: Yes.

The Chairman: Has the Chief Secretary anything to say?

The Hon. Mr. R. H. Drayton (Chief Secretary): The two memoranda relate to Head 9, Defence Expenditure. The actual printed Estimates contain no details, and if any Member of the Council wants to speak to any of those details in those two memoranda, then I am afraid he can only do so in secret. That, I think, Mr. Chairman, must be the position.

I should be in a position of some difficulty if a question was raised, for example, shall we say, relating to the strength of some particular unit or the locality of some particular Defence work of some sort. Then I should certainly have to ask that the Members do not in public session give away any of the

[The Hon. Mr. Drayton.]
 details contained in those memoranda. In such a case either the Members will have to drop those questions, or, I am afraid, we will have to go into secret session.

***Mr. Aluwihare:** The most satisfactory procedure is that we should discuss those votes, the details of which are marked "Secret"—I do not like secret sessions—without the reporters and people like that being present.

Mr. Susanta de Fonseka (Panadure): At the same time, on those votes there may be questions which are not of a secret nature but which the House and the public in general would like to know something about.

***Mr. Aluwihare:** The public will have to stifle their curiosity in the circumstances.

The Chairman: We will deal with that question when the items are reached.

Clause 1 ordered to stand part of the Bill.

CLAUSES 2 & 3.

The Chairman: Clauses 2 and 3 will be postponed until after the Schedules have been disposed of.

Consideration of Clauses 2 and 3 deferred.

SCHEDULE I.

Head 1, His Excellency the Governor.

Sub-head 1, Personal Emoluments,
Rs. 227,678.

Amendment moved [*Financial Secretary*]:

A. Governor's Staff.

Provision of Rs. 5,604 against 1 Arachchi, &c., to be decreased to Rs. 5,385.

B. Governor's Office.

Amend provision of Rs. 19,500 against Secretary, C.C.S., Class II., to Rs. 16,343.

Additional Staff for Emergency Services.

	Rs.
Amend 1 clerk (G. C. S.) Class III. . .	768
to read 4 clerks $\left[\begin{array}{l} 1 \text{ clerk, Class II.} \\ 3 \text{ clerks, Class III.} \end{array} \right]$. . .	3,658
1 Cycle Orderly . . .	274
Increase Rent allowance by . . .	114

***Mr. Aluwihare:** May I ask the Hon. the Financial Secretary whether His Excellency the Governor's salary expressed as £8,000 will be £8,000 at the current rate of exchange or Rs. 20,000?

The Hon. Colonel J. L. Kotalawala (Minister of Communications and Works): It is entered here as Rs. 120,000.

The Hon. Mr. H. J. Huxham (Financial Secretary): The item is shown in the details as Rs. 120,000.

***Mr. Aluwihare:** Whatever the rate of exchange may be? Rs. 120,000 may be more than £8,000 if the rate of exchange is altered from Rs. 15 to the £.

A Member: Is it a fixed rate of exchange?

The Hon. Mr. Huxham: Yes, Sir. The rate of exchange for sterling salaries for all persons employed in Government Service is Rs. 15 to the £.

Amendment agreed to.

Sub-head 1, as amended, was then passed.

Sub-heads 2 to 6 were passed without amendment.

Sub-head 7, Labour and Upkeep of Gardens of Governor's Residences,
R. 11,965.

Amendment moved [*Financial Secretary*]:

Increase provision by a sum of Rs. 15 and make consequential amendments.

Amendment agreed to.

Sub-head 7, as amended, was passed.

Sub-head 8 was passed without amendment.

Head 1, as amended, was passed.

Head 2, Supreme Court.

Sub-head 1, Personal Emoluments,
Rs. 411,599.

Amendment moved [*Legal Secretary*]:

" Librarian, alter salary scale to Rs. 600-42-1398 and the provision to Rs. 735 "

Amendment agreed to.

Sub-head 1, as amended, was passed.

Sub-head 2 was passed without amendment.

Sub-head 3, Circuit and other Expenses of the Supreme Court, Rs. 70,000.

Mr. Aluwihare: There was a question about the amounts payable to Judges on circuit. It was discussed between the Judges and the Legal Secretary—

The Chairman: That is on Sub-head 2. We are now dealing with Sub-head 3.

