

9th September 1936

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume VI, 1936

(31st August to 14th September, 1936)

FOURTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,
1936



NEW DELHI
GOVERNMENT OF INDIA PRESS
1937

Legislative Assembly.

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THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

Deputy President :

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MAULVI SYED MURTUZA SAHIB BAHADUR, M.L.A.

MR. N. M. JOSHI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 9th September, 1936.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

QUESTIONS AND ANSWERS.

INDIAN SEPOYS IN ADDIS ABABA.

212. *Mr. S. Satyamurti : Will Government be pleased to state :

- (a) the number of Indian sepoy in Addis Ababa ;
- (b) the number of casualties among them ;
- (c) their present health ;
- (d) when they propose to call them back to India ; and
- (e) the nature of work they did and do in Addis Ababa ?

Mr. G. R. F. Tottenham : (a) to (e). The attention of the Honourable Member is invited to the Press Communiqué issued on September 1st, a copy of which I am laying on the table.

GOVERNMENT OF INDIA.

DEFENCE DEPARTMENT.

Simla, the 1st September, 1936.

PRESS COMMUNIQUE.

SUBJECT :—*The Legation Detachment at Addis Ababa.*

1. *Origin of the Legation Guard.*—Since its original establishment, His Majesty's Legation at Addis Ababa has been provided with a cavalry escort of 2 Non-Commissioned Officers and 7 sowars, the escort being drawn from different Indian Army regiments in rotation and serving at Addis Ababa for a tour of three years. This escort, while sufficient for ceremonial purposes and as a personal guard to the Minister, was quite inadequate and never intended for the protection of the Legation itself.

With the increase in tension between Italy and Abyssinia during the first half of 1935, the question arose whether a reinforcement of this guard was not necessary for the protection of British and Indian subjects in Abyssinia. The situation envisaged, and which ultimately materialized, was that, under the strain of bombardment from the air or as the result of defeat in the field or on account of political changes, the civil control of the population of Addis Ababa might break down, resulting in rioting, looting and probably a definite outbreak directed indiscriminately against all foreigners.

At this time the number of British and British-Indian protected residents in Abyssinia was estimated at one thousand, four hundred of whom lived in and around

Addis Ababa, two hundred at Dire Dawa on the Djibouti railway and the remainder, generally speaking, in the Harar consular district to the south of the capital.

The adoption of an evacuation scheme was considered but it soon became apparent that most of the Indian population, having considerable property and investments in Addis Ababa, would decline to be evacuated from Abyssinia. It was therefore decided to provide for their protection.

The decision to augment the Legation Guard was taken in the latter half of August, 1935. His Majesty's Government, requested the Government of India to make available a detachment of troops which was to consist of three British officers, one hundred rifles, and a section of machine guns. The British Minister at Addis Ababa particularly asked that the contingent, if supplied, should be of Sikhs, since Sikhs had been specially assigned to the Legation Guard for the past forty years and had earned the respect and good will of the local population.

His Majesty's Government made it clear that the whole cost of the contingent would be defrayed by them. With this stipulation and the proviso that the onus of responsibility for the withdrawal of this detachment in case of necessity would also rest on His Majesty's Government, the Government of India agreed to furnish the necessary troops. This action was felt to be the more appropriate inasmuch as the great majority of British subjects in Abyssinia were Indians and the protection of their lives and property essentially an Indian interest.

The contingent was found from the 5th Battalion 14th Punjab Regiment (late 40th Pathans) and left Poona on August 22nd with a strength of :

- 3 British officers,
- 4 Viceroy's commissioned officers,
- 129 Indian other ranks,
- 11 Followers.

In addition to the above, one Indian Medical Service officer was attached to the contingent and joined it at Bombay.

Addis Ababa was reached on September 7th without incident and without casualties, except for one Other Rank who was admitted to the French Military Hospital at Djibouti and rejoined his unit on September 18th.

2. *Work of the Legation Guard at Addis Ababa.*—It is unnecessary to describe in detail the work of the Legation Guard during the first seven months of their sojourn at Addis Ababa. A Defence Scheme was drawn up and the necessary digging and wiring of defensive positions undertaken, in so far as political considerations allowed. Particular attention was paid to the question of defence against gas, over two thousand respirators being held as reserve for issue in case of air raids. A system of alarm signals was inaugurated and the necessary practices carried out to accustom all ranks to their duties in the event of both ground and air attack. Measures to ensure the security of all foreigners had to be worked out in conjunction with the representatives of other nationalities. Trees had to be felled, searchlights to be positioned, field telephone systems installed, and reserve stocks of supplies, firewood, petrol, ammunition and many other stores accumulated, housed and periodically inspected. In addition to the manifold duties in connection with the protection of the Legation and of Indian residents, of which the above is merely an outline, the ordinary training of the troops was continued as far as considerations of space and the weather permitted, while the many unusual problems connected with the administration of the unit, inseparable from its situation, were successfully handled.

Although certain instances of anti-foreign feeling had occurred earlier and alarms had been caused on two or three occasions either by rumours of impending air raids or by actual air reconnaissances carried out over Addis Ababa, the situation in the capital remained generally satisfactory until the beginning of April, 1936. Throughout that month, however, alarms became more frequent and the uneasiness among both local inhabitants and foreigners increased. On April 20th the first refugees began to arrive at the Legation and arrangements were made to accommodate them and to

allot specific areas to the different communities. Eventually a total of 1,520 refugees were accommodated, comprising nationalities and communities as follows :

Americans	..	..	..	..	31
Arabs	..	..	..	..	253
Armenians	..	..	..	..	174
Austrians	..	..	..	..	8
Belgians	..	..	..	..	12
Bohras	..	..	..	..	160
British Islanders	..	..	..	..	33
Cypriots	..	..	..	..	8
Egyptians	..	..	..	..	12
French	..	..	..	..	15
Germans	..	..	..	..	11
Goanese	..	..	..	..	7
Greeks	..	..	..	..	319
Hindus	..	..	..	..	161
Hungarians	..	..	..	..	4
Jamaicans	..	..	..	..	1
Jews	..	..	..	..	16
Latvians	..	..	..	..	2
Moslems, Indians	..	..	..	..	198
Poles	..	..	..	..	1
Portuguese	..	..	..	..	6
Russians	..	..	..	..	12
Scandinavians	..	..	..	..	14
Somalis	..	..	..	..	30
Spanish	..	..	..	..	1
Syrians	..	..	..	..	2
Turks	..	..	..	..	29
					<hr/> 1,520

Certain Indian nationals did not take advantage of the protection offered in the refugee camp but preferred to risk their lives in defence of their properties. The only assistance which could be afforded to these, apart from patrol visits which were arranged, was to supply any deficiencies in arms and ammunition.

The crisis in the situation may be said to have started from the 1st May with the complete break up of the Abyssinian forces in the field. That evening continuous rifle fire broke out in the city and lasted all night. In the morning numbers of refugees of all nationalities arrived at the British Legation and reports were received that the city mobs had got out of hand and that fighting and looting had become general. By midday, part of the city was on fire. Lorry patrols were sent out to establish touch with the other Legations and to report on the situation. It was found that the largest shop in the city, that of Mohamed Ali and Company, an Indian firm which had been of great assistance throughout in supplying stores required at the Legation, was still intact and had become a rallying point for British-Indians. Throughout the day and night more refugees continued to arrive at the Legation and were provided with rations and accommodated in tents.

On the 3rd May the situation deteriorated. Up till then the patrols from the Legation had not been opposed, but on that day a patrol visiting the Belgian, French and Turkish Legations found traces of fighting everywhere and the Turkish Legation

in a state of siege. The patrol was itself fired on. All the occupants of the Turkish and the majority from the Belgian Legation were successfully evacuated that evening, while other patrols rescued parties of Missionaries and part of the personnel of the United States Legation. It was on May 3rd that Dr. Melly, commanding the British Red Cross Ambulance, was mortally wounded while attending to casualties in the city.

On the 4th May the town was somewhat quieter and the opportunity was seized to send ammunition to Messrs. Mohamed Ali's premises and rifles and grenades to the United States and German Legations. In the evening an appeal for assistance was received from the Belgian Legation. This was at once answered, and a detachment, hurrying to the point in lorries, arrived just as an attack, covered by heavy supporting fire, was being made on this foreign Legation. The attackers were at once engaged in flank by automatic fire and the survivors routed by the Sikh riflemen. The civilian staff was then evacuated from the Belgian Legation and the position, which was a key one in the defensive system, was garrisoned by a detachment of Sikhs.

Some fighting took place during the night, and during the following morning (May 5th) it became necessary to rescue more occupants of the United States Legation. The British-Indians who had elected to defend the Mohamed Ali premises were still holding out well.

In the early afternoon the crisis passed with the arrival of the first Italian troops, a process which continued throughout the evening and night. Attacks by rioters were made on the United States and Belgian Legations during the night, the former being relieved by Italian troops. By the morning of the 6th partial control of the population had been re-established and refugees at the Legation began to return to the city. Practically all refugee areas were cleared by dark. Our troops suffered no casualties.

There is no question that, but for the presence at the British Legation of Major Charter and his company of Sikhs, who not only protected what became the rallying point for nearly all refugees but also served as a central reserve for the relief of other Legations, Missions and civilian establishments generally, the loss of life among foreigners, which was practically negligible, might have been much greater. In fact, the situation might have resulted in a general massacre. As matters turned out, the only known fatality among British and Indian subjects was that of Doctor Melly.

3. *Conditions at Addis Ababa.*—As has been pointed out above, the decision to reinforce the Legation Guard at Addis Ababa was taken suddenly and the despatch of the troops followed very shortly afterwards.

The available accommodation in the Legation grounds was naturally inadequate and, to begin with, a proportion of the troops had to live in tents under heavy rain and in thick mud. With the onset of winter, however, the weather improved and this, combined with excellent rations and the taking of adequate medical precautions enabled the Commandant to report on December 9th that no case of serious illness had occurred since the arrival of the detachment. Games were organized from the start, and though the surface of the ground did not allow the construction of a hockey field, football, rounders and other games were played regularly.

The Commanding Officer of the Regiment, reporting early in March after a visit of inspection to Addis Ababa, found the health and morale of the detachment excellent and stated that the only admissions to hospital had been cases of minor injuries received in playing games.

During the winter, sanction for the construction of barracks for the accommodation of the whole detachment was received and the new barracks were completed and occupied before the commencement of the disturbances in May. It was found possible to grant "town leave" to small parties in plain clothes at intervals, but this was only taken advantage of to a limited extent. Free postage to India for Indian officers and Other Ranks was sanctioned at the end of February. On April 28th one sepoy died in hospital, but the general health of the troops at that date was still excellent. At the beginning of July the big rains arrived in full force but thanks to the provision of waterproof capes, bi-weekly rum issues and plentiful charcoal for heating purposes, conditions of life have remained quite tolerable. Throughout, the morale of the troops has been of the highest and neither the uncertainties of the situation, nor the monotony of long hours of hard work in a constricted area, nor the torrential rain appear to have sapped their vitality or diminished their cheerfulness.

4. *The Future.*—Although Italian troops have for some three months been in occupation of Addis Ababa and its communications with the Red Sea and Italian Somaliland, the situation in Abyssinia is not yet stabilized. The Legation Guard is, therefore, to remain in Addis Ababa for the present, to safeguard the lives and interests of British and British-Indian subjects in the capital.

Mr. S. Satyamurti : Are there any Indian soldiers yet in Addis Ababa ?

Mr. G. R. F. Tottenham : Yes, if the Honourable Member will read the Press Communiqué, he will find that that is so.

Mr. S. Satyamurti : Have all the men been withdrawn ?

Mr. G. R. F. Tottenham : They are still in Addis Ababa.

OPINIONS ON THE REPORT OF SIR OTTO NEIMEYER.

213. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether they are aware of the public opinion and the opinions of the Local Governments on Sir Otto Neimeyer's Report ;
- (b) whether all Local Governments have protested against the Report ; and
- (c) whether they have accepted the recommendations of the Report ?

The Honourable Sir James Grigg : I would refer the Honourable Member to the answers which I have already given on this subject during the current Session.

ARTICLE ENTITLED "MADRAS AND NEIMEYER REPORT" REGARDING BORROWING ARRANGEMENTS OF PROVINCES.

214. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to a leading article entitled "Madras and Neimeyer Report" ; and
- (b) whether they propose to devise methods of borrowing programmes on the lines suggested in the article ?

The Honourable Sir James Grigg : The question of the borrowing arrangements of Provinces in future is under consideration.

Mr. S. Satyamurti : Will Government issue a communiqué, or otherwise make their intentions clear at a suitable time ?

The Honourable Sir James Grigg : I will certainly consider that. This was one of the suggestions which was under consideration at the meeting which we had a short time ago with provincial financial representatives. I cannot give a promise to make public the results of those deliberations, but I will certainly consider whether we cannot clarify the position for the future in due course.

Mr. S. Satyamurti : May I know whether the Reserve Bank is really going to be a kind of adviser, or is going to be used in a consultative capacity, with regard to the borrowing programmes of Provincial Governments ?

The Honourable Sir James Grigg : I think I can put it shortly in this way. In future, the Reserve Bank will be the interpreter to Provincial Governments of the conditions of the money market and the means of giving to the money market information as to the financial position of any prospective borrower, including for that purpose the Provincial Governments.

Mr. S. Satyamurti : May I take it that the Reserve Bank will also be required to regulate the borrowing programmes of various Provincial Governments or other public bodies, so as not to upset the money market, and so as not to increase the rates of interest unnecessarily ?

The Honourable Sir James Grigg : If you mean co-ordinating it in the way the Bank of England does in London, arranging public issues so that they do not clash and so that each prospective borrower gets the best terms consistently with his credit, yes, certainly.

Mr. Ram Narayan Singh : Are the Government aware that there is great resentment and discontent against this report among all classes of people in Bihar ?

The Honourable Sir James Grigg : The Honourable Member's supplementary question would have arisen on the immediately preceding question. It does not arise out of this.

Mr. S. Satyamurti : May I know if the Reserve Bank came into the picture at all, when the United Provinces Government is raising a loan at 3 per cent., whereas I believe the Honourable the Finance Member's Government raised at two per cent. ?

The Honourable Sir James Grigg : The Reserve Bank, and, incidentally I may say, the Government were fully consulted in this matter.

Mr. S. Satyamurti : Do the Government of India take it that the credit of the United Provinces Government is less by a $\frac{1}{4}$ per cent. than that of the Government of India ?

The Honourable Sir James Grigg : I should have thought that that was not an exaggerated estimate of the position.

ATTITUDE OF THE GOVERNMENT OF THE UNION OF SOUTH AFRICA WITH REGARD TO THE ISSUE OF LICENCES TO INDIANS.

215. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to the attitude of the Union Government of South Africa with regard to the issue of licences to Indians ;
- (b) whether they will take it up with the South African Government ; and
- (c) if not, why not ?

Sir Girja Shankar Bajpai : (a), (b) and (c). The attention of the Honourable Member is invited to the reply given by me to Mr. Ananthasayanam Ayyangar's question No. 91 on the 3rd of this month.

Mr. S. Satyamurti : Has this matter been under correspondence between the Government of India and the Union Government ?

Sir Girja Shankar Bajpai : The main lines on which this question was to be explored were settled several years ago. The position is that the Union Government have appointed a committee to go into the question of the underlying principles of the licensing laws, and the matter is being watched by our Agent.

Mr. S. Satyamurti : Have the Government of India instructed the Agent to make representations to this Committee, which has been appointed to examine this whole question ?

Sir Girja Shankar Bajpai : I have no doubt the Agent in South Africa will assist the Indian community in putting forward its point of view before the Committee.

COLLECTION AND UTILISATION OF PUBLIC SUBSCRIPTIONS.

216. ***Mr. Sri Prakasa :** (a) Are Government aware that public subscriptions sponsored by local officials or under the patronage of high officials are collected through police, magisterial or income-tax officers, and that the system has led to much abuse in the way of harassing of individuals ?

(b) Are Government prepared to issue instructions that such officers are not appointed to collect public subscriptions ?

(c) Why is it that the assistance of judicial officers is never utilised for such purposes ?

(d) Are Government aware that there is a widespread feeling that such subscriptions are not properly utilised and their final accounts never published ?

The Honourable Sir Henry Craik : (a), (c) and (d). Government are not aware that the facts are as stated.

(b) I would invite the attention of the Honourable Member to the reply given by me on the 24th March, 1936, to question No. 1428 asked by Mr. Satyamurti.

Mr. Sri Prakasa : Is it not a fact that, for the King's Silver Jubilee, Magistrates were asked to collect subscriptions, and sometimes figures up to Rs. 25,000 were fixed, and that they called meetings of local traders and merchants and put down figures against the names of each which they were thus forced to subscribe ?

Mr. K. Ahmed : What is the harm ?

An Honourable Member : King Cole !

The Honourable Sir Henry Craik : I have no information to that effect.

Mr. T. S. Avinashilingam Chettiar : Is it not a fact that some volunteers went out on cycles daily and collected subscriptions for Lady Willingdon ?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise.

Mr. Sri Prakasa : Will the Honourable the Home Member just look behind and ask the District Magistrates who are sitting there whether this is a fact or not ?

The Honourable Sir Henry Craik : The District Magistrate sitting behind me informs me that he never got 25,000 from merchants.

Mr. Sri Prakasa : Go further back.

Mr. S. K. Das-Gupta : So far as my district is concerned, I can assure any friend that it is not true.

Mr. N. V. Gadgil : Is it not a fact that, in the districts of West Khandesh and East Khandesh, compulsory subscriptions were levied from many villages in order to buy stud bulls ?

The Honourable Sir Henry Craik : The answer is "No".

