APPENDIX III
PRIME MINISTER'S DECLARATION AT R.T.C., JANUARY, 1931

The view of His Majesty's Government is that responsible for the Government of India should be placed upon Legislatures, Central and Provincial, with such provisions as may be necessary to guarantee, during a period of transition, the observance of certain obligations and to meet other special circumstances, and also with such guarantees as are required by minorities to protect their political liberties and rights.

In such statutory safeguards as may be made for meeting the needs of the transitional period, it will be a primary concern of His Majesty's Government to see that the reserved province so formed and exercised as not to prejudice the advance of India though the new constitution to full responsibility for her own government.

His Majesty's Government, whilst making this declaration, is aware that some of the conditions which are essential to the working of such a constitution as is contemplated, have not been finally settled, but it believes that as the result of the work done here, they have been brought to a point which encourages the hope that further negotiations, after this declaration, will be successful.

His Majesty's Government has taken note of the fact that the deliberations of the Conference have proceeded on the basis, accepted by all parties, that the Central Government should be a Federation of all-India, embracing both the Indian States and British India in a bi-cameral legislature. The precise form and structure of the new Federal Government must be determined after further discussion with the Princes and representatives of British India. The range of subjects to be committed to it will also require further discussion, because of Federal Government will have authority only in such matters concerning the States, as will be ceded by their Rulers in agreements made by them on entering into Federation. The connection of the
States with the Federation will remain subject to the basic principle that in regard to all matters not ceded by them to the Federation their relations will be with the Crown acting through the agency of the Viceroy.

With a Legislature constituted on a federal basis. His Majesty's Government will be prepared to recognize the principle of the responsibility of the Executive to the Legislature.

Under existing conditions the subjects of Defence and External Affairs will be reserved to the Government-General, and arrangements will be made to place in his hands the powers necessary for the administration of those subjects. Moreover, as the governor-General must, as a last resort, be able in an emergency to maintain the tranquillity of the State, and must similarly be responsible for the observance of the constitutional rights of minorities, he must be granted the necessary powers for these purposes.

As regards finance, the transfer of financial responsibility must necessarily be subject to such conditions as will ensure the fulfilment of the obligations incurred under the authority of the Secretary of State and the maintenance unimpaired of the financial stability and credit of India. The Report of the Federal Structure sub-Committee indicates some ways of dealing with the subject including a Reserve Bank, the service of loans, and Exchange policy, which in the view of His Majesty's Government will have to be provided for somehow in the new constitution. It is of vital interest to all parties in India to accept these provisions to maintain financial confidence. Subject to these provisions the Indian Government would have full financial responsibility for the methods of raising revenue and for the control of expenditure on non-reserved services.

The provision of reserved powers is necessary in the circumstances and some such reservation has indeed been incidental to the development of most free
constitutions. But every care must be taken to prevent conditions arising which will necessitate their use. It is, for instance, undesirable the Ministers should trust to the special powers of the Governor-General as a means of avoiding responsibilities which are properly their own, thus defeating the development of responsible Government by bringing into use powers meant to lie in reserve and in the background. Let there be no mistake about that.

The Governor's Provinces will be constituted on a basis of full responsibility. Their Ministries will be taken from the Legislature and will be jointly responsible to it. The range of Provincial subjects will be so defined as to give them the greatest possible measure of self-government. The authority of the Federal Government will be limited to provisions required to secure its administration of Federal subjects, and so discharge its responsibility for subjects defined in the constitution as of all India concern.

There will be reserved to the Governor only that minimum of special powers which is required in order to secure, in exceptional circumstances, the preservation of tranquillity, and to guarantee the maintenance of rights provided by Statute for the Public Services and minorities.

Finally, His Majesty's Government considers that the institution in the Provinces of responsible government requires both that the legislatures should be enlarged, and that they should be based on a more liberal franchise.

In framing the Constitution His Majesty's Government considers that it will be its duty to insert provisions giving to the various minorities, in addition to political representation, that differences of religion, race, sect or caste shall not themselves constitute civil diabilities.
In the opinion of His Majesty's Government it is the duty of the communities to come to an agreement amongst themselves on the points raised by the Minorities sub-Committee but not settled there. During the continuing negotiations such an agreement ought to be reached and the Government will continue to render what good offices it can to help to secure that end, as it is anxious not only that no delay should take place in putting the new Constitution into operation, but that it should start with the goodwill and confidence of all the communities concerned.

The various sub-committees which have been studying the more important principles of a Constitution which would meet Indian conditions have surveyed a considerable part of the structure in detail and the still unsettled points have been advanced a good way to an agreement. His Majesty's Government, however, in view of the character of the Conference and of the limited time at its disposal in London, has deemed it advisable to suspend its work at this point, so that Indian opinion may be consulted upon the work done, and expedients considered for overcoming the difficulties which have been raised. His Majesty's Government will consider, without delay, a plan by which our co-operation may be continued so that the results of our completed work may be seen in a new Indian Constitution. If, in the mean time, there is a response to the Viceroy's appeal to those engaged at present in civil disobedience, and others wish to co-operate on the general lines of this declaration, steps will be taken to enlist their services.

I must convey to you all on behalf of the Government its hearty appreciation of the services you have rendered not only to India but to this country, by coming here and engaging in these personal negotiations. Personal contact is the best way removing those unfortunate differences and misunderstandings which too many people on both sides have been engendering between us in recent years. A mutual understanding of intention and difficulty, gained under such condition as have prevailed is by far
the best way for discovering ways and means of settling differences and satisfying claims. His Majesty's Government will strive to secured such an amount of agreement as will enable the new Constitution to be passed through the British Parliament and to be put into operation with the active goodwill of the people of both countries.