***Mr. Aluwihare:** I am referring to Sub-head 3.

It was a point raised by the Auditor-General, firstly about residence, and secondly about batta. May I know from the Hon. the Legal Secretary what the position is?

The Hon. Mr. J. H. B. Nihill (Legal Secretary): I do not think I can give any very accurate information to the hon. Member.

I received batta when on circuit, as a Judge, and I am inclined to think—but I thought it went back several years—that, shortly after I arrived in this Island, which was at the end of 1938, there was some reduction in the total amount of batta received by His Majesty's Judges who went on circuit. I fancy that after consultations with the Chief Justice there was some kind of consolidated rate agreed upon. I think the rate was Rs. 20 per diem, and, as a result of that consolidated rate, certain allowances were taken away—those which had previously been given for servants and other members of the retinue of the Judge on circuit.

That is really all the information I can give, and it probably does not meet the hon. Member's point. All I know is that, when I was a Judge, the batta received was Rs. 20 per diem, and I know that it represents a reduction from the years previous to 1939.

Mr. E. R. Tambimuttu (Trincomalee-Batticaloa): I wish to bring to the notice of the Hon. the Legal Secretary a difficulty that often arises, and which I might bring up under this vote.

The Supreme Court Sessions are to be held at various centres, and it has occurred more than once that in Batticaloa they could not get a house for the sessions Judge. In Galle there was the same difficulty. They have now permanently set apart a Government House. It was only before the present session at Batticaloa that the Registrar wrote to me to say that there was some difficulty about securing a house, and he wanted to know whether I could suggest a remedy. I wrote to him to the effect that in Batticaloa there were so many Government houses allotted to various Government Servants and that by some rearrangement one of those houses could be made available for the Judge when he visits Batticaloa for the sessions. I do not know whether the Hon. the Legal Secretary has seen those papers.

I understand that the Supreme Court sessions were held, notwithstanding, and that by arrangement it was possible to reserve one of the bungalows for the Judge. There are about eight bungalows in all, and three or four of them are quite suitable for the Judge. If they are required, the occupants will gladly give them over. But I know the difficulty that arises. They have to supply, for the week or two during which the sessions are held, linen, cutlery, crockery and other things which they do not possess; and people do not care to go to the expense of purchasing them these days. I wish some steps will be taken to prevent a recurrence of these difficulties and that some suitable arrangements will be made which, I believe, can be done by reserving one of these houses for high officials who visit Batticaloa.

Mr. H. R. Freeman (Anuradhapura): When I had charge of the Eastern Province, I vacated the Residency for the Judge and went on a fortnight or three weeks' trip round the Province.

Mr. Tambimuttu: I wonder whether the Hon. the Financial Secretary has any information on this point?

The Hon. Mr. Huxham: I am supposed to answer for this vote. I regret I have no information on the point mentioned by the hon. Member.

Hon. Mr. Nihill: I might have a little more information because, I believe, I was the Judge who went there just after there had been some difficulty. I think there was a little trouble about accommodation at one time. But when I went there later, I found a most suitable house at my disposal, and ever since I have been anxious to return to Batticaloa.

Sub-head 3 was then passed, without amendment.

Sub-heads 4 to 7 were passed, without amendment.

Head 2, as amended, was passed.

Head 3, State Council.

*Sub-head 1, Personal Emoluments,
Rs. 140,778.*

Dr. A. P. de Zoysa (Colombo Central): With regard to this Sub-head, I should like to bring to your notice the question of the salaries of the Peons and other minor employees. It is a well known fact that these Peons are ill-paid.

The Hon. the Financial Secretary ought to take some notice of it. It is only when the cost of living goes up that he is prepared to consider the question. By the time he does so prices of commodities rise and the people are dead or their children are dead. This works great hardships on these people. When they lived with great difficulty in normal times, how could you expect these Peons and other minor employees to live when foodstuffs have gone up by about 200 per cent. to 300 per cent.? This matter requires the immediate attention of the Hon. the Financial Secretary.

I should also like to bring to his notice the fact that in the case of the Governor's Office there is a kangany, or special peon. I believe we should have a special peon for the State Council as well.

The Hon. Colonel Kotalawala: Why?