Mr. Ram Narayan Singh : Is it not a fact that subscriptions for the King George Memorial Fund are being collected in the mofussil ?

The Honourable Sir Henry Craik : I believe that is so.

Mr. N. V. Gadgil : Is it a fact that in Chalisgaon, in the district of East Khandesh, a certain dramatic performance was organised by the District Magistrate and people were forced to buy tickets, and part of the proceeds went to the buying of stud bulls.

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise.

Mr. S. Satyamurti : Will Government inquire into the allegation contained in part (a) of the question ? Some of us can positively say that this is being done every day.

The Honourable Sir Henry Craik : This is a matter for the Local Governments.

Mr. S. Satyamurti : Will Government make inquiries of all-India officers who are serving under Local Governments, and find out whether subscriptions are being collected by them by the exercise of undue influence and coercion ?

Mr. T. S. Avinashilingam Chettiar : Will the Honourable Member make inquiries so far as the Centrally administered areas are concerned ?

The Honourable Sir Henry Craik : If the Honourable Member will refer to the previous answer I gave on the 24th March, he will observe that it says that the Government Servants' Conduct Rules contain rules which restrict the freedom of officers. I invite attention to Rule 4 (2) (c) which enables Local Governments to issue general or special orders, and I have no doubt that they have done so.

Mr. S. Satyamurti : Is the Honourable Member aware that these rules are disobeyed every day ? Will he make inquiries ?

The Honourable Sir Henry Craik : I do not see any special necessity to make inquiries. The matter is entirely within the discretion of Local Governments.

ABOLITION OF THE USE OF THE WORD "COOLIE" FOR PORTERS AT RAILWAY STATIONS.

217. **Mr. Sri Prakasa :** (a) Is it a fact that the word 'Native' was used for Indians and 'Eurasian' for Anglo-Indians in the old days on the Railways ?

(b) If so, when and why were these terms abolished ?

(c) Was the Oxford or any other dictionary consulted to find out their exact meanings, and were the words found objectionable ?

(d) Do Government propose to consider the desirability of abolishing the use of the word 'Coolie' for porters at railway stations ?

(e) Are Government aware that English people object to the use of the word 'Coolie' for English porters ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Yes.

(b) So far as can be readily ascertained instructions were issued to the State-managed Railways in 1911 directing them to substitute the word "Indian" for "Native". The substitution of the words "Anglo-Indians" for "Eurasian" was permitted in the census statistics of the same year. The substitution of these terms seems to have been due to a desire to fall in with modern practice.

(c) and (d). I would invite the Honourable Member's attention to Mr. P. R. Rau's reply to his question No. 536, asked on the floor of this House on the 25th February, 1935.

(e) Government have no information.

Mr. Sri Prakasa : Did not Mr. Rau reply to the effect that the Oxford Dictionary permits the use of the word ? That is why I am asking whether the Oxford Dictionary was consulted in the case of other terms also ?

The Honourable Sir Muhammad Zafrullah Khan : I note the explanation given by the Honourable Member.

Mr. Sri Prakasa : Sir, one more supplementary. I just want to know what objection Government have to abolishing this undesirable word ?

The Honourable Sir Muhammad Zafrullah Khan : How can Government abolish it ? Passengers start shouting out "Coolie, coolie" the moment a train stops at a station. How can Government abolish the use of the word by passengers ?

Mr. Sri Prakasa : By not writing the word "Coolie", but by writing the word "porter" on the badges of these men. That is all.

The Honourable Sir Muhammad Zafrullah Khan : Most porters, I have noticed, have the word "porter" on the number plate.

Mr. Sri Prakasa : I think everywhere the word used is "Coolie".

ASSESSMENT OF INCOME-TAX FROM INCOME-TAX OFFICERS.

218. **Mr. Sri Prakasa :** (a) To what authorities do Income-tax Officers return their own incomes for purposes of assessment of income-tax ?

(b) Are income-tax officers required to show their private accounts also ?

(c) Are Government satisfied to deduct income-tax from the salaries paid by themselves to their servants, or do they also investigate into the income of Government servants from other sources ?

Mr. A. H. Lloyd : (a) The Income-tax Officers submit returns of their income to the Income-tax Officer having jurisdiction. In almost all cases the latter is a different officer from the one who submits the return.

(b) Yes, where there is reason to think this necessary.

(c) The income of Government servants from sources other than salary is investigated in the same way as in the case of other assesseees.

Mr. Sri Prakasa : Is the Honourable Member aware that a District Magistrate in the United Provinces did not pay the income-tax due from him on income besides his salary for about fifteen years, and, when he retired from service, he was caught and fined a thousand rupees ? And, in view of that fact, will he see to it that other District Magistrates do return their incomes properly ?

Mr. A. H. Lloyd : May I ask whether it is in order to ask as a supplementary question one of which notice has been given and which has been disallowed by you, Sir ?

Mr. President (The Honourable Sir Abdur Rahim) : That certainly cannot be put.

RESERVATION OF SOME COMPARTMENTS FOR MEN ONLY ON RAILWAYS.

219. ***Mr. Sri Prakasa :** Is it a fact that women are allowed to travel in the general compartments on railway trains, even when compartments reserved for women are empty, and are Government aware that much inconvenience is caused to men passengers ? Do Government propose to consider the desirability of reserving some compartments for men only, or prescribing some specifically, in which both men and women can travel ?

The Honourable Sir Muhammad Zafrullah Khan : The possibility of taking action to mitigate the inconvenience referred to was considered by the Indian Railway Conference Association at the instance of the Railway Board about three years ago, but it was not felt that action could be taken on the lines indicated by the Honourable Member. The inconvenience arises generally in the case of second class compartments, the number of which on most trains is not sufficient to permit of reservations in the manner suggested.

PERSONS CONVICTED IN CONNECTION WITH THE RAID ON THE BENDA VILLAGE.

220. ***Mr. Sri Prakasa :** (a) What are the names of the gentlemen who were convicted in connection with the raid on the Benda village and the amount of punishment awarded to each ?

(b) Have they been classified as higher class prisoners ? If so, what class has been given to each ? Will Government state the exact reason for the classification of each prisoner ?

(c) Do they receive any salary from Government at present? If not, shall they be entitled to any pension on their release?

The Honourable Sir Henry Craik : (a) It is not in the public interest to give the names. The sentences ranged from eighteen months to seven years rigorous imprisonment.

(b) They have been classified as B class. I presume that in giving the classification the Local Government and the convicting Court followed the principles stated in the Home Department Communiqué of the 19th February, 1930.

(c) No.

Mr. Sri Prakasa : May I ask where they were kept in the summer, and, if they were kept in the plains, were they supplied with *punkhas*? And, if so supplied, who pulled the *punkhas*? Whether it was their fellow-prisoners who pulled the *punkhas* or persons from outside?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise out of this question.

Pandit Lakshmi Kanta Maitra : In view of the fact that these gentlemen were convicted of heinous offences, do Government approve of their classification in class B?

The Honourable Sir Henry Craik : The nature of the offence is not one of the elements in deciding classifications under class B,—with of course certain exceptions.

Pandit Lakshmi Kanta Maitra : Is not the class of the offence a factor in considering the matter of classification?

The Honourable Sir Henry Craik : The nature of the offence only enters into the question of classification for Class A. I do not think the nature of the offence enters into the classification for class B, except that habituals cannot be classed in class B.

Pandit Sri Krishna Dutta Paliwal : Do Government intend to send them to the Home Member's "paradise"?

Mr. President (The Honourable Sir Abdur Rahim) : Next question.

PRACTISING OF RIFLE SHOOTING WITH AN AIR-GUN BY THE VOLUNTEERS OF THE HINDUSTANI SEVA DAL

221. ***Mr. Sri Prakasa :** (a) In view of the Honourable the Home Member's statement that volunteers of the Hindustani Seva Dal were found practising rifle shooting with an air-gun, will Government state at what place and time was such practice discovered?

(b) Was the air-gun recovered and any action taken against the person practising it under the Arms Act?

(c) If not, what action was taken against the official who discovered such practice and did not take any step to recover the air-gun or arrest the volunteer concerned?

(d) Was the possession of an air-gun an offence under the Arms Act at that place and at that time ?

(e) Is this the sole reason why the Hindustani Seva Dal still continues to be an unlawful association in some provinces ?

The Honourable Sir Henry Craik : (a) Volunteers of the Hindustani Seva Dal were found practising rifle drill with air-guns at Benares in 1931.

(b) No.

(c) None.

(d) No.

(e) No.

Mr. Sri Prakasa : When such a dangerous practice was discovered, why were they not promptly arrested and prosecuted ?

Mr. President (The Honourable Sir Abdur Rahim) : When was that ?

An Honourable Member : In 1931.

Mr. Sri Prakasa : Sir, the year really does not matter.

The Honourable Sir Henry Craik : Will the Honourable Member kindly repeat his question ?

Mr. Sri Prakasa : I was asking : when such a dangerous practice was discovered, why were not the guilty persons immediately arrested and prosecuted ?

The Honourable Sir Henry Craik : I cannot say that they were committing any offence.

Mr. Sri Prakasa : Does not the Honourable Member regard practising of rifle-shooting an offence ? If he does not, why was the whole institution barred on that account ?

The Honourable Sir Henry Craik : I have already explained that there was no question of rifle-shooting. The air-guns were used for practice in drill and aiming. So far as I know, that is not an offence.

LEAVE GRANTED TO THE GOVERNORS OF MADRAS AND THE CENTRAL PROVINCES.

222. ***Mr. M. Ananthasayanam Ayyangar :** (a) Are Government aware that His Excellency Lord Erskine, the Governor of Madras was granted leave to proceed to England, and the Governor of the Central Provinces also was granted leave ?

(b) Why was the Governor of Madras given leave so soon after his appointment ?

(c) What is the amount of loss incurred by the Local Government by granting leave ?

The Honourable Sir Henry Craik : (a) Yes.

(b) The leave was given for urgent reasons of health and private affairs.

(c) During his leave Lord Erskine will draw leave allowance at the rate of Rs. 4,000 a month.

Mr. S. Satyanarayanan : Sir, have Governors got to submit any medical certificate, when they get leave on grounds of ill health ?

The Honourable Sir Henry Craik : I must have notice of that.

FIVE-YEAR PROGRAMME OF BROADCASTING.

223. ***Mr. M. Ananthasayanam Ayyangar :** (a) Has a five-year plan for the development of broadcasting in India been settled by Government ?

(b) What is the probable cost of such a scheme ? What is recurring cost per year ?

(c) Have Government considered any similar plan to improve the economic condition of the country, its trade and industry and for the relief of unemployment ? If so, what are the details of such a programme ?

(d) If not, what is the urgent necessity to take up the question of broadcasting in preference to others ?

(e) Is any portion of the amount set apart for the five-year plan proposed to be set apart for the manufacture of the broadcasting machinery and receiving sets in India ? If not, why not ?

(f) Wherefrom are the broadcasting apparatus and the receiving sets to be purchased ?

The Honourable Sir Frank Noyce : (a) and (b). No five-year plan has been settled but a sum of Rs. 40 lakhs has been set aside as a fund for the development of broadcasting. The recurring cost will depend on the scheme on which the Rs. 40 lakhs is spent.

(c) This is not a subject which can be adequately dealt with in reply to a question. The Honourable the Finance and Commerce Members have dealt with it fully on more than one occasion in the course of the debates in this House.

(d) Broadcasting is a valuable social service which it is in the interests of the country to develop. It is also likely to be at least self-supporting.

(e) None of the 40 lakhs has been set aside for this purpose, but a research organisation has been established under the Controller of Broadcasting and it will investigate problems connected with the best type of receiving set for India and encourage manufacturers here to produce them.

(f) As I have previously stated, apparatus purchased for Broadcasting Stations will be bought after calling for tenders. Receiving sets will in general be bought by the public in the open market.

Mr. M. Ananthasayanam Ayyangar : Sir, is a five-year plan in contemplation ?

The Honourable Sir Frank Noyce : I have already answered that question. I said that "no five-year plan has been settled but a sum of Rs. 40 lakhs has been set aside as a fund for the development of broadcasting".

Mr. Ram Narayan Singh : May I know whether all this apparatus will be purchased from outside or made in this country ?

The Honourable Sir Frank Noyce : That depends. The ordinary rules will be followed. If satisfactory apparatus is made in this country—which is not the case at present—it will be purchased in this country. If it is not available here, it will have to be bought from outside.

Mr. Ram Narayan Singh : What is the difficulty of making all possible arrangements so that all the apparatus may be prepared in this country ?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise.

The Honourable Sir Frank Noyce : How can Government make arrangements ?

Mr. M. Ananthasayanam Ayyangar : Is there any programme for spending the sum of Rs. 40 lakhs ? What is the programme that is likely to be evolved ?

The Honourable Sir Frank Noyce : As I explained the other day, proposals for the expenditure of the Rs. 40 lakhs will shortly be placed before the Standing Finance Committee.

Mr. M. Ananthasayanam Ayyangar : What will be the cost of the investigation that has been started ?

The Honourable Sir Frank Noyce : I would ask my Honourable friend to wait until the detailed scheme is placed before the Standing Finance Committee when he will get the fullest information in reply to the questions he is now putting.

Mr. M. Ananthasayanam Ayyangar : As regards the apparatus, may I know if the tenders will be invited not only from the United Kingdom but from other countries as well which manufacture the receiving apparatus ?

The Honourable Sir Frank Noyce : The ordinary rules will be followed.

Mr. M. Ananthasayanam Ayyangar : What are the ordinary rules ?

The Honourable Sir Frank Noyce : I should require notice of that question.

Mr. M. Ananthasayanam Ayyangar : If this broadcasting programme should be extended from Cape Camorin to the Himalayas, what will be the total cost of the apparatus that might be intended for this country ?

The Honourable Sir Frank Noyce : I submit that that is a hypothetical question.

Mr. M. Ananthasayanam Ayyangar : May I know how much has been spent so far ?

The Honourable Sir Frank Noyce : I should require notice of this question.

Pandit Lakshmi Kanta Maitra : May I know whether beyond imposing an *ad valorem* duty of 50 per cent. on all foreign imports of radio sets and appliances Government have so far done anything for the manufacture of indigenous sets in this country ?

The Honourable Sir Frank Noyce : I am not in a position to add anything to the reply that I have already given, namely, that a research organisation has been established under the Controller of Broadcasting and it will investigate problems connected with the best type of receiving set for India and encourage manufacturers here to produce them.

Mr. M. Ananthasayanam Ayyangar : Would Government consider the desirability of giving any subsidy for such an infant industry if it should be started in this country ?

The Honourable Sir Frank Noyce : I submit that that question does not arise. In any case, the answer is in the negative.

RAISING OF THE RUPEE LOAN OF 1948-52.

224. ***Mr. M. Ananthasayanam Ayyangar :** (a) Why was the new Rupee loan of 1948-52 raised ?

(b) Why was not the same provided for in the budget of 1936-37 ?

(c) Is not the raising of the loan contrary to the statement of the Honourable the Finance Member in his budget speech this year, and what is the change in the circumstances which necessitated the loan and why were these not satisfied ?

(d) Are Government contemplating raising any further loans this year ?

The Honourable Sir James Grigg : (a), (b) and (c). I would invite the attention of the Honourable Member to the following sentence in my Budget speech on the borrowing programme :

“ However, that depends on conditions later in the year and not being a prophet I can only express hopes.”

(d) I am not prepared to make any statement.

Mr. M. Ananthasayanam Ayyangar : Why is it that in the Budget this loan was not referred to at all ?

The Honourable Sir James Grigg : Because, like most sensible people, I adapt myself to changing circumstances.

Mr. M. Ananthasayanam Ayyangar : How did the Honourable Member expect to do away with the raising of the loan, and how did he expect to get along without raising a loan ?

The Honourable Sir James Grigg : I am sorry I cannot understand that question.

Mr. M. Ananthasayanam Ayyangar : Was it not contemplated or intended by the Honourable Member that a loan will be necessary during the course of the year ?

The Honourable Sir James Grigg : I said that any expression of opinion about a loan programme is provisional and must depend on the

changing circumstances during the course of the year. It is no good sitting or standing unmoved when the world is moving ahead of you.

Mr. M. Ananthasayanam Ayyangar : May I know how the circumstances have changed so soon after the Budget speech that it has been absolutely impossible for the Finance Member to get on without raising a loan ?

The Honourable Sir James Grigg : I never said it was absolutely impossible to get on without raising a loan. I said that circumstances have changed. It is not the question of impossibility, it is a question of expediency.

Mr. M. Ananthasayanam Ayyangar : What were the changed circumstances ? Sir, it is a point which I wish to bring to your notice.

The Honourable Sir James Grigg : I cannot go through a description of everything which has occurred during the last four months.

Mr. M. Ananthasayanam Ayyangar : Last year you will remember, Sir, that in Budget itself a provision was made for raising a loan in this country but the raising of a loan in England was not contemplated. A supplementary demand was brought for the expenses that were incurred. We objected then that it ought not to be allowed as it could have been anticipated. This year no opportunity is given for its inclusion in the Budget. We may have.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order : The Chair cannot allow a speech on a matter like this. The Honourable Member will have plenty of opportunities to raise that question.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

225. ***Sardar Sant Singh :** Will the Army Secretary please state if it is a fact that prior to 1930 Indian Overseers in the Military Grass Farm Department were divided into two classes, viz. :

“ A ”—“ Civilian ”, i.e., non-pensionable, and

“ B ”—“ Military ”, i.e., transferred from combatant Units on the unattached list on Form I. A. F. U.-1741 to whom special rules of pension applied,

and if so, give the total number of Class A and B respectively employed upto 1930 before the coming into force of the new scheme ?