Dr. de Zoysa: Because a special peon means a person who has worked for a long time honestly, and you are going to give him a sort of promotion and make him something like an Arachchi. I do not want to take it up again, or go further into the matter. I think the whole question should be considered.

Of course, the Hon. the Financial Secretary might say that there is not sufficient money when it comes to thousands of rupees and people's salaries are concerned, but the Ministers must take the necessary steps to see that these Peons and other minor employees receive some extra remuneration; or, if that is not possible, they ought to prevent the rise in prices, especially of foodstuffs. The Hon. the Financial Secretary will again refer to his sacred theory of supply and demand, but these are theories applicable in normal times. When people hoard, it does not mean that there is no supply. Certain action must be taken to prevent hoarding, especially of produce in this country; and normal wages should be paid and steps taken to see that prices are not raised.

I can understand it if higher prices are demanded for potatoes, which are imported into this country. But if sweet potatoes or manioc which are produced in this country are sold at the same rates as before the war, there would be nothing wrong in it. So, if the Hon. the Financial Secretary and the Ministers are not in a position to raise the salaries of these minor employees, or to give them larger allowances, they should take the necessary steps to reduce the prices of essential commodities.

The Hon. Colonel Kotalawala: We will look into that.

Mr. H. W. Amarasuriya (Galle): For the last seven years Members of this Council have been asking that there should be a separate staff for the State Council. You will remember that you, Sir, as Speaker, submitted a memorandum to the Board of Ministers. If I remember rightly, the Board of Ministers considered it two or three years ago, and Members of this Council were promised that the necessary legislation would be introduced and the recommendations made in that memorandum would be given effect to.

I believe, Sir, one of the questions was the payment of special salaries to the Stenographers and the minor employees of the State Council. The other day, we passed a Supplementary Estimate to pay

them the increases. I do not know whether they were recommended by the Ministers or whether it was on your recommendation that it was brought up. Whatever it was, we passed the Supplementary vote, but I do not find that in these Estimates the necessary alterations and amendments have been made.

The Hon. Mr. Huxham: They have been included.

Mr. H. W. Amarasuriya: No, they have not been amended; I have the Estimates here. I find the same scales of salary put down: Clerks, Rs. 900-120-2,800. It is the same scale that appears in the new Estimates.

The Chairman: The Supplementary Estimate was for the payment of arrears of salary.

Mr. H. W. Amarasuriya: The scales are not here.

The Chairman: That is a higher point of the scale.

Mr. H. W. Amarasuriya: The Supplementary Estimate was for the payment of arrears of salary for the years 1938, 1939, 1940 and 1941—in all four years' arrears. But when it came to the Estimates, I should have thought that the intention would have been translated into action and those salaries would have been incorporated. It would save us the trouble of passing another Supplementary Estimate for the next financial year.

That is one point, and the other point is, I want to know whether the recommendation for the creation of a separate Department of the State Council is receiving consideration. I would like to know what the present position is.

The Hon. Mr. Huxham: As regards the Bill for a Separate Staff of the State Council; I think you, Sir, and the Legal Secretary know more about it than I do.

As regards salaries, the increased salaries are incorporated in the Estimates for 1942-43. The Supplementary Estimate that was passed last week, I think, was merely to give those increased salaries for two previous years.

The Hon. Mr. Nihill: Sir, with regard to the Bill, I understand that this was a Bill which did reach an advanced stage of preparation when it was in the hands of the late Legal Draftsman, who has now been transferred into the office of Solicitor-General. It was a matter in which he had taken a very deep personal interest; he asked me if he might take the Bill away with him and finish it in his present office. A little time ago, I asked him how the matter was proceeding, and he told me that it was practically finished, and I am not sure that he has not had conferences with you on the measure. But at any rate I think I can give the assurance that the Bill will be ready very shortly for our consideration.

Mr. H. W. Amarasuriya: With regard to the question of salaries, I wish to know why the salaries have not been altered. If the State Council Stenographers and Clerks are entitled to the higher scales, why have the scales not been actually altered?

The Hon. Mr. Huxham: As I said when I last rose, the new scales have been in the Estimates for years, and the Supplementary Estimate recently moved was to carry the new scales back to 1938.

Mr. H. W. Amarasuriya: The new scales are not in the Estimates.

***Mr. S. Samarakkody (Narammala):** Sir, as I understand it, the position is that when this House decided to have a separate staff, especially as far as the Stenographers are concerned, we decided on a certain scale. Now, the Supplementary Estimate that was brought before the House was to give effect to some of the suggestions, namely, that some of the Stenographers were to be put on the higher scales, and the arrears of salary were to be paid according to that higher scale.

But there are other Stenographers who do not appear to have received the benefit of our decision.

That would be as a result of the Treasury having decided that only those officers who were at the top of the scale, or those who were drawing the maximum, should start on the initial of the new scale. That is certainly unjust, and

[Mr. Samarakkody]

that was far from our intention. Our intention was to create a separate staff and fix certain salary scales for all.

So I would really wish that this matter be considered by you, Sir, and at a later stage, before we pass this Sub-head, you can formulate a considered scheme with the approval of the Treasury and incorporate it in the Estimates.

Mr. H. W. Amarasuriya: I would like to give a concrete case. Take the case of the Stenographers. You find 3 Stenographers in the Estimates of 1941-42 on the salary scale of Rs. 2,400-120-3,000. That is for some of them. Then there is another grade of Rs. 3,180-180-4,260. Now, in the Estimates before us, the scales are the same.

The Hon. Mr. Huxham: May I say for the third time that the new scales have been on the Estimates for years? If the hon. Member wants to find the old scales in the Estimates, he will have to go back to about 1938.

Mr. H. W. Amarasuriya: Are they paid now according to the scales that appear in the Estimates?

The Chairman: They are paid according to the scale proposed here.

Mr. H. W. Amarasuriya: What was the reason for bringing up that Supplementary Estimate?

The Chairman: That is because arrears of salary were to be paid for three years on that scale.

Mr. H. W. Amarasuriya: If the scales had appeared in the Estimates for the last three or four years, why did the Treasury not pay the salaries that were due to be paid?

***The Hon. Mr. C. W. W. Konnangara (Minister of Education):** They were paid.

***Mr. Aluwihare:** There was a footnote (b) to the scales, which said that they would be paid when a separate staff was created.

***Mr. Samarakkody:** My point has not yet been answered as to why some of the

Officers do not come under the new scales at all.

The Chairman: They all come under the new scales. But there is a difference of opinion as to the method of conversion and some officers have not been benefited. They have appealed to me, and I am going into the matter with the Clerk of the Council.

***Mr. Samarakkody:** Thank you.

***Mr. Aluwihare:** There is a plea coming from the Library that the Peons in the Library do much more work than the normal run of Peons. As a matter of fact, they are "Assistant Librarians" and they wonder whether you would consider paying some allowance in respect of their additional duties. I am certain all of us realize the amount of help they give us, and we would recommend that some allowance be given.

Mr. Samarakkody: Can I take it, Sir, that the matter I brought to your notice will be brought up at a subsequent stage?

The Chairman: It is for the Board of Ministers to make any amendments. I will look into the matter myself and make representations to the Board of Ministers.

***Mr. Aluwihare:** Will you look into my matter also, Sir?

The Chairman: Certainly.

Sub-head 1 was then passed without amendment.

*Sub-head 2, Allowances to Members,
Rs. 288,000.*

***Mr. Aluwihare:** Some of us have to attend Committees on days that Council does not meet. As a matter of fact, on one Committee I sat day after day for very nearly six months. But as you probably are aware, if one is absent for one day from a session of the Council one suffers the deduction of a large chunk of one's salary, or call it what you like, whereas all your merit is discounted.

The Chairman: What is the Committee to which the hon. Member refers?

***Mr. Aluwihare:** Well, the Select Committee on Salaries. There are certain Members who are Members of the Public Accounts Committee, the Buddhist Temporalities Committee, and so on. They have to come down from all over the country and perform their duties on those Committees.

***Mr. Samarakkody:** What about Consultative Committees?

***Mr. Aluwihare:** If they absent themselves from a sitting of Council for any reason other than illness, they get a huge part of their allowance deducted.

The Chairman: Deductions are made under Standing Order 150.

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** You cannot exempt a Member from deduction for being absent from Council merely because he happens to be a Member of a Select Committee or some other Committee the House might have appointed.