Mr. G. R. F. Tottenham : Yes ; class A—54, class B—46.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

226. ***Sardar Sant Singh :** (a) Is it a fact that in 1930 the Indian Overseers in the Military Grass Farm Department were militarized and every one of them was given an option to say whether he wanted to be governed by the old rules or by the new rules ?

(b) If so, will Government be pleased to state the number of men who selected to be under the new rules and of those who selected to be under the old rules ?

(c) Is it a fact that the majority of the Indian Overseers who selected to be governed by the old rules were of the Military class, serving under the terms of the unattached list ?

Mr. G. R. F. Tottenham : (a) Yes, with the exception of ten who were retrained.

(b) 76 elected the new rules, and 14 the old rules.

(c) Yes.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

227. ***Sardar Sant Singh :** (a) Is it a fact that the Indian Overseers in the Military Grass Farm Department, who were serving under the terms of the unattached list, selected to be governed by the old rules for the reason of protecting their pension, to which they would be entitled on completion of their service ?

(b) How long will an Indian Overseer serving under the new rules take to reach the rank of a Risaldar ?

(c) Are the I. O. designated " civilians " Senior to the I. O. serving under the unattached list having regard to the date of their employment in the department ?

Mr. G. R. F. Tottenham : (a) Government are not aware of the reasons which led the individuals to elect the old rules.

(b) Promotion is by selection and not by length of service in any particular rank.

(c) On the introduction of the militarisation scheme, all Indian overseers whether serving under old or new conditions were placed on one list, seniority being determined according to the length of service.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

228. ***Sardar Sant Singh :** Is it a fact that the following grades were in force among the Indian Overseers in the Military Grass Farm Department prior to the introduction of the new scheme :

No. of posts.	Pay.
6	150
6	125—3—140
10	100—3—115
12	80—2—90
22	60—2—70
44	50

and that by the new scheme the following grades were introduced :

Rank.	No. of posts.	Pay.
Risaldar Major	2	200
Risaldar	9	150
Jamadar	9	100
Dafadar Major	20	70
Dafadar	50	40—2—60

Mr. G. R. F. Tottenham : The reply to the first part is in the affirmative, but the number of posts in the last two grades was 21 and 45, respectively.

Under the new scheme the following grades were introduced :

Rank.	No. of posts.	Pay	
		Rank.	Departmental.
		Rs.	Rs.
Risaldar Major	2	160	40
Risaldar	9	104—8—128	26—2—32.
Jemadar	9	60—4—80	15—1—20.
Dafadar Major	20	23	37 <i>plus</i> extra duty pay Rs. 10.
Dafadar	50	23	17—2—37.

Mr. President (The Honourable Sir Abdur Rahim) : A question like this, which merely asks for certain figures ought to be unstarred.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

229. ***Sardar Sant Singh :** Is it not a fact that most of the unattached list Indian Overseers in the Military Grass Farm Department who selected to be governed by the new rules were those in the grade of Rs. 50 ?

Mr. G. R. F. Tottenham : Yes.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

230. ***Sardar Sant Singh :** (a) Is it a fact that only one list is now maintained of all the I. Os. for promotion ?

(b) Is it a fact that the I. Os. previously on the unattached list will get grade Rs. 60—2—70, when they will be due Dafadar-Major's rank ?

(c) Is it a fact that the I. Os. who have selected the New Rules are getting Rs. 60 though those under the old rules are getting Rs. 50 per mensem ?

Mr. G. R. F. Tottenham : (a) Yes.

(b) and (c). I would refer the Honourable Member to the reply I have just given to his question No. 228.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

231. ***Sardar Sant Singh :** Is it a fact that while under the old scheme the Indian Overseer in Military Grass Farm Department, 56th on the roll, was drawing Rs. 70 per mensem, under the new scheme 40th on the roll was allowed Rs. 70 per mensem and that the lowest pay drawn by any one of them was now Rs. 60 per mensem ?

Mr. G. R. F. Tottenham : 56th on the roll cannot draw Rs. 70 per mensem under the old conditions. Under the new conditions, 40th can. The lowest pay under new conditions is Rs. 50 and not Rs. 60 per mensem.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

232. *Sardar Sant Singh : Is it not a fact that prior to the new scheme the Indian Overseers in the Military Grass Farm Department serving under the unattached list were entitled to ration or ration money and to furlough leave with free Railway pass under the Military Rules, and the Civilian Indian Overseers were not entitled to these concessions, but under the new scheme the latter have been granted not only these concessions but also free quarters and clothing allowance ?

Mr. G. R. F. Tottenham : Yes.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

233. *Sardar Sant Singh : Are Government prepared to consider the case of the old Military Indian Overseers, serving under the old rules and keep them for purposes of promotion on a separate list and grant them promotions according to the old rules, so that the 56th man on the roll be given the grade of Rs. 60—2—70 and the 34th man the grade of Rs. 80—2—90 and so on, or to grant them pay according to the new rules as soon as any one of them is entitled to promotion ?

Mr. G. R. F. Tottenham : No.

INDIAN OVERSEERS IN THE MILITARY GRASS FARM DEPARTMENT.

234. *Sardar Sant Singh : Will Government please state :

- (i) how many of the Indian Overseers of the Military Grass Farm Department who selected to serve under the old rules, are still serving ; and
- (ii) how many of them have retired before completing their service or have been dismissed or discharged and after what period of service and why ?

Mr. G. R. F. Tottenham : (i) Seven.

(ii) Seven. Details are given below :

One with 22½ years' service was dismissed for being involved in certain defalcations. One with 16 years' service was discharged as his services were no longer required. Three were discharged to pension. They had 17—19 years' service. One died and one resigned.

CONDITIONS FOR TRAVELLING OF SERVANTS WITH THEIR MASTERS IN FIRST AND SECOND CLASS RAILWAY COMPARTMENTS.

235. *Mr. Sri Prakasa : (a) What are the conditions for servants for travelling with their masters in the first and second class compartments ?

(b) In the absence of any rules on the subject, are Government prepared to ask the Railway Administrations to frame specific rules to prevent any misunderstanding between fellow passengers or between a passenger and the railway official, on this score ?

The Honourable Sir Muhammad Zafrullah Khan : (a) I would refer the Honourable Member to rules 83 and 84 on page 73 of the Indian Railway Conference Association's Coaching Tariff No. 10, a copy of which is in the Library of the House.

(b) Does not arise.

WAITING ROOM FOR INTERMEDIATE CLASS PASSENGERS AT THE BENARES CANTONMENT RAILWAY STATION.

236. ***Mr. Sri Prakasa :** With reference to the reply given to starred question No. 1617 on the 14th April, 1936, regarding the partition of a portion of the sweetmeat-vendors' shed at Benares Cantonment Station to provide for a waiting room for intermediate class passengers, or permitting them to use the Second Class Waiting Room in the interval, will Government state what answers, if any, they have received from the Agent of the East Indian Railway on the subject ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member is referred to the reply given to starred question No. 1617, on the 14th April, 1936. As promised, a copy of the question was sent to the Agent, East Indian Railway. Such matters are within the competence of the Railway Administration and Government are satisfied that the East Indian Railway Administration will give due consideration to the suggestions made by the Honourable Member.

Mr. Sri Prakasa : In view of the fact that a common waiting room is now provided for first and second class lady passengers at the Benares Cantonment Railway Station, will the Honourable Member suggest to the Railway that a common first and second class waiting room may be provided for gentlemen also ; and the room that will then be left vacant might be converted into an intermediate class waiting room, pending the construction of a separate room ?

The Honourable Sir Muhammad Zafrullah Khan : I will send down the suggestion made by the Honourable Member to the Agent.

AVAILABILITY OF THE DUFFERIN BRIDGE NEAR BENARES FOR VEHICULAR TRAFFIC.

237. ***Mr. Sri Prakasa :** (a) Is it a fact that the Dufferin Bridge near the Kashi Station on the East Indian Railway is the only bridge available for vehicles to cross over the river Ganges during the rainy season when the pontoon bridge is dismantled, and are Government prepared to ask the Railway Administration to set aside an hour definitely both in the mornings and the evenings when the bridge shall be available for vehicular traffic, besides opening it between the passage of trains for the large traffic that goes over the bridge ?

(b) Are Government aware that sometimes persons coming by motors from Calcutta, even though facilitated to cross the river Sone at the Sone East Bank, by expeditious supply of trucks, are held up helplessly for hours at the Dufferin Bridge near Benares ?

The Honourable Sir Muhammad Zafrullah Khan : (a) There is no other bridge for a considerable distance, but Government would point out that the Dufferin Bridge was built mainly for railway purposes.

In view of the very heavy railway traffic, Government do not consider that any increase in the existing facilities for road traffic of the nature proposed is possible.

(b) The Honourable Member is referred to part (d) of the information placed on the table on the 5th March, 1935, in reply to starred question No. 5 asked by Dr. Ziauddin Ahmad on the 5th February, 1935.

Mr. Sri Prakasa : What is the difficulty in setting apart one hour definitely both in the mornings and the evenings when the bridge shall be made available for vehicular traffic during rainy season when the pontoon bridge is dismantled ?

The Honourable Sir Muhammad Zafrullah Khan : I have pointed out the difficulty ; that is heavy railway traffic.

NON-ACCEPTANCE OF CURRENCY NOTES WITH CRACKS BY THE CURRENCY OFFICES.

238. ***Mr. Sri Prakasa :** (a) Are Government aware that even if there are the slightest of cracks through the printed numbers on currency notes, the same are not accepted by Currency offices and that very often not more than half the amount is regarded as payable to the owners ?

(b) If so, are Government prepared to relax the rules, if any, in this behalf, and if not, instruct the offices concerned to accept such notes at their full face value ?

The Honourable Sir James Grigg : (a) and (b). The Reserve Bank makes full payment on a defective or mutilated note if it is satisfied that the pieces produced form part of the same note and that no claim can be based on any missing portion.

Mr. M. Ananthasayanam Ayyangar : Is it a fact that oiled notes are not received in any bank ?

The Honourable Sir James Grigg : I want notice.

ATTACHMENT OF A THIRD CLASS BOGIE FOR SERVANTS TO THE EAST INDIAN RAILWAY PUNJAB MAIL.

239. ***Mr. Sri Prakasa :** Is it a fact that the East Indian Railway Punjab Mail carries no third class passengers and are Government aware that the amount of accommodation provided for servants of first class and second class passengers is insufficient in view of the large number of first and second class bogies attached to this train ? If so, are Government prepared to consider the desirability of running an extra third class from Howrah to Saharanpur to provide for an overflow of servants of first and second class passengers, as is done between Madras and Calcutta in the combined mail trains of the Bengal Nagpur and the Madras and Southern Mahratta Railways ?

The Honourable Sir Muhammad Zafrullah Khan : Third class passengers, other than servants of first and second class passengers, are not booked by the Punjab Mail. Government are informed that the servants' compartments of upper class carriages running on this train provide accommodation for 35 servants, and that this is considered

sufficient for traffic requirements. The reply to the latter part of the question is, therefore, in the negative.

Mr. N. M. Joshi : May I ask why third class passengers are not booked by the Punjab Mail ?

The Honourable Sir Muhammad Zafrullah Khan : Because there are alternative convenient services for third class passengers.

Mr. N. M. Joshi : May I ask whether the Honourable Member has enquired and found that the alternative services are not as fast as the Punjab Mail ?

The Honourable Sir Muhammad Zafrullah Khan : I have not enquired and found whether that is so, but I have no doubt that there are good alternative services.

Mr. N. M. Joshi : May I ask whether the Honourable Member will enquire into the facts of the case ?

The Honourable Sir Muhammad Zafrullah Khan : Facts of what case ?

Mr. N. M. Joshi : That the third class passengers have not got as fast a passenger service as first and second class passengers have.

The Honourable Sir Muhammad Zafrullah Khan : It is quite possible that they have not.

Mr. N. M. Joshi : If it is possible, may I ask the Government of India whether they will attach third class carriages to the Punjab Mail which is the fastest service between Calcutta and other places ?

The Honourable Sir Muhammad Zafrullah Khan : I will send down that suggestion to the Agent of the East Indian Railway.

Pandit Lakshmi Kanta Maitra : Particularly for long distance travel.

The Honourable Sir Muhammad Zafrullah Khan : Obviously the question refers to long distance travel.

Mr. Sri Prakasa : What is the amount of accommodation for first and second class passengers on this train ? Is it not also a fact that each first class passenger can take two servants and each second class passenger one servant with him ? Is the Honourable Member satisfied that accommodation for 35 servants is enough ?

The Honourable Sir Muhammad Zafrullah Khan : I have not got the exact figures. May I point out however that it is not a question of maximum accommodation; but a question of the average number of passengers of those classes travelling by that train.

Mr. Sri Prakasa : Has the Honourable Member assured himself that the accommodation provided is enough for the average number of servants of first and second class passengers that travel by that train ? I can say from personal experience that while coming up to Simla, I experienced a lot of difficulty in accommodating my servant in this train.

The Honourable Sir Muhammad Zafrullah Khan : I am assured by the administration that the accommodation is sufficient. Through what other means does the Honourable Member want me to assure myself ?

Mr. Sri Prakasa : I am the means. I got into a lot of trouble in finding room for my servants because there was no room in the servants' compartments and other servants would not allow my servants to go in.

Mr. K. Ahmed : Then buy an intermediate class ticket for your servants.

PERMISSION FOR A BREAK OF JOURNEY AT MIRZAPUR OR CHUNAR.

240. ***Mr. Sri Prakasa :** With reference to the reply given to starred question No. 1622 on the 14th April, 1936, will Government state what the Agent of the East Indian Railway has replied to the suggestion of permitting a break of journey for 24 hours at Mirzapur or Chunar, as is allowed at Bindhachal, for passengers between Benares and Allahabad ?

The Honourable Sir Muhammad Zafrullah Khan : The Agent, East Indian Railway, states that permission to break journey at Bindhachal was allowed in consideration of the fact that it is a famous place of Hindu pilgrimage, a consideration that does not apply to either Chunar or Mirzapur.

Mr. Sri Prakasa : Is it not a fact that Chunar is regarded as a sanitarium by people in Bengal, and that it is an important station on the line ?

The Honourable Sir Muhammad Zafrullah Khan : I am not aware of that.

OPENING OF A PASSAGE DIRECT TO THE DHARMASHALA OUTSIDE THE ETAWAH RAILWAY STATION.

241. ***Mr. Sri Prakasa :** (a) With reference to the reply given to starred question No. 1623 on the 14th April, 1936, will Government state what the Railway Administration have replied as regards the date of acquiring of the land by the Railway outside the Etawah Railway Station and the purpose for which the same was required ?

(b) Are Government aware that the Government of the United Provinces pleaded with the Railway, after making local enquiries and consulting the convenience of passengers, that a gate should be left open in the wall that shuts out the frontage of the Dharmshala outside the Etawah Railway Station and that the Railway has declined to do so ?

The Honourable Sir Muhammad Zafrullah Khan : (a) The Honourable Member is referred to the information laid on the table of the House on the 31st August, 1936.

(b) It is understood that the United Provinces Government unofficially drew the attention of the Agent, East Indian Railway, to representations on the subject which they had received, but have taken no further action after hearing the other side of the case.

Mr. Sri Prakasa : Is it not a fact that the United Provinces Government asked me to negotiate with the Government of India after they had failed to induce the railway authorities to agree to their wishes ?

The Honourable Sir Muhammad Zafrullah Khan : Surely that is a matter within the knowledge of the Honourable Member himself.

Mr. Sri Prakasa : Is there anywhere in the universe a courtyard outside the railway premises over which the railway has proprietary rights as is the case at Etawah ?

The Honourable Sir Muhammad Zafrullah Khan : I am afraid my knowledge does not extend to the whole universe.

RULES ON THE EAST INDIAN RAILWAY *re* ALTERNATE ROUTES FOR THROUGH TRAVELLING AND BREAK OF JOURNEY.

242. ***Mr. Sri Prakasa :** With reference to the reply given to starred question No. 1624 (c) on the 14th April, 1936, are Government prepared to afford an opportunity to some members of the Assembly to examine a few Travelling Ticket Examiners selected at random on the rules pertaining to alternate routes and break of journey on the East Indian Railway and thus find out if all of them interpret these rules similarly ?

The Honourable Sir Muhammad Zafrullah Khan : No.

Mr. Sri Prakasa : Why not, Sir ?

The Honourable Sir Muhammad Zafrullah Khan : There is no need, Sir.

Mr. Sri Prakasa : Is it not a fact that various ticket examiners interpret the same rules differently ?

The Honourable Sir Muhammad Zafrullah Khan : I do not know whether that is a fact, but that is a possibility certainly.

Mr. Sri Prakasa : If it is a possibility, will not the Honourable Member then take steps to see that there is uniformity of interpretation of the rules in the interests of the passengers ?

The Honourable Sir Muhammad Zafrullah Khan : Everything is done to secure that there should be uniform interpretation. The Honourable Member is aware that with regard to perfectly clear matters, there is often a difference of opinion between reasonable men.

BOOKS FORFEITED UNDER A CERTAIN NOTIFICATION OF THE FINANCE DEPARTMENT.

243. ***Mr. Sri Prakasa :** (a) Will Government lay on the table a list of books forfeited under the Finance Department (Central Revenues) Notification No. 61, dated September 10, 1932 at the various ports of India ?

(b) Is it a fact that books are seized from publishers on suspicion that they are of the description specified in the said notification and kept on for months before being sent back ?

(c) What relief, if any, have such publishers been given in such cases ?

The Honourable Sir Henry Craik : (a) I am not prepared in the public interest to lay a list on the table.

(b) Books may be detained for examination under the provision of the law. When it is found that they are unobjectionable they are passed on with as little delay as the circumstances permit.

(c) No occasion has arisen to grant publishers relief.

Mr. Sri Prakasa : Is it in the public interest that the public should suffer ?

Mr. S. Satyamurti : What are the tests by which Government decide, whether certain books are objectionable or not ?

The Honourable Sir Henry Craik : It is difficult to state that in reply to a supplementary question, but I should say generally the decision is arrived at on a perusal of the book or on a perusal of a note as to its contents received from reliable sources.

Mr. S. Satyamurti : Are there any rules or conventions governing this matter ?

The Honourable Sir Henry Craik : There are notifications of Government.

Mr. S. Satyamurti : Who are the people to examine these books ?

The Honourable Sir Henry Craik : Officers of Government.

Mr. S. Satyamurti : Are they educated people ? Do they understand the contents of these books ?

The Honourable Sir Henry Craik : Yes, Sir.

Mr. Sri Prakasa : Are Government aware that a number of books belonging to the Theosophical Society, Madras, were detained for about eight months by the authorities under this notification ?

The Honourable Sir Henry Craik : My Department has had some correspondence with the Honourable Member on the subject.

Mr. Sri Prakasa : That is why this question has come. I never knew of the existence of the notification till then.

The Honourable Sir Henry Craik : There was a certain amount of delay, but I do not think it was as long as eight months. I think it was about four months.

Prof. N. G. Ranga : Are books proscribed on the basis of the colour of the outer cover of the books ?

The Honourable Sir Henry Craik : No, Sir.

Mr. M. Ananthasayanam Ayyangar : May I know under what law or statute was the notification issued by the Finance Department ?

The Honourable Sir Henry Craik : Under the Sea Customs Act : the particular case referred to in the question.

Mr. Mohan Lal Saksena : What is the total number of books detained in this way ?

The Honourable Sir Henry Craik : I want notice.

Mr. Sri Prakasa : Why is the Honourable the Home Member replying to this question when it refers to the Finance Department ?

Mr. N. V. Gadgil : The two are hand in glove.

The Honourable Sir Henry Craik : By arrangement with the Finance Department, I have answered this question.

BAN ON PREM MAHA VIDYALAYA OF BRINDABAN.

244. ***Mr. Sri Prakasa :** (a) Is it a fact that the Prem Maha Vidyalaya of Brindaban is still an unlawful association ?

(b) If so, what are the circumstances because of which this institution is not being released ?

The Honourable Sir Henry Craik : (a) Yes.

(b) The matter is one for the decision of the Local Government but I understand that the question of the removal of the ban will be considered by the Local Government after the disposal of the civil suit now pending in regard to the proper management of this institution.

Pandit Lakshmi Kanta Maitra : Since the ban was imposed on this institution for the first time, did Government ever enquire into the case subsequent to that, as to whether the ban should be removed or not ?

The Honourable Sir Henry Craik : That is being considered from time to time by the Local Government.

Mr. Sri Prakasa : Cannot the civil suit go on after releasing the institution from the political ban ? What have the two got to do with each other ?

Mr. President (The Honourable Sir Abdur Rahim) : Next question.

INADEQUATE GUMMING ON THE FLAPS OF EMBOSSED ENVELOPES.

245. ***Mr. Sri Prakasa :** (a) Are Government aware that the gumming on the flaps of embossed envelopes sold by the post offices is very inadequate and prevents the flap being properly fastened ?

(b) Are Government prepared to issue instructions that the defect be remedied at an early date ?

The Honourable Sir Frank Noyce : (a) and (b). The flaps of embossed envelopes sold by the Post Office are adequately gummed with the best gum arabic. Complaints of inadequate gumming are occasionally received. The gum on the flaps of envelopes which have been in stock for a considerable period is liable to deterioration which is also caused by climatic action. Instructions have already been issued to the staff of the department not to sell to the public postal stamps and stationery if the gum on them is found to have perished or to have become defective.

Mr. S. Satyamurti : Will Government issue instructions to use good gum, when our letters are opened by the censor and then pasted, so that when we open them, the contents may not be torn ?

The Honourable Sir Frank Noyce : That possibility will be examined.

GOVERNMENT SERVANTS EXEMPTED FROM THE NECESSITY OF PURCHASING PLATFORM TICKETS.

246. ***Mr. Sri Prakasa :** (a) Is there any class of Government servants which is exempted from the necessity of purchasing platform tickets at stations where there is a rule to purchase them before going to the platform ?

(b) Are members of the Government of India required to purchase these tickets, and do they always purchase them ?

The Honourable Sir Muhammad Zafrullah Khan : (a) On certain of the principal railways, viz., the Bombay, Baroda and Central India, Burma, East Indian, Great Indian Peninsula and North Western, officers or non-commissioned officers provided with instructions for the reception or despatch of a party of military personnel by rail are allowed on the station platform without purchasing platform tickets.

(b) The reply to the first part is in the affirmative. Government have no information as regards the second part.

RAILWAY SALOONS SUPPLIED TO THE MEMBERS OF THE GOVERNMENT OF INDIA.

247. ***Mr. Sri Prakasa :** (a) What is the cost of the railway saloon supplied to a Member of the Government of India ?

(b) How many tickets and of what classes have to be paid for the use of the saloon ?

(c) What is the amount of luggage allowed to be carried free on these saloons ?

(d) How much ice is allowed to be carried free in the saloon to keep a Member cool in the summer ?

(e) Is there ever a check of luggage and tickets of persons travelling in these saloons ?

(f) What persons other than himself can a Member take with him in the saloon without extra payment of fares ?

(g) Can friends of Members travel in the saloons and if so, what class of tickets, if any, have these to purchase ?

(h) Can Members use these saloons even when they are travelling on private work ? If so, do Government or they themselves pay when so travelling ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Rs. 90,000 approximate.

(b) A haulage charge of twelve annas per mile is paid to Railways when the saloon is occupied by a Member of the Executive Council.

(c) and (d). The haulage charge covers all personal luggage.

(e) Yes.

(f) Only servants.

(g) Yes, on a first class ticket.

(h) Members are entitled to use these saloons so long as they are on duty as Members.

Mr. S. Satyamurti : Even if they travel to meet their sons, or daughters, or wives ?

Mr. Sri Prakasa : Are they supposed to be on duty all the time ?

The Honourable Sir Muhammad Zafrullah Khan : Members are on duty all the time except when they are on leave.

DEATH OF ONE ZAMIR AHMAD BY A TRAIN AT THE DEVI NAGAR CROSSING NEAR CHANGIGARH RAILWAY STATION.

245. ***Syed Ghulam Bhik Nairang** : Will the Honourable the Commerce Member please state (after making inquiry, if necessary) :

- (a) whether he is aware that one Zamir Ahmad, driving a bullock cart, was killed on the night of the 29th March, 1936, or thereabout, at the Devi Nagar level crossing near Changigarh Railway Station, by a Railway train, which also smashed his bullock cart to pieces and killed his bullocks as well ;
- (b) whether it is a fact that the gate at the level crossing mentioned in part (a) was left open by the gate-keeper at the time of the approaching of the train ;
- (c) whether he is aware that just near the level crossing there is a curve which prevented the said Zamir Ahmad from seeing the train approaching ;
- (d) whether it is a fact that the gate-keeper was asleep at the time of the approaching of the train mentioned in part (a) ;
- (e) whether he is aware that Zamir Ahmad had eight dependents who are left without any means of support ;
- (f) if the answers to parts (b), (c), (d) and (e) be in the affirmative, what action Government intend to take in the matter ; and
- (g) if the answer to part (e) be in the affirmative, what compensation, if any, Government intend to make to the dependents of the deceased ?

The Honourable Sir Muhammad Zafrullah Khan : (a) and (b). Yes.

(c) There is a curve, but had the cartman been on the alert he could have seen the headlight on the engine of the approaching train.

(d) At the official enquiry held in this case no evidence was produced to support this allegation.

(e) No. The Administration have not received any communication from any dependent or relative of the deceased cartman.

(f) The gateman is being prosecuted, and action is being taken to provide a semaphore signal interlocked with the gates and fitted with a warning bell worked electrically from a treadle $1\frac{1}{2}$ mile from the signal.

(g) The matter is one for consideration by the Administration if and when a claim for compensation is received from those entitled to it.

BATTALIONS OF THE ASSAM RIFLES.

249. ***Mr. Kuladhar Chaliha** : Will Government please state :

- (a) the number of battalions of the Assam Rifles and their names and strength ;
- (b) the number of commissioned and non-commissioned officers ;
- (c) the number of Indian officers commissioned and non-commissioned ;

- (d) the number of European, Assamese and Gurkha officers ; and
 (e) the number of soldiers in each battalion (i) Assamese and (ii) Gurkhas ?

The Honourable Sir Henry Craik : I lay a statement on the table giving the information asked for.

Statement regarding the strength of the Assam Rifles.

(a) The number of Battalions of the Assam Rifles is four ; their names and strengths are given below :

Strengths (British Officers, Indian Officers and other Ranks).

	Sanctioned strength.	Temporary reduced strength.	
1st (Lushai Hills) Batta. . .	616	Not reduced	} Excluding supernumeraries and recruit boys who are entertained at 3% and 2% respectively over the sanctioned strength.
2nd (Lakhimpur) ..	1,229	Not reduced	
3rd (Naga Hills) ..	820	704	
4th Battalion, Imphal ..	820	704	

(b), (c) and (d).—The number of officers is as follows :

				Temporary reduced sanctioned strength.	Actual.
Commissioned Officers	Europeans	..	..	19	17
	Assamese	..	..	63	9
	Gurkhas	..	..		51
	Others	..	..		3
	Total	..	..	81	80
Non-Commissioned Officers	Europeans	..	..	Nil	Nil
	Assamese	..	..	324	42
	Gurkhas	..	..		243
	Others	..	..		30
	Total	..	..	324	315

(e) The number of Riflemen in each Battalion is as under :

					Assamese.	Gurkhas.
1st Battalion	..	..	..	..	11	525 (actual).
2nd "	..	..	..	..	197	1,013 "
3rd "	..	..	..	..	192	475 "
4th "	..	..	..	..	33	454 "

The balance is made up in the 1st Battalion by Lushais ; in the 3rd Battalion by Nagas or Kukis and in the 4th Battalion by Kukis.

RECRUITMENT OF ASSAMESE IN THE ASSAM RIFLES.

250. *Mr. Kuladhar Ohaliha : Will Government please state :

- (a) whether according to the Assam Rifles Manual, 50 per cent. non-Assamese are to be enlisted only and not 62.5, as indicated in reply to starred question No. 1758 put on the 18th April, 1936, in the Delhi Session ; and
- (b) whether they are prepared to take steps to recruit the Assamese upto 50 per cent. ?

The Honourable Sir Henry Craik : (a) It is contemplated under rule 12, Chapter VII, of the Assam Rifles Manual that eventually there would be 50 per cent. Gurkhas in all Battalions except the 2nd Battalion where the proportion would be slightly higher and that the balance would be natives of the Province from the Hills and the plains districts. The percentage of 37½ given in reply to question No. 1758 was exclusive of the percentage of 12½ for hill tribes such as the Lushais, Kukis and Nagas.

(b) Every endeavour is made to recruit natives of the province up to the prescribed percentage but sufficient recruits of a suitable type are not available.

Mr. Kuladhar Ohaliha : Will the Honourable Member be pleased to state whether 750 Gurkhas were recruited by the Recruiting Officer for Gurkhas from the depôts at Kuraghat and Ghoom in the year 1934-35 for the first time for the Assam Rifles ?

The Honourable Sir Henry Craik : I should like to have notice of that question.

Pandit Lakshmi Kanta Maitra : I understood the Honourable Member to say that suitable recruits are not coming for filling these commissioned and non-commissioned offices. May I know what steps they are taking to get the reasonable required recruits from the provinces ?

The Honourable Sir Henry Craik : There, again, I must have notice. I am afraid I have no personal knowledge.

RETIREMENT OF OFFICERS WHO HAVE SERVED THEIR USUAL TERMS IN THE ASSAM RIFLES.

251. *Mr. Kuladhar Ohaliha : Will Government please state :

- (1) the number of officers, Indians and Europeans, in the Assam Rifles who have served for more than (i) forty years, (ii) thirty-five years, (iii) thirty years and (iv) twenty-five years ; and
- (2) whether they are prepared to see that officers who have served the usual term retire in due time and not block promotion of junior officers ?

The Honourable Sir Henry Craik : (1) Number of officers who have served for more than—

	40 years.	35 years.	30 years.	25 years.
European	Nil	Nil	Nil	Nil
Indian	Nil	3	2	9

(2) Under the rules officers can serve up to the age of 55 years and they cannot be compelled to retire before that age should they continue to

be efficient. It does not appear that the promotion of junior officers is blocked as extension of service to senior officers who have attained the age of 55 is rarely granted.

Mr. Kuladhar Chaliha : How many officers are there now above the age of 55 years ?

The Honourable Sir Henry Craik : I must have notice of that question.

Pandit Lakshmi Kanta Maitra : Can the Honourable Member state in how many cases retirement of these British officials is due ?

The Honourable Sir Henry Craik : I have said that no British officers are serving who have more than 25 years' service. I imagine that none of them have attained the age of 55.

CLASSIFICATION OF TECHNICALLY TRAINED SUPERVISING STAFF OF THE
MECHANICAL DEPARTMENT, EAST INDIAN RAILWAY.

252. ***Mr. Amarendra Nath Chattopadhyaya :** (a) Will Government please state how technically trained hands are classified with the non-technically trained hands for the posts of Supervisors in the Mechanical Department, East Indian Railway, and what qualifications are required for a technically trained hand ?

(b) Is it a fact that in the Mechanical Department, East Indian Railway, Jamalpore and Lillooah, the supervising staff who at least passed the Matriculation or Junior Cambridge examination and underwent the full course of bound apprenticeship training in any workshop and successfully passed full course of theoretical training from any technical institution, are classified as technically trained hands, but in Charbagh and Alambagh in the same Department on the same Railway that principle is not adopted and the supervising staff, specially Europeans and Anglo-Indians, who have not passed the Matriculation or Junior Cambridge examination and have not undergone full course of bound apprenticeship training from any workshop and have not completed successfully the full course of theoretical training from any technical institution, are classified as technically trained hands ? If so, will Government please state the reasons for such difference ?

(c) Are Government aware that some supervising staff in the Mechanical Department, East Indian Railway, Lillooah, who have not passed the Matriculation or Junior Cambridge examination, have not been classified as technically trained hands, although they had undergone full five years bound apprenticeship training and successfully passed full course theoretical training from the technical school of the same administration ?

(d) Is it a fact that one Anglo-Indian journeyman who has neither passed any university examination, nor successfully completed the full theoretical and practical course of bound apprenticeship training from any workshop, has been classified as a technically trained hand and has been promoted to officiate as a chargeman in the grade of Rs. 185—15—350 in succession leave vacancy of Progress Supervisor in preference to many seniors, in the Mechanical Department, East Indian Railway, Alambagh ? If so, why ?

(e) If the answer to part (c) above be in the negative, will Government please state whether :

- (i) they are prepared to enquire whether some supervising staff who have not passed any university examination have not been classified as technically trained hands and have not been given the benefits of that grade although they successfully completed full five years' course of bound apprenticeship, both in the workshop as well as in the technical school from the same administration ; and
- (ii) they are prepared to classify them as technically trained hands and give them the benefits of that grade without further delay and issue necessary orders to the Agent, East Indian Railway, to this effect ?

If not, why not ?

(f) If the answer to part (d) above be in the negative, will Government please state :

- (i) whether they are prepared to enquire whether one Anglo-Indian journeyman who neither passed any university examination nor successfully completed full theoretical and practical course of bound apprenticeship training from any workshop has been classified as a technically trained hand and has been promoted to officiate as a chargeman in the grade of Rs. 185—15—350 :
- (ii) whether they are prepared to lay on the table of this House the name of the Anglo-Indian with the copies of certificates of his general education, theoretical and practical training and previous service ; and
- (iii) how he has been given the higher chargeman grade instead of chargeman T. T. grade like others ; whether it is due to his colour ?

If not, why not ?

(g) Will Government please state whether they are prepared to classify all technically trained supervising staff of the Mechanical Department, East Indian Railway, under the same principle, as has been done in Jamalpore and Lillooah workshops which are all under the one and the same head, i.e., the Chief Mechanical Engineer, and issue necessary orders to the Agent, East Indian Railway to this effect ? If not, why not ?

The Honourable Sir Muhammad Zafarullah Khan : With your permission, Sir, I propose to reply to questions Nos. 252, 253, 254, 256 to 258 together.

I am collecting information and will lay a reply on the table of the House in due course.

APPOINTMENT OF APPRENTICES ON THE EAST INDIAN RAILWAY.

†253. ***Mr. Amarendra Nath Chatteropadhyaya :** (a) Are Government aware that the answer given in reply to starred question No. 255 of 11th February, 1936, regarding the appointments of two ex-apprentice

† For answer to this question, see answer to question No. 252.

mechanics is not correct and that it is not a fact that they stood first in the technical school in their respective batches ? If so, will Government please state what justification they had in selecting those two *ex-apprentice* mechanics in preference to others ?

(b) Are Government prepared to take immediate steps against such action of the Railway Administration, who are acting in contravention of the policy laid down by them ? If so, in what way ? If not, why not ?

(c) Will Government please lay on the table of this House the copies of certificates of general education, theoretical and practical training of those two *ex-apprentice* mechanics referred to in part (a) above ? If not, why not ?

Ex-APPRENTICES OF THE JAMALPUR TECHNICAL SCHOOL, EAST INDIAN RAILWAY.