The Chairman: No deductions are made for non-attendance at those Committee meetings.

***The Hon. Mr. Bandaranaike:** That is so; but no exemption can be granted because a Member, who is also a Member of such a Committee, absents himself from a sitting of Council.

The Hon. Colonel Kotalawala: You can recommend the hon. Member for a native rank!

***Mr. Aluwihare:** I know that some Ministers are qualifying themselves for native ranks.

What the Hon. Minister of Local Administration does not appreciate is that this Rs. 500 is an allowance in respect of the duties performed by a Member. I do not see why attendance at meetings of Committees in any one month be left out of account. One does not mind a proportionate deduction. When a Member attends something like twenty meetings and then misses just one meeting of Council, if he does not

choose to lie, saying that he had a very bad headache or a toothache and was therefore unable to be present, he loses something like Rs. 50. Could not the deduction be proportionate to the amount of work he has done in the month?

The Chairman: Including work done in Select Committees, and so on?

***Mr. Aluwihare:** Work done in any Committee.

The Chairman: That requires amendment of Standing Order 150. That must be considered.

***Mr. Aluwihare:** It is a matter which, I think, should be considered by you.

The Hon. Mr. G. E. de Silva (Minister of Health): I think that point should be cleared up. Hon. Members serving on Special Committees have to travel from outstations. They do not get any batta for coming here to serve on Committees. That gives them more work than they normally would be called upon to perform by attending Council sessions. I think some consideration ought to be paid to Members who attend such meetings. We cannot consider attendance at meetings of Special Committees and then set such attendance against absence from sittings of State Council, although that is a point which ought to be considered by you.

Sub-head 2 was then passed without amendment.

Sub-head 3, Travelling, Rs. 41,000.

***Mr. S. Abeywickrama (Udugama):** I should like to raise a question or two with regard to the difficulties experienced by Members in attending sessions of Council. For instance, we have attended Council three successive weeks this time and we shall have to continue sitting week after week for some time longer. Unfortunately, we are not given sufficient petrol to attend Council.

The Hon. Mr. Bandaranaike: The Member has his Railway Pass.

***Mr. Abeywickrama:** The Railway now does not provide wagons for conveyance of motor cars. We do not want to go individually and stand at the door of the Petrol Controller for an increased ration to cope with the additional travelling we have to do, and I would, therefore, ask the Acting Leader of the House to write to the Petrol Controller and see that we are supplied with sufficient petrol to do the necessary travelling that is involved in attending Council. Unless sufficient petrol is given we find it very difficult to attend Council.

Normally, we attended Council for about two weeks in a month but we have now been here for the past two weeks and perhaps for another three weeks more we shall have to attend Council daily. This is an abnormal period and we should be granted increased rations of petrol. During these abnormal times

The Hon. Mr. Bandaranaike: It was so even last year.

The Hon. Colonel Kotalawala: But last year there was no petrol rationing.

***Mr. Abeywickrama:** I should like to have an answer from the Hon. Minister of Local Administration.

The Hon. Mr. Bandaranaike: Petrol has been allowed, particularly to Members and Ministers of State Council, as far as possible to meet their need. If in the course of this month the need for an additional supply arises and hon. Members make representations, I can ask the Petrol Controller to consider that particular situation.

***Mr. Abeywickrama:** Will the Hon. Acting Leader of the House or the Hon. Minister of Local Administration address a letter to the Petrol Controller on the matter?

***The Hon. Mr. Bandaranaike:** I do not address letters but issue instructions.

***Mr. Abeywickrama:** I am so happy to note the Hon. Minister's meticulousness in the use of words.

Sub-head 3 was then passed without amendment.

Sub-head 4, Stationery, Office Furniture and Office Requisites, Rs. 1,500.

***Mr. Aluwihare:** Will you, Sir, please order the Financial Secretary to see that gum is put on the envelopes supplied to us? We cannot stick the flap of the wretched things. I do not know whether you have suffered from that trouble. Everything is marked "Secret" these days, but we cannot stick the flaps of the envelopes for want of gum.

Sub-head 4 was then passed without amendment.

Sub-heads 5 to 8 were passed without amendment.

Head 3 was passed without amendment.

Head 4, Audit Office.