†254. ***Mr. Amarendra Nath Chatteropadhyaya** : (a) With reference to the answer to starred question No. 254 of the 11th February, 1936, regarding the appointment of senior *ex-apprentice* mechanics of the East Indian Railway Technical School, Jamalpore on revised scale of 1934, are Government aware that those senior *ex-apprentice* mechanics who have been re-appointed after 15th July, 1931, accepted their apprenticeship training for the better prospects of the old scale of pay which then existed ?

(b) Are Government aware that those senior *ex-apprentices* were discharged due to no fault on their part and they were re-appointed for their good service records ?

(c) Are Government aware that they were in Government service on and before the 15th July, 1931 ?

(d) Are Government aware that other State Railway employees who were in service on and after 15th July, 1931 and were discharged and have been re-appointed till April, 1936 have been given the benefits of the old scale ?

(e) Are Government aware that they were re-appointed from the waiting list alike the retrenched staff ?

(f) Are Government aware that those senior *ex-apprentices* have been re-appointed according to their old service records and their old service records are even used just like those of the retrenched staff who have been referred to in part (d) above ?

(g) Are Government aware that it has been stated in reply to starred question No. 1325 (f) of the 2nd April, 1935, that the practice of promoting mistries and others who received no theoretical and practical training, at all, to the supervising grade such as journeyman, chargeman and Assistant Foreman, in the Mechanical Department, East Indian Railway, have been discontinued since the amalgamation, and the posts are reserved for *ex-apprentice* mechanics ?

(h) Are Government aware that a large number of Mistries and others who received no theoretical and practical training at all have been promoted to the grade of journeyman, chargeman, and Assistant Foreman after the amalgamation in the Mechanical Department, East Indian Railway, in Charbagh and Alambagh workshops, although those *ex-apprentice* mechanics who have been re-appointed on revised scale of 1934

† For answer to this question, see answer to question No. 252.

were available ? Are Government aware that there would have been no break of service of those *ex*-apprentice mechanics if they were appointed against those vacancies in accordance with the procedure cited in answer to starred question No. 1325 (f) of the 2nd April, 1935 ?

(i) Are Government aware that those senior *ex*-apprentices are the only *ex*-employees of the Railway who have suffered a lot—they had break of service, not only this they were re-appointed after a lapse of considerable period under new scale of pay ?

(j) Are Government aware that a large number of *ex*-employees who have been re-appointed have been given the benefit of old scale and it is anomalous to have excluded those senior *ex*-apprentice mechanics whose number does not exceed 25 ?

(k) Will Government please state whether they are prepared to consider the cases of those senior *ex*-apprentice mechanics who have been re-appointed on revised scale of 1934 and give them the benefits of old scale at least as it has been done in the case of the other *ex*-employees who have been re-appointed before April, 1936 ?

REVISION OF THE FREE PASS RULES ON THE EAST INDIAN RAILWAY.

255. *Mr. Amarendra Nath Chattopadhyaya : (a) Will Government please state whether they have revised the free pass rules for those who have been appointed on the revised scale of 1934 in the East Indian Railway ?

(b) Are Government aware that according to the revised scale of 1934, the pay of some posts has been reduced from 28 to 50 per cent. ?

(c) Are Government aware that a journeyman who draws Rs. 130 in the grade of Rs. 100—10—170 is entitled to get second class free passes, while a journeyman (chargehand according to revised scale) on the revised scale of 1934 who draws the maximum of the grade is entitled to get intermediate class free passes ? If so, will Government please state the reasons for such difference ?

(d) Will Government please state whether they are prepared to revise the free pass rules for those who have been appointed on revised scale of 1934 ?

The Honourable Sir Muhammad Zafrullah Khan : (a) No.

(b) Yes, for a few grades only.

(c) Yes. The class of pass admissible is determined by the rate of pay of the employee. Subordinates drawing Rs. 126 per mensem and over are entitled to second class passes. The maximum of the revised scale for charge hands is Rs. 85 which entitles them to intermediate class passes.

(d) No.

SUCCESSFUL *EX*-APPRENTICES OF THE LILLOOAH WORKSHOPS.

†256. *Mr. Amarendra Nath Chattopadhyaya : With reference to unstarred questions Nos. 434 and 435 of the 23rd March, 1936, regarding successful *ex*-apprentices of the Lillooah Workshops, will Government

† For answer to this question, see answer to question No. 252.

please state whether they have received the required information now and whether they are now prepared to lay the statements on the table ? If not what are the reasons for delay ?

APPOINTMENT OF SUCCESSFUL MECHANICAL *ex*-APPRENTICES OF THE LILLOOAH WORKSHOPS.

†257. ***Mr. Amarendra Nath Chattopadhyaya :** Are Government aware that in spite of the assurance given, one Anglo-Indian who neither received theoretical nor practical training at all has been promoted to officiate as Assistant Foreman against permanent vacancy in Wagon Repairing Shop, Mechanical Department, Alambagh, East Indian Railway ? If so, will Government please state whether in view of their answer to starred question No. 1324 of 2nd September, 1935, they are prepared to take necessary steps in the matter and revert him to his substantive post without further delay and issue necessary orders to the Agent, East Indian Railway to this effect ? If not, why not ?

***Ex*-APPRENTICES OF THE JAMALPUR TECHNICAL SCHOOL, EAST INDIAN RAILWAY.**

†258. ***Mr. Amarendra Nath Chattopadhyaya :** (a) Are Government aware that, in spite of the repeated assurance given, some mistries, journeymen and chargemen who received no theoretical and practical training at all are still officiating in higher grades against permanent vacancies in the Mechanical Department, East Indian Railway, in Charbagh and Alambagh Workshops ? If so, will Government please state whether in view of their answers to starred questions Nos. 1325 (f) and 252 (a) of the 2nd April, 1935 and 11th February, 1936, they are prepared to issue necessary orders to revert them to their substantive posts without further delay and take necessary steps against such action of the Railway Administration who are acting in contravention of the policy laid down by them ? If so, in what way ? If not, why not ? Are Government aware that many successful *ex*-apprentice mechanics of Jamalpur Technical School are still waiting for appointments ?

(b) If the answer to part (a) above be in the negative, are Government prepared to enquire whether some mistries, journeymen, etc., who (Messrs. Stears, Deen, Md. Razak, Burns, Fluskett, Fanthoms, Arjun Sing, Lab Sing, Gurdit Sing, Fauja Sing, etc.), received neither theoretical nor practical training at all, are still officiating in higher grades for years in preference to many *ex*-apprentice mechanics who are still waiting for appointments ?

(c) Are Government prepared to lay on the floor of this House the names of the journeymen, chargemen and Assistant Foremen who are still officiating, in the Mechanical Department, in Charbagh and Alambagh Workshops, East Indian Railway, with the following particulars :

- (i) theoretical training ;
- (ii) practical training ;
- (iii) division passed in technical school ;
- (iv) general education (university examination, passed, if any) ;

† For answer to this question, see answer to question No. 252.

- (v) service ;
- (vi) dates of promotions ;
- (vii) designations and grade ;
- (viii) present pay ; and
- (ix) the name of the workshop employed ?

If not, why not ?

SPECIAL QUALIFICATIONS OF SIR OTTO NEIMEYER FOR CONDUCTING THE FINANCIAL ENQUIRY IN INDIA.

259. ***Mr. M. Ananthasayanam Ayyangar** : (a) What were the exceptional and special qualifications of Sir Otto Neimeyer for undertaking the inquiry ?

(b) Had he any previous knowledge of the provincial conditions and their finances ?

(c) What was the total remuneration paid to him, and what were the additional expenses incurred in connexion with the inquiry ?

The Honourable Sir James Grigg : (a) and (b). I cannot do more than refer the Honourable Member to "Who's Who".

(c) Sir Otto Neimeyer received no salary from Government. He was paid in all Rs. 3,193 by way of allowances. The other expenses of the enquiry amounted to about Rs. 33,400.

INDIA'S WITHDRAWAL FROM THE MEMBERSHIP OF THE LEAGUE OF NATIONS.

260. ***Mr. T. S. Avinashilingam Chettiar** : Will Government state :

(a) whether the League of Nations could do anything effective in the recent Italo-Ethiopian War ;

(b) what the object of keeping up this organisation is ; and

(c) whether they propose considering the advisability of withdrawing from the League ?

The Honourable Sir Nripendra Sircar : (a) I must leave the Honourable Member to form his own opinion regarding the effectiveness or otherwise of the action taken by the League.

(b) The Honourable Member is referred to the preamble to the Covenant.

(c) No.

GOVERNMENT'S LOAN POLICY.

261. ***Mr. S. Satyamurti** : Will Government be pleased to state :

(a) whether their attention has been drawn to a leading article in the *Hindu* of the 1st June, 1936, entitled "The Government's Loan Policy" ;

(b) whether they propose to take steps to see that they so regulate their demands on the nation's savings as not to compete with the needs of productive industry and commerce ; and

- (c) whether they propose to so order their borrowing short term and long term alike as to act as a regulator of the flow and absorption of funds to the best advantage of the nation, borrowing when the market has surplus funds and releasing funds when stringency makes its appearance ?

The Honourable Sir James Grigg : (a) Yes.

(b) and (c). I would refer the Honourable Member to the answer I gave to his question No. 159 on a very similar subject.

Mr. S. Satyamurti : With reference to the answer to clause (b), may I know whether Government are considering or propose to consider any change in their policy, with regard to their demands on the nation's savings ?

The Honourable Sir James Grigg : That is a very general question, and I would rather like the Honourable Member to specify a little more clearly what he wants. Does he want to know whether we are going ourselves to indulge in large inflationary loans ? If so, the answer is in the negative.

Mr. S. Satyamurti : I am asking specifically whether in floating loans Government are considering only their own needs as having to run the machinery of Government, or whether they will take into consideration the needs of productive industry and commerce.

The Honourable Sir James Grigg : That was the general effect of the answer I gave before ; that is, that we take into account the needs and conditions of the market, but our own needs are the paramount consideration.

Mr. S. Satyamurti : With reference to the answer to clause (c), are Government considering or will they consider the policy of borrowing when the market has surplus funds, and releasing funds when stringency makes its appearance ?

The Honourable Sir James Grigg : I think I might without offence suggest to the Honourable Member to talk to his colleague from Madras. When I did carry out a loan operation in accordance with that principle, he asks questions accusing me of breach of faith in doing so.

Mr. S. Satyamurti : But various friends may accuse him and my friend is not on the Treasury Bench yet. I am asking the Finance Member who is now in charge of the Government of India's finance as to what the policy of Government is. It does not matter who criticises that.

The Honourable Sir James Grigg : To borrow when they most conveniently and profitably can, consistent with the general needs of the market.

Mr. S. Satyamurti : And release funds when stringency makes its appearance ?

The Honourable Sir James Grigg : Release of funds is much more a matter for the Reserve Bank than for Government. Obviously, talking as a general principle without reference to any particular case, Government would be very silly to borrow, if they can avoid it, at a time of stringency, because they would have to pay more interest.

Sir Cowasji Jehangir : I want to raise a point of order, Sir. I presume that questions and answers are made for the benefit of the whole House. At present, an important question was asked : we neither heard the original answer, nor did we hear the supplementaries on this side of the House. If Honourable Members would only turn their faces a little more this way, instead of talking exactly opposite to each other, we may be able to catch a word or two. We, all of us, are interested.

The Honourable Sir James Grigg : Before you give your ruling, Sir, on that point of order, may I ask how we can turn our faces in all directions at one and the same time?

Sir Cowasji Jehangir : I will tell the Honourable the Finance Member how : if he turns his head a little more this way, more of us on this side will be able to hear him, somewhat more clearly, while he will not be inaudible to those opposite to him.

The Honourable Sir James Grigg : It is a well-known rule of this House that Honourable Members must address the Chair.

Mr. S. Satyamurti : But not face the Chair all the time !

Mr. President (The Honourable Sir Abdur Rahim) : I hope Honourable Members will try and make themselves heard all over the House.

Mr. S. Satyamurti : I am not asking question No. 262, Sir.

†262*.

PROPAGANDA MADE BY THE ROYAL CONSUL GENERAL FOR ITALY THROUGH THE POST OFFICES.

263. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether it is a fact that the Royal Consul-General for Italy, Calcutta, uses the post offices in India for propagating *anti-British* and *anti-League of Nations* literatures ;
- (b) whether their attention has been drawn to the following extract in his circular, dated the 29th May, 1936 : " British people can never tolerate a policy involving the risk of military sanctions. Today England is strongly pledged by the Covenant, whilst she has no sufficient force to carry into effect her obligations. Therefore, assuming new ones, Great Britain would commit dishonesty in the true and proper sense of the term " ;
- (c) whether they propose to take any steps to stop this abuse of post offices by the Royal Consul-General for Italy ; and
- (d) if not, why not ?

Sir Aubrey Metcalfe : (a) to (c). The Honourable Member's attention is invited to the answer given to his question No. 141.

* This question was not put by the questioner.

Mr. S. Satyamurti : Have Government considered the statements in clause (b) of the question :

“ British people can never tolerate a policy involving the risk of military sanctions. Today England is strongly pledged by the Covenant, whilst she has no sufficient force to carry into effect her obligations. Therefore, assuming new ones, Great Britain would commit dishonesty in the true and proper sense of the term.”

May I know why the Government did not take any steps to protest against this allegation, unless they accept it as true ?

Sir Aubrey Metcalfe : It is difficult to see what steps they can take. What does the Honourable Member suggest ?

Mr. S. Satyamurti : At that time, was any step taken when this was brought to the notice of the Government ?

Sir Aubrey Metcalfe : Certainly : I have already stated that protests were made to the Italian Government.

Mr. S. Satyamurti : On this particular matter ?

Sir Aubrey Metcalfe : On the general matter of this propaganda that was going on from the Italian Consulate General in Calcutta.

Mr. S. Satyamurti : Are Government now examining their pamphlets, and are they satisfied that this propaganda is not being carried on now ?

Sir Aubrey Metcalfe : They have seen no pamphlets lately.

INDIAN SOLDIERS IN ADDIS ABABA.

264. ***Mr. S. Satyamurti :** Will Government be pleased to state .

- (a) the number of Indian soldiers still in Addis Ababa ;
- (b) the reasons why they are still kept there ; and
- (c) the arrangements made for their safety and convenience ?

Mr. G. R. F. Tottenham : (a), (b) and (c). The attention of the Honourable Member is invited to the press communiqué issued on September 1st, a copy of which I laid on the table this morning.

Mr. S. Satyamurti : With reference to part (c), are the Government satisfied that adequate arrangements are being made for their safety and convenience, and may I add, comfort ?

Mr. G. R. F. Tottenham : Yes : if the Honourable Member reads the communiqué, he will find that that is so.

BAN ON MR. SUBHASH CHANDRA BOSE.

265. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to a statement by Mr. R. A. Butler in the House of Commons that Mr. Subhash Chandra Bose had been released from gaol but placed under restraint ;
- (b) the nature of the restraint ; and
- (c) the reasons for the same ?

The Honourable Sir Henry Craik : (a) Yes.

(b) Mr. Bose is detained at his brother's residence at Giddapahar, Darjeeling, under the provisions of Regulation III of 1818, with certain restrictions relating to his movements, visitors and correspondence.

(c) I have already stated the reasons.

Mr. S. Satyamurti : What are the restrictions on his visitors, on his correspondence, and on his movements ?

The Honourable Sir Henry Craik : I understand that, before he receives visitors, he has to receive the permission of Government or of the officer of Government in charge : his correspondence has to be seen : and as regards his movements, I think he is allowed to take exercise within a certain distance of the house he is living in—I forget the exact distance.

Mr. S. Satyamurti : When visitors are allowed, is anybody posted there to overhear their talk or be in their presence, or is Mr. Bose allowed to talk to visitors, without any one being present ?

The Honourable Sir Henry Craik : I think he is : I do not think any officer is present when a visitor is allowed to visit him.

Mr. S. Satyamurti : Are letters to him censored, and then sent to him or are they withheld from him ?

The Honourable Sir Henry Craik : I must have notice : as far as I know, they are sent to him.

Mr. S. Satyamurti : When he takes exercise, does anybody shadow him, or is he allowed to go all by himself ?

The Honourable Sir Henry Craik : I really do not know : I imagine not.

Pandit Lakshmi Kanta Maitra : Is the Honourable Member aware that Mr. Subhash Chandra Bose is not permitted to read nationalist newspapers like the *Amrita Bazar Patrika* and the *Ananda Bazar Patrika* ?

The Honourable Sir Henry Craik : No : I should be very surprised to hear that.

Mr. Mohan Lal Saksena : Is the Honourable Member aware that Mahatma Gandhi wanted to interview Mr. Bose, and he has been refused permission ?

The Honourable Sir Henry Craik : No : as far as I know, there is no ground for that suggestion whatever.

Mr. Mohan Lal Saksena : Is the Honourable Member aware that Pandit Jawahar Lal Nehru wrote a letter to Mr. Subhash Chandra Bose and it has not been forwarded to him ?

The Honourable Sir Henry Craik : I have no knowledge whatever of that.

Mr. Mohan Lal Saksena : Will the Honourable Member make inquiries ?

(No answer.)

Mr. Mohan Lal Saksena : Are Government paying any rent for this house ?

The Honourable Sir Henry Craik : I am informed that that house belongs to Mr. Sarat Chandra Bose.

Pandit Lakshmi Kanta Maitra : Is the Honourable Member aware that Mr. Subhash Chandra Bose made several representations to the Government complaining that he was not permitted to read nationalist dailies, and that the newspapers supplied to him—the *Statesman* and the *Star of India* were papers which he does not like to read ?

The Honourable Sir Henry Craik : I am not aware of that ; but if the Honourable Member will put down a question, I will furnish the information.

Pandit Lakshmi Kanta Maitra : May I know if Government have got any objection to his reading nationalist dailies or any newspapers other than the *Statesman* and the *Star of India* ?

The Honourable Sir Henry Craik : There, again, it is quite possible that some orders have been passed on that, but the Honourable Member must put down a separate question : it does not arise out of this question.

APPOINTMENT OF MR. FRANKS AS THE EDITOR OF THE *Indian Listener*.

266. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) the reasons why Mr. Franks, formerly News Editor of the Delhi Broadcasting Station, had to be appointed Editor of the *Indian Listener* ;
- (b) whether they are aware of the strong feeling against the gentleman because of his *anti-Indian* views ; and
- (c) the reasons why they have dispensed with his services ?

The Honourable Sir Frank Noyce : (a) Mr. Franks was employed in Delhi in the dual capacity of Editor *Indian Listener*, and News Editor of the Delhi Broadcasting Station. It was then found that the arrangement by which the *Indian Listener* was edited from Delhi was unsatisfactory and that a full time Editor was required at Bombay. Mr. Franks was, therefore, transferred to Bombay in the sole capacity of Editor of the *Indian Listener*. His appointment is temporary, and as I stated during the Delhi Session, the whole question of permanent arrangements is still under the consideration of Government.

(b) Government are aware that there has been adverse criticism on account of some of Mr. Franks' writings before he took up his appointment in the All-India Radio.

(c) Does not arise.

Mr. S. Satyamurti : The word "not" is omitted in clause (c) of the question—whether by me or the office, I do not know.

The Honourable Sir Frank Noyce : I may say that that very obvious slip was duly noticed in the reply : the reply is really to the Honourable Member's question as he meant it, not as it is printed.

Mr. S. Satyamurti : May I know what is the period of this temporary appointment of Mr. Franks—how many more months has he a right to serve, before his temporary appointment comes to an end ?

The Honourable Sir Frank Noyce : No period has been specified : as I have stated the whole question of permanent arrangements in regard to news is still under the consideration of the Government. It is an extremely difficult question and it will probably take some time to arrive at satisfactory arrangements.

Mr. S. Satyamurti : May I know if Government will expediate the decision on this question, especially with regard to Mr. Franks' continuance, in view of the very strong feeling against this gentleman's well-known *anti-Indian* feelings ?

The Honourable Sir Frank Noyce : Government will do their best to expedite the question of the permanent arrangements, not necessarily with reference to the particular aspect raised by my Honourable friend.

Mr. S. Satyamurti : Will Government consider that broadcasting is still an experiment in this country, and it would be disastrous, if you put a man in charge, whose views and activities are notoriously *anti-Indian* ?

The Honourable Sir Frank Noyce : That is asking me for an expression of opinion.

Mr. S. Satyamurti : Is not my Honourable friend aware that this gentleman has expressed *anti-Indian* views in his own publications ?

The Honourable Sir Frank Noyce : I have said that Government are aware that there have been adverse criticisms on account of some of his writings.

Mr. S. Satyamurti : Have Government examined those criticisms and do they accept them as sound, or do they reject them as unsound ?

Sir Muhammad Yakub : Supplementary question, Sir

Mr. S. Satyamurti : On a point of order, Sir : I want my question answered first.

The Honourable Sir Frank Noyce : Government have seen the article to which my Honourable friend refers. I am not prepared to admit that those articles have necessarily any bearing on the question of an appointment which has no connection whatever with news.

Sir Muhammad Yakub : Will Government be pleased to state the reasons why Mr. Pothan Joseph, formerly Editor of the *Hindustan Times*, is appointed as News Editor at the Broadcasting Station at Delhi ?

Are Government aware of the strong feelings amongst the Muslim community on account of the general *anti-Muslim* feelings of Mr. Pothan Joseph which he exhibited in his writings as editor of the *Hindustan Times*, and are Government aware that

Mr. S. Satyamurti : On a point of order, Sir,

The Honourable Sir Frank Noyce : May I ask, Sir, that I may be permitted to answer one question at a time ?

Sir Muhammad Yakub : These are all parts (a), (b) and (c) of the same question.

The Honourable Sir Frank Noyce : They are all separate questions as far as I am concerned.

Mr. President (The Honourable Sir Abdur Rahim) : These questions do not arise out of the main question.

MOTION FOR ADJOURNMENT.

EXTERMENT OF MR. M. R. MASANI FROM THE PUNJAB.

Mr. President (The Honourable Sir Abdur Rahim) : There is an adjournment motion in the name of Pandit Govind Ballabh Pant about the externment of Mr. M. R. Masani from the Punjab. Under Rule 11 I cannot consent to the motion being made as the identical motion by Mr. Mohan Lal Saksena has been disallowed by the Governor General.

THE INDIAN COMPANIES (AMENDMENT) BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill to amend the Indian Companies Act, 1913, for certain purposes.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadian Rural) : Sir, yesterday I was dealing with the various measures that can be taken by Government and this House to see that the shareholders play their part properly and are helped in that respect. I find, Sir, that the various provisions of the Bill are not calculated to help the shareholders to play their part efficiently and properly. There is one provision according to which shareholders are expected to give notice of seven days to the company after a meeting of the Board of Directors has been held to get a copy of the minutes of the meeting, and even for that copy of the minutes, the shareholders are expected to pay a fee of six annas per 100 words. If this restriction were to be imposed, it would not be possible for the shareholders to gain an adequate knowledge of the manner in which their Board of Directors carry on the business of the various concerns in which the shareholders have invested their money. Therefore, I suggest that whenever shareholders wish to have copies of the minutes of the meetings, those minutes or proceedings should be supplied to them free of charge.

Then, Sir, it is a well-known fact that most of the shareholders are just as bad as absentee landlords. Many of them have small sums of money to invest, and they want merely to get some interest on it regularly, and if possible, profitably. They come across some one who holds out huge hopes in regard to a particular concern, and the man who wishes to invest his money hands it over to that particular person in the hope that his money would be safely invested. He wakes up to his responsibility only when he is asked to pay up further calls, or when he is told that all his money is lost, the company in which he had taken shares or made investment having gone into liquidation. Therefore, Sir, it is not fair that the public should be expected to co-operate in passing laws in order particularly to benefit the shareholders without at the same time fixing a limit beyond which they should not try to reap benefits from the companies which, after all, carry on their business only so long as law

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and order is maintained in the country and the Government also help them in every possible manner to carry on their business. I, therefore, suggest that a maximum rate of interest should be fixed beyond which the shareholders ought not to be entitled to get themselves remunerated for the money they have invested in these companies. The question then arises as to what should be done with whatever balance there may remain over out of the profits made by the companies. I suggest, Sir, that one-fourth of the profits should be set apart for the welfare of labour, another one-fourth should be set apart for reducing the prices of goods that are produced and sold or to reduce the cost of the services rendered by the various companies, another one-fourth for the State in order to compensate it for all the trouble it takes in carrying on the administration of the country and for making it possible for these companies to prosper and also because the State goes out of its way almost to protect many of these industries, either indirectly by protective duties, or directly by bounties and subsidies,—and then another one-fourth should be set apart for an industrial development fund for each industry in order to enable the committee to carry on experiments, investigations and research for the improvement of the industry and thus help the country to sooner industrialise itself and help the agriculturists and others also generally.

We find here several provisions to help the shareholders as against the Directors, Managing Directors and all those who are in charge of the companies, but all these provisions are a sort of negative provisions made to help them. But who is to implement these sections? Who is to help them actively? We are told that any shareholder who is aggrieved can go to the Court, but it is a well-known fact, Sir, that most of the shareholders are quite ignorant of the condition of the companies in which they have invested their money, and many others are too poor to be able to go to the Court. Those few who can afford to go to Court are often in league with those who are in charge of these companies, and therefore they do not like to go to the Court. Therefore, I think it is absolutely necessary that additional powers should be given to Registrars of Joint Stock Companies so that it may be possible for them to take the initiative whenever they think that a particular company is going wrong or adopts fraudulent practices either through a Director or a group of Directors. I find, Sir, that, as far as this particular Bill is concerned, the State as well as the public can stand to gain more by placing a little more confidence and a little more power in the hands of Registrars of Joint Stock Companies than the framer of the Bill is inclined to give.

Then, Sir, coming to the question of public utility of those companies which are interested in carrying on their business, in supplying the utilities that the public want on such a large scale, the demand for which is so inelastic, the control over which gives such a tremendous amount of power and influence to these companies over the every day life of our people, it is a fact that our life is becoming more and more complicated; the towns are growing more and more in number, and size, and also the needs of the people are growing, especially in regard to the clearance of slums, the supply of electricity, gas, water and several other public utilities. It is in this direction that we should take care to see that these private companies are not given any chance to ply their trade, any chance to play their tricks, any chance to get their stanglehold over the every

day life of our masses. It is for that reason, Sir, that it is absolutely necessary to prohibit private companies or rather any joint stock companies to carry on their trade in regard to our public utilities in a manner prejudicial to the interests of the shareholders. We should try to classify all those companies which carry on their business in public utilities, which try to satisfy the public utilities of the public as public companies, so that they would be liable to very much greater control by the State than is possible if joint stock companies alone are allowed to carry on these businesses. In fact, as far as possible, and whenever any particular industry dealing with a public utility reaches a magnitude, a big enough magnitude that the services that it renders can easily be said to have been standardised, steps must be taken by the State to nationalise that industry so that the interests of the public may be fully and adequately safeguarded. It is generally accepted by the economists in different countries and also by the statesmen in some of the European countries that such industries should not be allowed to be exploited by profit earning concerns. Even if we wish to respect the existing vested interests which have grown in the recent past owing to the failure of many of our municipalities to supply themselves with their own electricity, to develop their own electric supply concerns, we can certainly make a provision even in this Act to the effect that these existing interests will be sufficiently and adequately respected for a definite and yet a short time so that a little later it would be possible for the State, even as it is now constituted on an imperialistic and capitalistic basis to legitimately nationalise those concerns and take control of all these companies.

We can also try and we ought to try to nationalise all those industries concerned with communications and the accessories thereof. We have a large portion of our railways now being managed and owned by the State, but there are still many important railways in this country which are being managed by companies and we know only too well how these companies have been exploiting not only the investing public but also the public as a whole. It is a well known fact that even this House itself has unanimously passed a Resolution to the effect that the Madras and Southern Mahratta Railway and the Bengal North Western Railway should be nationalised because this Honourable House has come to the conclusion that it is better that such an essential industry like communications, and national communications like railways ought to be nationalised and ought to be controlled and run and managed in the interests of the people of the country, in the interests of the Labour employed in that particular industry, rather than run and managed by companies for the sole benefit of their shareholders and the special benefit of their managing agents and managing directors.

It may be wondered how it would be possible for anybody to define these public utilities. It is such a vague term it may be said, and it will be impossible for the State to try to amend in that direction this particular Act which deals with certain definite and specific grievances and defects noticed in the working of the Indian Companies Act. But, Sir, it is not impossible to try to define public utilities as we find them even in our own country, and I shall take an opportunity later on to define them specifically and in detail when I give notice of an amendment to this effect. In the very nature of our modern society, railways, telegraphs, telephones, radio, even broadcasting, road traffic, have come to play a

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very important and essential part. These industries should be developed as soon as possible ; we find now that the railways are not so very anxious that the motor industry should grow and they are even trying to thwart its growth by bringing in all sorts of Bills. We find also in the Punjab and some other provinces this industry is slowly going into the hands of a few monopolists who have it in their power to fix whatever rates they like and exploit the consumers of the services they offer, in whatever way they like and they wish. Therefore, it is necessary that it should be laid down as a principle that whenever the State finds it possible to nationalise them, they are liable to be nationalised, and only subject to that condition any companies may be allowed to carry on their business.

There are two provisions in this particular Bill which deal with compromises which may be arrived at between any two or more companies and coalition that may be arranged between any two or more companies, and also the holding companies. It would be possible under these clauses and other clauses of this Bill for various companies in any particular industry or any two or more like industries in the supply of one or more national services to organise themselves into a trust or a cartel or combine, and thus try to exploit the public by restricting the output and by raising their prices and even by refusing to supply their services except at a particular price and thus victimising the public. I do admit that in the capitalistic conditions and within the capitalistic system, it is impossible for any particular company to ensure itself against the bogey of over-production. I also admit that there is an imperative need within this system for as many companies as possible within any particular industry to come to some sort of understanding, open or secret, public or private, so that it would be possible for them to gauge the demand for their supplies, to gauge the nature of the market for their supplies and thus produce only that much as is really needed by the consumers, produce only that much as can really be absorbed under the present economic conditions by the consumers and thus help themselves and help their workers and the public. But at the same time it is necessary for the State to take every possible step in advance if necessary, in time certainly, to see that these companies are not brought out in such a manner and to such an extent that the public are likely to be exploited, that their workers are likely to be victimised. In the experience of England and America and even Germany it has been found that these cartels or combines or trusts have operated more often than not against the public and against the industry as a whole and not in favour of the consumers and in favour of the public and of the State. That is why in America specially any number of laws have come to be passed to protect the public against the operations of the trusts. In England too, even under the common rule of law it has been held again and again that these combines are illegal because they have been considered to be operating against the interests of the public and therefore these combines have been prevented from being formed. In Germany the State has taken a more constructive attitude. It has tried to regularise the organisation of these cartels. It has tried to control the activities of these cartels and for that purpose it has imposed certain restrictions upon the rights of these cartels. In the case of every cartel it has now become necessary for the board of directors to invite the co-operation, active co-operation of one or two directors nominated by the State.

In addition to that, the State also fixed, and has fixed in the case of certain industries, a maximum rate of profit beyond which the shareholders should not expect to get any profit and the State also reserves to itself the right to see that the prices fixed by these cartels for the products that they place on the market from time to time are not too high and are really reasonable and within the capacity of consumers to pay for under normal circumstances.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : Is the Honourable Member suggesting that a certain percentage of the profits should be reserved for the consumers ?

Prof. N. G. Ranga : I have already suggested that one-fourth of the surplus profits which remain after allowing the shareholders to take 6 per cent. maximum profit should be set apart for the lowering of the prices of the services that they render.

It is a pity that the Honourable the Law Member has not made provision for the possibility of the development of these trusts or combines and for seeing that when they do come into existence they are not operated in such a way as to exploit the public, in the way the public is being exploited at present. It may be thought that after all there are not many monopolies even in our country and that it is too early to think of anti-trust legislation to protect ourselves from the operations of trusts. It is a well-known fact that even recently the Indian Steam Navigation Company and the British Navigation Companies that ply in the Bay of Bengal have come to an agreement and have raised the fares charged even on third class deck passengers and they have been exploiting the public. Again take the steel industry. There you have an extraordinary instance where almost one company has come to exercise a sort of monopoly and power under the shelter of the protection given by the State itself. Certainly the production of steel is a very essential national necessity and even in times of war pig iron and steel are found to be of extraordinary use and it is for that purpose that the Indian Tariff Commission also made a special recommendation to the Government of India that special protection should be given to such an industry and it is for that reason, I dare say, that the State has given protection to this industry with the co-operation of the public. It is only an axiom that such an industry should not be allowed to pass into the hands of one or two controlling interests and when they do so, they should not be allowed to exploit the public by charging high rates.

Mr. Sami Vencatachelum Ohetty (Madras : Indian Commerce) : They are even competing and cutting the rates in order to kill the other company.

Prof. N. G. Ranga : That is another danger. As soon as another enterprise enters the field, they pretend to be in love with the consumer, as my Honourable friend, Sir James Grigg, does, and they lower the prices. For what purpose ? Only to make it impossible for their competitors to ply their trade as against them and as opposed to them. Soon after they get rid of their competitors, they raise prices. They do not try to produce, as they ought to, maximum production and thus bring down the marginal cost of production according to the law of increasing returns. On the other hand, they try to get maximum profits,

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which is achieved only by cutting down production and raising the prices and thus exploiting the consumers as well as the public.

There is another danger arising from this state of affairs. Take the hand loom weaving industry. It employs a crore of people. It has not yet been able to get any kind of protection from this Government. This Government has been willing to give them only five lakhs of rupees per annum and nothing more. It is because they are not organised. It is because they are not big capitalists and have not formed themselves into joint stock companies and combines. But take the textile industry. My Honourable friends from Bombay, although they are only two or three in number to directly represent the Bombay cotton mill industry are more powerful than 40 or 50 of us and they get more support from this Government because they are an organised industry. That leads us on to the point that these organised industries can control the Government and its activities, can influence politicians and legislatures and persuade legislatures and manage to get whatever protection they want. They do not need protection but they want protection. They get whatever bounties they desire and whatever bonuses they desire. The political life of any particular country is in danger of being poisoned by the development of these trusts and combines. There are trusts and combines in the cement trade in which some of my friends are interested. In the constructional trade again, some of my friends are interested. Also some of my European friends are interested in tea, coffee and rubber plantations and trusts are being developed even in the sugar manufacturing industry in Punjab, Sind and the United Provinces. There is almost a monopoly in tea, coffee, tobacco and jute in this country. It is to prevent these monopolies from exploiting the public, not only the public but also their own shareholders that we should try to take the necessary steps to see that the State has got sufficient amount of control over their activities.