Sub-head 1, Personal Emoluments, Rs. 462,032.

***Mr. Aluwihare:** What has happened to the Auditor-General's Report this year? Generally it comes out a few weeks before the Budget debate and provides very spicy reading. What has happened to it this year? Will the Financial Secretary please answer?

***Mr. R. S. S. Gunawardana (Gampola):** The Auditor-General's Department is not functioning!

The Hon. Mr. Huxham: I regret I have no information about the Auditor-General's Report.

***Mr. Aluwihare:** If the Auditor-General is doing Civil Defence work, I suggest that we delete this vote and save the money. Someone has to see what happens to the Report.

The Chairman: The Auditor-General reports to the State Council and to the Governor.

***Mr. Aluwihare:** So far as the State Council is concerned, there is no Report before us. The Auditor-General has become the Civil Defence Commissioner and the Acting Auditor-General has gone to Bombay. Heaven alone knows what has happened to the Report. The Auditor-General's criticism of the expenditure incurred during the year before

last is lost to us. Is there not any Member of the Government to tell us what has happened to the Report of the Auditor-General?

The Hon. Mr. Huxham: I can make inquiries and inform hon. Members of the position with regard to the Report of the Auditor-General, but I should like to state that there is no regulation, as far as I know, requiring the Auditor-General to furnish his Report before a particular date.

***Mr. Aluwihare:** Will it be produced at all? The Report for this year would have dealt with the expenditure incurred during the year before last.

The Hon. Mr. Huxham: I can certainly give the undertaking that the Auditor-General's Report will be produced and printed this year. That Report relates not to expenditure during the year before last but to expenditure incurred during the year ending 30th September last. I regret that it is not available at the moment, but that is not my fault.

Dr. de Zoysa: When it is available, will we get an opportunity of questioning on the irregularities that may be exposed? Very often the Report reveals irregularities, and will we get an opportunity of questioning on those irregularities?

The Hon. Mr. Huxham: The Public Accounts Committee of this House has every opportunity to question any irregularities.

***Mr. Aluwihare:** May I know how often the Report of the Public Accounts Committee has been discussed in this House? May I know whether the reports for the last umpteen number of years have been discussed in this House?

***Mr. R. S. S. Gunawardana:** Never.

***Mr. Aluwihare:** There has never been a date given for the discussion of the Report of the Public Accounts Committee.

The Hon. Mr. G. E. de Silva: If I remember aright, the Board of Ministers had decided to set apart one or two days

for the special consideration of the Report of the Auditor-General, when it is available.

***Mr. H. W. Amarasuriya:** Under Article 85 of the Order in Council, the Auditor-General is required to submit his Report as soon as possible after the close of the financial year. It is true that the words "as soon as possible" are very elastic. We have practically come to the close of the present financial year, and the last financial year closed on 30th September last, but still the Report of the Auditor-General is not forthcoming. I think the Auditor-General had sufficient time to prepare his Report. I believe this is the first time during the last 11 years that the Report of the Auditor-General is not before us during the Budget discussion. Every Member of this House, particularly the Hon. Minister of Health, regarded the Auditor-General's Report as his Bible and quoted copiously from it during the Budget discussion. This year the Hon. Minister is occupying a seat in the front benches—

***The Hon. Mr. G. C. S. Corea (Minister of Labour, Industry and Commerce):** And has lost his Bible?

Mr. H. W. Amarasuriya: And the back-benchers are not given an opportunity of knowing anything about the matters commented upon by the Auditor-General. The Auditor-General's Report should be in the hands of hon. Members before the Budget discussions.

The Hon. Mr. Huxham: The procedure in other countries regarding the Auditor-General's Report is that it is referred to the Public Accounts Committee of the Legislature for discussion by that Committee, and the House considers the Report of the Public Accounts Committee. It is not proper to appoint a Committee of the House to consider that Report and also for the House to debate the matters contained in the Report referred to the Committee.

There has been a different practice followed in Ceylon. The Auditor-General's Report has been available before the Budget discussions, and hon. Members have used it as a suitable stick with which to beat the Government.

The Hon. Colonel Kotalawala: Especially the Hon. Minister of Health, when he was a back-bencher.