There is the question of nationalization. Some day or other we must try to nationalise as many industries as possible. We must nationalize as soon as possible at least the key industries, such as mining, steel, pig iron, armaments, power-producing industries and other industries. But if we are to nationalize them some day or other, sooner or later, sooner than later, it is certainly wrong on the part of anybody to suggest that joint stock companies should be allowed to develop their business and develop their vested interests in these industries and thus create their rights as against the State for compensation later on. It is a well-known fact that even in England economists, even though they be wholehearted socialists, have been obliged to realize the necessity for paying more than one hundred per cent. compensation for these companies for the supply of services regarding key industries because those companies have come to establish for themselves such a terrible control over the political life of the country. And why should we unnecessarily create that difficulty for ourselves here in this country by allowing more jointstock companies to develop their vested interests in those industries and those directions where nationalization should be established as soon as possible in the interest of the public, in the interest of the State and in the interest of everybody concerned. It is because of the importance of these trusts and their greed for money, and it is because of the importance of the jointstock companies and capitalists in the industries that ought to be nationalized

that we are having all this trouble in the international situation. If today there are commercial safeguards imposed upon us in this country, and if today we are prevented from passing any kind of legislation that we want in order to protect our interests, in order to assist our own industrialists, in order to bring about speedy industrialization, it is because of the commercial safeguards imposed upon us through that infamous Government of India Act! Sir, as my Honourable friend, Mr. Sri Prakasa, put it, the East Indian Company led the way and in its train so many European companies have come into this country. Now they try to escape from all responsibilities by calling themselves "European companies", but most of them are English companies. Now they have gained an awful control and hold over our whole economic life in various directions,—coffee, tea, rubber plantations, the jute industry, even a large portion of the textile industry in Madras and Bombay, the oil industry and several other industries, and I am afraid stealthily even in the steel industry,—and they are trying to get a control over the textile industry, also with the collusion of my Honourable friends from Bombay who have an interest in the matter. Sir, we cannot take any action against them because the safeguards come in our way, but at least we should try to see that our industrialists are not enabled to get into a liaison, to get into a compromise with the monopolists of other countries and thus try to exploit the consumers not only of this country but of all other countries.

It is known to everyone how these international wars are brought about by the competition that rages so wildly between these various trusts and between these powerful and big combines. In Germany and in Italy the Governments are completely at the beck and call of these trusts and combines, and it is quite likely that our Government also may come to be at the beck and call of our own industrialists. I must correct myself to some extent in this matter because I find that even today our Government is very much under the thumb of our industrialists and capitalists, aided as they are by the European capitalists, and especially the British capitalists. We must prevent that, Sir. If we are to help the consumers in this country, we must prevent the growth of these trusts. If we are to help the public, we must certainly try to take the earliest possible steps to prevent these trusts and combines from playing all their pranks upon the public and the State.

Even in the case of what is known as the interlocking of directorships, I am told that certain favourite children of these industries are able to get the directorships of not one or two but of twenty or thirty companies at a time and are able to draw large salaries and fat fees for themselves. They are even worse than those agrarian absentee landlords. They exploit not only the public but also the shareholders. All that they do is to lend their names—names that in any decent country cannot be considered worth anything at all—and yet in a country where joint stock companies are allowed to ply their business, are at a premium and they are thus able to earn huge sums of money for themselves. It is these sleeping partners in many of these companies who really are a danger to the joint stock companies and even to the system of capitalism with which our friends are so much in love. We must put an end to such a scheme, and it is suggested by various responsible people in the country that a maximum limit should be fixed for the number of companies of which individuals can be directors. Yet I find no provision at all for that in

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this Bill. And these directors also are mostly ignorant people. Anybody and everybody, any Tom, Dick and Harry, provided he has got a decent enough name and has an income, can become not only a director but a managing director, not of one company only but of many companies, he can gain any amount of control in the country. And even though they have not got much brains about him, and even though they have not cared to study anything at all, their names are flourished across the front pages of the Press, because there is so much money behind them, and the Government simply shivers in its shoes before them! Sir, we must put an end to this state of things also, and it is for that purpose that we should stipulate that anyone, before he is elected as a director, should qualify himself either by experience or by technical knowledge or business efficiency, and that the ownership of money alone and the possession of a big name should not be the passports for a man to these comfortable positions of directorships and managing directorships.

Then, Sir, there must be a provision, and it must be made now, if our co-operation is sought, for the State to be able to take over the ownership and the management of all those industries which concern themselves with the supply of the necessities of the country and with the public utilities, to acquire them, to purchase them and to run them. Without that, it would be impossible for us, it would be a losing business for us to allow these companies to come into existence at all.

Pandit Lakshmi Kanta Maitra : Is there to be no joint stock enterprise before these key industries are nationalised?

Prof. N. G. Ranga : No, Sir, there should be public companies, not joint stock companies as far as key industries and public utilities are concerned. This law should be allowed to come into existence on this condition that after a particular period, or whenever the State deems it necessary, it should be possible for the State to take over the control of these companies and manage them for the benefit of the public and utilise them for avoiding the exploitation of the public.

Pandit Lakshmi Kanta Maitra : How do you expect this Government to do that for you?

Prof. N. G. Ranga : Sir, it is only too true to say that this Government may not be willing to do any such thing. We made it perfectly clear that by taking over the Madras and Southern Mahratta Railway, Government will make a decent job of it. The Madras and Southern Mahratta Railway is making a profit and I am told by my friend over there that the Bengal North Western also has a profitable business and is sure to be a profitable business if the Government were to take it over. But the Government is so much interested in their British shareholders that they do not want to touch them at all, thanks to our Finance Member, Sir James Grigg, who is said to be a great financier. But he knows to be a financier only when this Government is losing and he forgets that he is a financier when this Government is likely to gain. In spite of all that, we are told that there are going to be two or three Indian Ministers on that side and there is going to be a Federal Assembly.

Mr. President (The Honourable Sir Abdur Rahim) : All these remarks have nothing to do with the Bill.

Prof. N. G. Ranga : This Federal Assembly is going to confer some more powers upon us and to help us to forward our own industries and our own interests. If that is so and if they really believe that it is going to be so, then let them make that particular provision now in this Bill in the hope and with the confidence that the future Federal Assembly will try to insist upon the future Government that is going to replace this particular Government very soon to take the necessary action in protecting the public interest so far as key industries and national industries are concerned.

Then, Sir, coming to a few smaller points, I find that provision is made for at least one-third of the directors to be elected by the general body of shareholders, for not more than one-third of the directors to be nominated by the managing agents and as for the remaining one-third opportunity may be taken by various interests involved to get their own men either nominated or elected and so on. But I do not find any provision whatsoever either for labour or other consumers. Consumers are certainly interested in the operations of these Joint Stock Companies. I am afraid in the transitional stage, before the Socialist State comes into existence, consumers will have to be represented by the State itself. So, as my friend Dr. Ziauddin Ahmad put it yesterday, in the transitional stage, let Government nominate on the advice of the mill-owners or the Joint Stock Companies and the workers interested in them at least one director in every company. But that won't go very far. There must be directors representing the interests of the workers who are interested in the operations of the company. By this I should not be understood to say that I am personally in favour of a mere co-partnership between workers and employers. Even in England the workers have refused to send in their representatives as directors because they thought it fit not to co-operate with this capitalist system in its transitional stage. They will rather wait until they are able to establish a full-fledged Socialist State. But, as things are here, even in their own interests, our capitalists and their protagonists, the Government of India, ought to be wise enough to come forward with the suggestion that they propose to create a place at least for one director elected by the workers employed by any particular Joint Stock Company. They have not done so and it is well for them at least now to come forward with such a suggestion even if they wish to save themselves for a little longer than they can possibly do so without it.

Then, Sir, I come to the big bugbear of this Bill about which so much has been talked and written in our Indian press, namely, the managing agency system. Sir, I know that my friends from Bombay and Ahmedabad are extremely anxious to have this managing agency for as long as possible because they only know what benefits they have been able to derive rightly or wrongly, legitimately or illegitimately, with the aid of this particular system.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : You mean to say what benefits we have been able to confer.

Prof. N. G. Ranga : Yes, Sir. We are asked : Look at Ahmedabad and the great palatial buildings there : look at the Malabar Hill and our own palatial buildings there : look at the mills : look at the chimneys

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and all the clouds of smoke which are coming out of them ! Does not all this show what a tremendous amount of contribution we have made towards the progress of this country, the industrialisation of the country and the civilization of the country ! Do you not realise that India today is one of the eight great important industrialised countries in the world and is recognised as such by the League of Nations on the application of this Government ! How could you have achieved all these things without our managing agency system ! This reminds me of an experience of mine. There were some nominated Indian Civil Service Indians—not Englishmen this time—and they were there soon after the war. One of them wrote a very bad essay. He went to his don, a terrible fellow at Oxford, and that man turned round and said after flinging this essay on his face in the presence of all the students : “Do you not know that England is the best country in the world, Oxford is the best University in England and Balliol is the best college at Oxford and I, myself, am the best don at Balliol and so am the best don in the world and how dare you insult the best don in the whole world ! ! That seems to me the kind of logic that my friend seems to be anxious to display in this House. If they have made any contribution at all, it is in the shape of slums in Ahmedabad and Bombay ; it is in the shape of slums in all other countries ; it is in the shape of absenteeism of workers which is forced upon them because of the rotten condition of working ; it is in the shape of many an abortive strike of the workers because they have not been able even to strike against these people, so powerful these millowners have become that they are unable to stand even on their own legs. (An Honourable Member : “Shame” !) It is an unparliamentary word. So, we are told by you, Sir, and therefore I obey the ruling of the Chair and do not wish to use that word even in spite of the assistance of my friend. Sir, they have done something. There is a certain amount of progress in our textile industry and several other industries, but they have been paid amply for it.

An Honourable Member : How much ?

Prof. N. G. Ranga : It was made perfectly clear that my Honourable friends like Sir H. P. Mody and others in Bombay and Ahmedabad purchase cotton on their own account first of all and bide their time to sell it to the company when the prices have gone down and keep it to themselves when the prices go up with a view to selling it again at a profit. In this way they make money both ways. If it is thought that I am not quite fair to the managing agency system because I happen to be a socialist, I would only like you to hear my reading a few extracts from the Minutes of Dissent.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Why don't you try that experiment and make money ?

Prof. N. G. Ranga : I am not in that line. I will now read a few sentences from the Minute of Dissent sent in by some of our friends :

“In several cases, the existing managing agents, along with their predecessors in interest, have been in office for several decades.”

I think for several generations.

The emoluments earned by them have greatly exceeded the remuneration which the Managing Agents can hereafter possibly get under the restrictions imposed by this

Amending Act. The industries that are well established can now thrive without the driving force of the Managing Agents,"

according to them, not mine, for I do not believe that they have had any driving force at all. I would soon answer that point. The Minute of Dissent continues :

"and on the whole it would work to the advantage of the community if they are relieved of these commitments and their energies are diverted to more fruitful channels so that the growth of new industries may be facilitated."

Well, Sir, that is a sufficient condemnation of this particular managing agency system. New industries have not come into existence because of this system. This incubus of a managing agency system has drawn for itself all the vitals of our own industrial system.

Sir, here is another Minute of Dissent which is a more just and more pertinent one, written by my Honourable friend Sri Krishna Dutta Paliwal :

"This is the most important clause of the Bill as it deals with the system of managing agencies which has rightly incurred a considerable amount of public displeasure of late. The system has been so grossly abused that the confidence of the investing public in the joint stock companies has been greatly shaken."

—He himself is a Director of three companies,—

"And thus the system has retarded the industrial advancement of the country which it claims to promote and which can be its sole justification. The case against this system has been thoroughly stated in various publications which are easily available to all who desire to have them. Therefore I need not go into it here. Suffice it to say that the system has not only been greatly abused but it has not even proved efficient in its working. Whatever its justification in the past,"

—Personally, I think there was none at all,—

"I don't think there is any need to retain it now. In these days of surging tide of socialism, when even the capitalistic States are taking to the socialistic methods of production in many ways it ill behoves us to say that we can't do without the managing agency system for some time to come."

The Honourable the Law Member said that he had come to know recently what a tremendous amount of contribution had been made towards the industrial development of our country through the managing agency system.

The Honourable Sir Nripendra Sircar (Law Member) : I do not think I said that.

Prof. N. G. Ranga : Then I stand corrected.

The Honourable Sir Nripendra Sircar : I knew that long before not recently.

Prof. N. G. Ranga : I am glad that the capitalists of the country have secured the services of a convinced champion of this managing agency system. I would only draw your attention to the facts that were detailed here in this House on the occasion when the Motor Vehicles Bill was being discussed. Here is a new industry that has come into existence. In spite of this Government and without the co-operation of my Honourable friends, the managing agents, it has grown in a phenomenal manner during the last ten years with the help of a few small people in various parts of India. Crores and crores of rupees are invested today in that industry. Lakhs and lakhs of people are employed in that industry and I am sure more people are employed in motor industry than are employed in the

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cotton textile industry of which my Honourable friend, Sir H. P. Mody, is the spokesman. It has become possible for this motor transport industry to come into existence in such a short space of time and establish for itself such a great place in this country, as to threaten the national railways and threaten even the British Government and force it to bring forward two Bills, two futile Bills and useless Bills, of course, and yet Bills which have to be sent for circulation because we could not swallow them readily as they wanted us to do. All that could have been achieved in this country in several other industries even if this managing system had not been here. If only this managing agency system had not been here.....

The Honourable Sir Nripendra Sircar : Why don't you start a company ?

Prof. N. G. Ranga : I would very much like to take advantage of the advice given by my Honourable friend, Sir Nripendra Sircar, since he has done so well in business, but personally I am opposed to this kind of business and therefore I do not propose to go into it because it is walking into the enemies parlour. I do not wish to go and hobnob with the class of people who live only by the exploitation of the masses as well as the shareholders.

Mr. M. S. Aney (Berar Representative) : What is the value of the share of this valuable industry ?

Prof. N. G. Ranga : What industry ?

Mr. N. M. Joshi (Nominated Non-Official) : The industry of gas making in this House.

Prof. N. G. Ranga : A special officer was appointed for drafting this measure in the hope that he will advise to the liking of the Government. Unluckily for the Government and quite unusual in the annals and practice of special officers, this particular special officer has produced a tolerably good report.

The Honourable Sir Nripendra Sircar : That was expected.

Prof. N. G. Ranga : I am glad that the Honourable the Law Member has at last expected the right thing at the right time and at the right place. The special officer said that within twelve months after the coming into force of this enactment into law, this managing agency system should go. The Government of India would not agree because it would not suit them. The managing agents are their bosom friends and how can the Government deal such a death blow to this incubus of managing agents. So the Government came forward with a Bill which goes against the report of the committee which was appointed some time ago and which recommended that this managing agency system should be abolished within five years after the law was passed and the Government have come forward with the provision that the managing agency system should be given a further lease of life for 20 years.

The Honourable Sir Nripendra Sircar : No, no.

Prof. N. G. Ranga : Then how many years ?

The Honourable Sir Nripendra Sircar : They suggested 25 years, but after 20 years they can be removed by a special resolution. We have

reduced it now. I am sure my Honourable friend has not read that report.

Prof. N. G. Ranga : I do confess that in spite of my industry I have not been able to read that report, but I am relying for my information upon one or two Members of this Select Committee of which my Honourable friend is the President. Well, it was 25. The Government of India says, "No, we have done better than our committee. We want to get rid of it in 20 years". The thing is that they do not want to get rid of it in 20 years. They give them 20 years' time and thereafter the shareholders may have a chance of having them or continuing them or getting rid of them. But there is a special officer and his report is a more recent one. Why have they dismissed it? Is it not because of their affection for the managing agency system? If my Honourable friend, the Law Member, has always been aware of the efficiency of this managing agency system and the services that it has rendered to our industries and so on, then certainly he should have put in a stronger and abler defence of it than he did the other day. I daresay he will do it later on when he comes to answer the speeches that will be made when this managing agency system will come up for discussion, and I hope I will have an opportunity of answering him again.

But, Sir, the gravamen of my charge is more against this Select Committee than even against this Government. The
1 P.M. Select Committee simply seems to have been persuaded by this Government which is interested in these people. I do not know when the Government has come into a compromise with the millowners and the managing agents, but certainly the Select Committee had no business to barter away the rights of their shareholders as well as of the public. The Select Committee knew only too well what havoc this managing agency system has done in this country. (Interruption by Babu Baijnath Bajoria.) My Honourable friend, Mr. Bajoria, is very impatient. I hope he is not himself a managing agent; if he is one, I can only ask God to save us from such managing agents. (Laughter.) Sir, if the industrial system of this country has made such slow progress as it has done, if the industrial system of this country has not been able to stand on its own feet even in spite of the protection, the unconditional and one-sided protection that has been offered to them, and if the industrial system is not in a position to assure decent living conditions for their workers, it is mostly because of this managing agency system. The sooner it is got rid of the better it is, better not only for this country, not only for the public, not only for the workers, but also for the capitalists themselves. (Sir H. P. Mody : "Rubbish!") Yes, it is all rubbish; the Czar was saying "it is all rubbish", the Russian nobles were saying "it is all rubbish". They were clanking their wine glasses and drinking one another's health when their palaces were being destroyed; and my Honourable friend, Sir Homi Mody, will also be doing the same thing when our chance comes to stop all this. (Laughter.) Therefore, Sir, I hope the House will realise the seriousness of the situation that is created by this managing agency system and will agree with me in condemning it outright and in giving it as early notice as possible so that the country will be saved from it.