The Hon. Mr. Huxham: There is nothing, as I said just now, in the Constitution, or regulations, of which I am aware, which requires the Auditor-General's Report to be available before the commencement of the Budget discussions, and the House must realize that in times like the present accounts and audit are bound to be delayed because a large number of payments are made in London and communications with London are extremely slow and sometimes unreliable, with the result that accounts cannot be closed as quickly as in previous years.

I find that the accounts of the year ended 30th September last were signed by the Deputy Financial Secretary on the 15th April, 1942. It is only after he has made up the accounts and produced them to the Auditor-General that the latter can set about his audit, and I think it is asking a great deal of him to complete his audit and make his voluminous comments in time for it to be before the Council early in August. The delay is attributable to circumstances beyond our control, namely, the unavoidable delay in making up the accounts.

***Mr. Aluwihare** The Hon. the Financial Secretary said that in other countries it was the report of the Public Accounts Committee that was discussed. Well, the Government here does not even give us the opportunity of discussing the report of the Public Accounts Committee.

Last year—I believe the Hon. Member for Dedigama (Mr. Dudley Senanayake) was the Chairman—a report was issued. Has the Government ever thought it fit to give us a date for the discussion of that Report? Did the Government ever give us an opportunity of discussing the Reports from 1931 up to date?

The Hon. Mr. Huxham: Yes.

***Mr. R. S. S. Gunawardana:** Never.

The Hon. Mr. Huxham: If the hon. Member will allow me to answer that, the motion to consider the Reports of the Public Accounts Committee for

several years was on the Agenda of this House—if I remember rightly,—for a matter of 4 months at least, and the item was reached on more than one occasion. But directly it was reached, hon. Members stated that they were not ready; they had not brought their papers; they had to go home, or something of that nature, and the matter was deferred, with the result that eventually we came to the end of the session and the item was lost from the Agenda Papers.

As regards the Report for the last year, I am not quite sure how long ago it was received in the Treasury. But as the hon. Member for Matale (Mr. Aluwihare) knows, the accepted procedure is for the Treasury to go into all the matters on which the Public Accounts Committee has reported adversely and to publish in a Sessional Paper a series of Treasury Minutes dealing with these points. In the great majority of cases the Treasury is able to agree with the Public Accounts Committee and to assure the Committee and the House that the point made by the Public Accounts Committee will be dealt with satisfactorily in future. In a very few cases, indeed, the Treasury expresses inability to accept the views of the Public Accounts Committee and it is usually such cases which come up for discussion in the Legislature.

As the Hon. Minister of Health has said, the Board of Ministers decided a few months ago that when next a Report of the Public Accounts Committee and the accompanying Treasury Minutes were available they would not merely put the item on the Agenda, which does not seem to result in the House dealing with it, but would put it on the Agenda with a precise date fixed for consideration. In that way, I trust, the House will deal with the report which is now under consideration by the Treasury.

***Mr. Aluwihare:** What happens is this. In the old days a date was always fixed and always the Ministers got it fixed because of some important subject they had to discuss. Then it was generally put lower down on the Agenda, and when the item was reached no one had his papers. I hope the Hon. the Financial Secretary, on behalf of the

Aug. 18, 1942]

Government, will give us this undertaking that a date will be fixed and not unfixed as the Board of Ministers wants.

It being 5.30 p.m., proceedings on business under consideration were interrupted under Emergency Standing Order 2 (4).

Committee to report progress, and ask leave to sit again.

The Council having resumed—

MR. SPEAKER took the Chair.

Committee report progress; to sit again.

ADJOURNMENT.

The Hon. Mr. D. S. Senanayake (Acting Leader of the State Council): I move that the Council do now adjourn till 10 A.M. to-morrow.

Question proposed from the Chair, and debated.

***Mr. B. H. Aluwihare (Matale):** I do not know why the Hon. Minister of Labour, Industry and Commerce is not here. But I want to say that the flour that is sold by the Ministry at the present time cannot be eaten. I bought some of it and distributed it to supplement the ration of some people working on a land of mine. In the middle of the night they came running to me and said that one of the children who had eaten the flour had got diarrhoea, and that the child nearly died. I do not know whether it was an idiosyncrasy, but I was not particular; I ate some preparations made out of this flour, and the flour tasted of gingelly; one cannot eat it.

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** Did you also suffer from diarrhoea?

***Mr. Aluwihare:** It is all right to change the staple food of a people if you can give them something that is clean. I was just told of a story where a lady complained of the inedibility of the flour. She said that there were maggots in the flour. She was told to pick out

the maggots. Her reply was that it was easier to pick out the flour. I do not know whether the Hon. Minister has anything to say about the flour. But this flour must at least be put on the market in a good condition.

Mr. G. R. Whitby (Nominated Member): I think I can say something about the flour that is now being issued to the public. It is all imported flour, and I cannot see how it can be possible for all that imported flour to be contaminated. I think it is almost certainly due to the fact that the retailers and the traders who buy this flour allow it to become contaminated in their store.

***Mr. Aluwihare:** I bought the flour at the Marketing Department, from, I presume, Mr. Bassett. I do not think he uses gingelly. I bought some other flour at a retail boutique. So I do not see how this flour can smell of gingelly. I do not know whether the Australians put some gingelly to spite us; but still it is there.

Mr. H. W. Amarasureiya (Galle): One more matter. You will remember that some time ago the Hon. Minister of Communications and Works tabled a memorandum dealing with the termination of the civil engineering contract for the Hydro-Electric Scheme. I want to know whether the Hon. Minister will give this Council an opportunity of discussing the memorandum. I want to know whether action has already been taken and if not we would like to be given an opportunity to discuss the merits of the proposal.

The Hon. Colonel J. L. Kotalawala (Minister of Communications and Works): The memorandum was tabled some time ago, and I presume the hon. Member read that memorandum. The memorandum was tabled in order to give information to this House and to indicate the action taken.

We are at the Committee stage of the Appropriation Bill now and if any hon. Member wishes to say anything in regard to this matter, he can do so when the Hydro-Electric Scheme votes come up. We can have the matter fully threshed out.

***Mr. S. Samarakkody (Narammala):** May I ask the Hon. Minister of Labour, Industry and Commerce whether he has taken any steps for getting the price of copra increased? Yesterday, the Hon. Minister of Agriculture and Lands—the Hon. Acting Leader of the House—rightly stated that the Ministry of Food which purchases this commodity from Ceylon was making a tremendous profit by exporting it to India. If I remember rightly, he said that they were making a profit of about Rs. 20 per candy.

The Hon. Mr. Senanayake: I did not say anything about it.

***Mr. Samarakkody:** I have some information from other sources, that the price of copra in Bombay is over Rs. 120 per candy of 625 lb. In India, the weight of a candy is different. If what I have heard is true it is nothing but profiteering with a vengeance. I do hope the Hon. Minister will take some steps and see that the benefits of these increased sales come back to the producer.

***The Hon. Mr. G. C. S. Corea (Minister of Labour, Industry and Commerce):** With regard to that question, hon. Members will remember that I have stated previously in this House that the proposal of the Ministry of Food was fully considered. A further suggestion to the Secretary of State—that the original price offered was unsatisfactory and should be increased—was ultimately accepted by everyone interested, and this price was

fixed. But I have already taken action, several days ago, to bring to the notice of the Secretary of State the fact that for various reasons the price should be reconsidered with a view to fixing an enhanced price. I am awaiting a reply to that communication.

I am sorry I was not here—I was at a meeting—when the hon. Member for Matale (Mr. Aluwihare) raised, I understand, the question that there was some taste of gingelly in the flour that is issued. The hon. Member mentioned it to me a couple of days ago, and I have instituted inquiries to find out what the position is. With regard to the flour that is imported there is no question of its having gone bad; or that it will go bad or is in any way unfit for consumption. In addition to this flour, we have wheat imported into this country, which is being milled in Ceylon; it is being milled at one of the Mills in Colombo. I am making inquiries to find out whether the flour milled from wheat at that mill is in any way contaminated during the process of milling. I have no information at the moment that it has happened, but I am making inquiries to find it out, and I shall let the hon. Member and the House know the position as soon as I can ascertain the facts.

Question, "That the Council do now adjourn until 10 A.M. on Wednesday, August 19, 1942," put, and agreed to.

Adjourned accordingly at 5.45 P.M. until 10 A.M. on Wednesday, August 19, 1942.