There is one other small matter and that is the question of compensation. My Honourable friend, the Law Member, himself has helped me with his argument that usually in the civil Courts in such circumstances,

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when the use for a particular system is considered to have evaporated, no compensation is offered. Then why is this compensation offered here ? Is this managing agency system going to be terminated because of the will and pleasure of the shareholders ? No. It is this Bill which is proposed to be passed that is going to give this particular right to the shareholders. Otherwise they would not have had a chance of getting rid of it in 20 years. And when this law is giving this particular right to the shareholders,—the shareholders who have been so much exploited all these years—why should there be any provision for compensating these people ? If compensation has to be paid,—and I am afraid very many Members of this House are rather very much in love with this idea of compensation,—then I would only suggest for the benefit of the capitalists themselves, that the compensation paid should never exceed 50 per cent. of the salary,—only salary and not other emoluments,—that is liable to be paid to him. I consider that to be a wrong thing to do but even wrong things are liable to be done. I am anxious to get rid of it and would not pay more than 50 per cent. of the salary that would fall due to them. I do not consider that they deserve any payment but if any payment is to be made it must be the minimum possible. (*Mr. B. Das* : “ Ten years ! ”) You fix the number of years. I would leave that to my Honourable friend, *Mr. B. Das*, who rose yesterday as a champion of the managing agency system. Sir, it is rather a pity that one who is not a capitalist should espouse the cause of the capitalists, and one who has no chance of any day becoming a great capitalist should die out of his love for the capitalists ; and that is the plight of my Honourable friend, *Mr. B. Das*. (Laughter.) There are some in England and in every other country who would only do everything to hang on to the apron-strings of Duchesses, and in our country too there are very many who would like to be taken as friends of the rich. And I hope my Honourable friend will soon get out of the Indian Merchants’ Chamber or the Indian Merchants’ Association so that he can go and keep excellent company with his excellent brother Swami in Orissa.

There are the workers. What is to happen to them ? We are not told anything yet. If a company is going to be wound up, then whatever salary and whatever wages are in arrears are to be paid first of all, and then the rest of it should be distributed amongst the shareholders and creditors and all other people. (*Mr. Husenbhai Abdullabhai Laljee* : “ That is the prevailing law. ”) And some conditions are made in order to improve their privileges in that regard. But I am not satisfied with that. Even in the present circumstances when the workers are not powerful, when Government is not for the workers, and when the political parties of the country have not made themselves thoroughly socialistic in their mentality, it is necessary that due provision should be made here. I am suggesting that one-twelfth of the salaries should be reserved for welfare schemes so that one month’s salary may be set aside for the protection and benefit and uplift of the workers, in the course of one year. I learn that in the railways one month’s salary is today being set aside for provident fund and 15 days’ leave is granted to them with full pay and allowances. I want similar privileges to be extended to all the workers employed by all the joint stock companies and I want provident funds also to be organised compulsorily. Of course I would have no objection

tion, subject to that proviso in this transitional stage, to allow workers to contribute a part of their weekly payments that should be made to the provident fund. But a provident fund must be organised ; otherwise the workers cannot be properly protected. I see that my Honourable friend, Mr. Joshi, is not very much pleased with my suggestion that workers might pay some contribution. I stand corrected, because he knows much more about these things than I do and I hope he will give expression to the real needs of the workers and also the best manner in which their interests can be protected in these industries.

To conclude, Sir, I want steps also to be taken to prevent at least non-Britishers from having any more control than they have today over the economic system—I will refer my Honourable friend, the Law Member, to the report of the External Capital Committee : they have made very halting recommendations. It is a very moderate one—there were very many dissenting minutes.....

The Honourable Sir Nripendra Sircar : There is nothing in the Bill about giving any preference to British capitalists.....

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member is giving us more information than there is in the Bill.

Prof. N. G. Ranga : I bow to your ruling, Sir ; but we make our speeches only to help the House with more information than my Honourable friend has thought fit to give us. I want certain steps to be taken to see that the apprentices are properly trained even in companies which come under the control of Europeans—which are under their control now or which may hereafter come under their control. I want steps also to be taken to see that a minimum number of directors are elected who are Indians and a certain amount of control is gained over their management by Indians as well as by the State—by the Indian shareholders as well as the workers. I know only too well that in the Assam tea plantations.....

The Honourable Sir Nripendra Sircar : I thought my Honourable friend said he was concluding.

Prof. N. G. Ranga : Yes, this is all in conclusion. (Laughter.) In the Assam tea plantations, they will not even allow doctors for the Indian workers to go into their plantations—they will not allow any canvassing agents for elections and they will not allow any right to be exercised by the workers there. These plantations are being worked under the Indian Companies Act and therefore every possible step should be taken, every possible avenue for reform should be explored by the State, by my Honourable friend, the Law Member, who in the committee stages has got a tremendous amount of patience. He should try and introduce as many salutary amendments as possible in this Bill and accept as many of my amendments and the amendments given notice of by my Honourable friend, Mr. Paliwal, and several others, and help the public in this country to save themselves from the exploitation that has been carried on and that is likely to be carried on by the managing agency system, and also by the boards of directors of these various joint stock companies that are going to be registered hereafter, and he should also constitute public companies to carry on business in public utilities and key industries.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. Sushil Chandra Sen (Government of India : Nominated Official) : Sir, after the eloquent entertainment which we had at the hands of Prof. Ranga on the principles of Socialism as it should be translated into the Indian Companies Act today, I do not know whether dry questions of law, which I intend to submit before my friends, will attract much attention, but I hope, Sir, they will, in any event, form a detraction.

Sir, I was glad to find yesterday from the speech of my Honourable friend, Pandit Govind Ballabh Pant, that there is hardly any difference of opinion that the present Bill is undoubtedly a considerable advance on the existing provisions of the Act. I was also very glad to find, Sir, that it was recognised that we on this side of the House have at least tried genuinely to remove some of the existing abuses. Where we differ is, Sir, possibly as to the degree to which this Bill should go. It is, after all, a question of degree, and I think on the main principles both sides of the House are agreed.

Sir, with your permission, I shall deal with some of the specific suggestions which have been made by my friends on the opposite side, but before I do so, I crave the indulgence of the House to proceed to enunciate certain main principles which undoubtedly are well-known to my Honourable friends opposite. Sir, a joint stock company is, after all, nothing but a partnership in the glorified sense with a large number of partners, and it is governed by special rules intended to do away with the difficulties of management. In fact, Sir, the whole scheme of the Act is to have a centralised management. It is nothing but a convenient form of working a co-operative business enterprise as Sir Frederic Palmer put it. The normal feature of a company is that the business is carried on by persons chosen on behalf of the partners who for the purposes of the Act are called shareholders. And, lastly, Sir, the most important thing in a joint stock company is, as my Honourable friends are all aware, that every individual member of that corporation runs the risk of being held to be in a minority, and runs the risk of having to acquiesce in the will of the majority, so long as it does not amount to oppression or fraud on the minority. Sir, bearing these principles in mind, I will go on to discuss some of the suggestions which have been made by my Honourable friends opposite, and I think I shall be able to convince my friends that some of the suggestions which have been made undoubtedly in the interests of the individual shareholders can be easily left out for the present. Now, Sir, if we analyse the provisions of the Bill which are really based on a Report which I made some time ago when I was asked to go through the available materials and to make my recommendations as to the desirable amendments of the Act, I think it will be conceded that the main abuses for which remedies were required could be classified under five heads : firstly, the growth of mushroom companies and the checking of fraudulent companies ; secondly, the complaint that shareholders were ignored and kept in the dark by the people in charge of the management ; thirdly, the abuses by the directors ; fourthly, the abuses of the managing agency system ; and lastly, what I may call the non-disclosure of material information to the shareholders.....

Pandit Lakshmi Kanta Maitra : What is the second ?

Mr. Sushil Chandra Sen : The complaint that shareholders were ignored by those in charge of the management as to the affairs of the company.

It was really from that point of view that I made my Report, and for the purposes of my argument, Sir, I will shortly try to analyse the provisions in the Bill which have been adopted and which are intended to remedy these evils. Sir, on the first point, as my friends, who have all analysed the Bill by this time, will find there is firstly clause 52 of the Bill which refers to the stiffening of the provisions of section 137 regarding investigation into the affairs of a company. I think it will be admitted that the provisions of clause 52 are undoubtedly an improvement upon the old section and it undoubtedly gives more latitude for inquiries than it originally did under the Act. Then, Sir, we find the provisions of section 101 of the Act have been considerably altered. It was common knowledge that dishonest company promoters used for the purposes of their own convenience to fix a very nominal sum in the Articles of Association as minimum subscription which enabled them, as soon as the shares for that amount were subscribed, to begin their activities. Once a company commenced its business, there was nothing to prevent it from incurring liabilities, entering into contracts and otherwise acting as a full-fledged corporation. Nobody really looks into the details of the capital, nobody knows or inquires whether a company has started with adequate or with wholly under-capitalised share capital. That, Sir, you will find, has been considerably improved, and now the minimum subscription, although it has been left to the Directors, must provide for certain things which it is essentially necessary for a company to provide before it can legitimately embark on its career.

Then, Sir, we find that bankrupts and other undesirable persons have been prevented from having any hand in the management of the company, and that is to be found in clause 40, which is a new departure. We have in the amended section 130 (brought about by clause 64) provided what, according to me, was a most patent defect in the old legislation as regards the books of accounts. There was nothing in the old law to say what books a company was bound to keep, and that has been now provided in clause 64. Then you come to clause 76D in which the duty has been cast upon the auditors not only to certify the balance sheet and to make their report but also to make a report as to whether the company keeps proper books as provided in the Act. Then we come to the provisions which were badly needed regarding safety of the monies and securities which mushroom companies used to receive and which they used to fritter away without any compunction at all. I refer to section 282B in the Bill under which you will find that proper safeguards have been made for the purpose of preservation of these securities. Taking all these into account I think my Honourable friends opposite will agree with me that so far as the first abuse, if I may be permitted to call it so, was concerned, there has been a genuine attempt to remedy the evil and I have sincere hopes that if it is worked on the proper lines the remedy would soon prove adequate in regard to the abuses for which it was meant.

I now pass on to the second one, namely, the complaint of the shareholders that they were kept in the dark by those in charge of the manage-

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ment. When I examined the materials I came to the conclusion, much to my regret, that the directors did, in the majority of cases, keep the shareholders in the dark. To meet this, the provisions in the Bill which have been made may shortly be referred to as clauses 16, 35, 41, 44, where you will find that access to books giving information as to the lists of shareholders, the directors and managing agents, the contracts in which the directors are concerned, the resolutions passed at the meeting of shareholders, and other relevant matters have been provided for. These informations will now be easily within the access of the shareholders. Then we find that there is a provision for a compulsory report by the auditors and for a profit and loss account and there is a provision for the compulsory circulation of these documents amongst the shareholders, a provision which was, in my opinion, very badly needed. This has been provided for in clauses 65 and 66. Coupled with the provisions of clause 132 which make compulsory provisions for the holding of meetings, I think I can safely say that so far as the inner working of the company is concerned much more details will now be available to the shareholders than there used to be under the old Act.

Well, Sir, I will crave now your leave to dispose of one point which was made by my Honourable friend, Mr. Ananthasayanam Ayyangar, and that is about the auditors being made independent of the management. On first blush it seems a very reasonable proposal, but if you come to analyse it and if you come to see what is wrong with the present system, unless you start with the presumption that the management is, of necessity, a body of thieves and cheats and unless you also presume that the auditor is an impecunious person who depends for his living upon one single audit, I do not think there is any chance of the auditor being coerced or rather suborned into making any report which he does not like. The provisions of the law give him the right of access to all the books and documents. He is under an obligation under law to say whether he had access to them, whether he has got all the information. What, then, is there to prevent him from giving an honest opinion for the use of the shareholders? It may be said that the management will not elect him at the annual general meeting if he goes against them in his report. But may I remind my Honourable friend that it is not the directors who have the right of dismissing him from his post? Under the law it is the majority of the shareholders who have that right, and I cannot believe that if in the interests of the shareholders he makes a report, a genuine report pointing out the defects or the abuses in the management or in the accounts, the shareholders will be so foolhardy as to get rid of anybody who has striven to bring to light things which are undoubtedly in their interests to know. That is one aspect of the thing. The other aspect is, I do not know whether my Honourable friend, Mr. Ayyangar, has thought about it,—the only other alternative that has been suggested in the very numerous opinions that have been received is that a panel of auditors should be made by the Government to whom must be given the right of appointment of auditors from such a panel. The right of appointment would undoubtedly have to be given to the Government or rather the Governor General in Council, and I do not know whether my Honourable friend, Mr. Ayyangar, would like that.

Mr. M. Ananthasayanam Ayyanger (Madras: Ceded Districts and Chittoor: Non-Muhammadian Rural): I suggested a Board of Control or a Board of Trade.

Mr. Sushil Chandra Sen: I am obliged to my Honourable friend, but he knows that in this country there is no Board of Trade or any other board which can take its place.

Mr. M. Ananthasayanam Ayyanger: Or a Board of Accountancy.

Mr. Sushil Chandra Sen: Under the present system, the Board of Accountancy deals with the fixing of the qualifications and the grant of certificates. Possibly, by stretching it might even be asked to provide for the cancellation of a certificate of competency, but that is about all. How does my Honourable friend suggest that the Board of Accountancy could be asked to nominate persons to act as auditors? Which is the better course? To leave it to such a body, who are not aware of the needs and the problems arising in the company or to leave it to the shareholders who, as I have pointed out, it is most unexpected would be ever willing to give the go by to the services of a man who has striven to serve them by disclosing the abuses and defects of the management?

Mr. S. Satyamurti (Madras City: Non-Muhammadian Urban): May I ask a question of my Honourable friend? Have Government examined the suggestion which I read in the evidence, that managing agents should be prohibited from canvassing by obtaining proxies and otherwise, for the appointment of a particular set of men as auditors?

Mr. Sushil Chandra Sen: I did look into that, but I am told that the Leader of the House will deal with this aspect of the question and I will accordingly not try to answer my Honourable friend. But let me assure my friend that there is a good answer to the suggestion. The suggestion is impracticable.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): May I ask one question of the Honourable Member? Is he satisfied personally that the auditors at present discharge their duties efficiently?

Mr. Sushil Chandra Sen: Yes. In the majority of cases.

An Honourable Member: What about the minority?

Mr. Sushil Chandra Sen: I will come to the question of minority. My Honourable friend cannot forget that in trying to put down the abuses in the minority of cases he may be doing the greatest injury to the majority.

I now come to the question of the third abuse, that is, the abuse of the directors. The provisions in the Bill which have striven to remedy the defects as they were noticed are these. Firstly, there is clause 37 which prevents a company from having a packed body of directors, clause 40 which provides for their removal by an extraordinary resolution, section 86-D, which prevents the giving of loans or guarantees to these directors. We then come to section 86-E which provides for restrictions on the holding of offices of profit under the company and clause 86-G which provides for the automatic vacating of the directors. Last but not the least is clause 44 which provides for the keeping of a register of contracts which are hit under the provisions of section 91-A.

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Now, Sir, with your leave, I will in this connection deal with one question which was touched by my Honourable friend, Mr. Pant. That is the question as to whether the provisions of clause 37 of the Bill are sufficient. He was candid enough to say that in his opinion the percentage of the directors who should be elected by the shareholders should be two thirds and not one third as it is. Now, if you analyse the matter, what are the provisions of clause 37. Clause 37 in the first place says that the managing agents' power of nomination of directors is limited to one third. It also provides that one third of the number of directors must be elected by the shareholders. I am for the moment not troubling about the mode of election, whether it is to be by a general meeting or by nomination by the shareholders or by different groups of shareholders. As my friends, the Honourable Mr. Pant and Mr. Satyamurti, know, the proportion was fixed after a good deal of discussions by the Select Committee and the conclusion that that one third should be left without being earmarked for any particular group was arrived at for the purpose mainly of enabling special directors to be appointed under certain Acts. This was explained by the Honourable the Leader of the House yesterday. Take it from this point of view, if there are directors who under the local statutes or under the particular arrangements with financiers like debenture holders, it is the only bloc from which they can come in but assume for the sake of argument that there is a company in which there is no provision for debenture holders to nominate them and no provisions by any Local Government or authority to nominate directors. How is this one third to be filled up? From where? Not from the managing agents because there is a rigid limitation as regards their rights of nomination. They cannot nominate more than one third in any event. Therefore by process of elimination, that one third must go to the shareholders. Therefore, in effect, except in those cases where by arrangements with debenture holders whose money the company employs in its business or under statutes by which local authorities are granted, the right to nominate directors, the remaining one third is also available for the election of shareholders. Thus in substance I submit that the shareholders only can fill up the remaining 1/3rd from the shareholders. In effect, I think that except in the few cases in which the company is by reason of its commitments or by reason of any statute bound to let in directors to represent certain interests, every company will have the opportunity of having two thirds of its total number filled up from the shareholders.

I will now come to what my Honourable friend, Pandit Pant, was candid enough to say was a revolutionary suggestion. I mean the suggestion for what has been stated by him as election of directors by the right of proportional representation. Sir, I wonder if the exact purport of this phrase has been realised but if I am not mistaken, what my Honourable friend, Pandit Pant, says is this. Under the present system, the election of directors is by the principle of majority. Any group of shareholders who contrive to get a majority, by any permutation or combination, can utilise the majority in electing the directors. Now Pandit Pant says this will enable one single shareholder or for the matter of that a bloc of shareholders who have combined for the purpose to get all their nominees in to the exclusion of the minority and this he says is an unjustifiable hardship which has got to be remedied. The remedy suggested by him is this, that the minority must be provided for, i.e., they must be allowed to have

their own representatives on the Board in proportion to the capital held by them. But may I remind him that that is against the fundamental principles underlying joint stock companies where every shareholder or every group of shareholders who are in a minority stand the risk of having to acquiesce in the wishes of the majority so long as it does not amount to any oppression or fraud on them. That is the fundamental notion of a joint stock company.

An Honourable Member : That is a wrong notion. Shareholders suffer.

Mr. Sushil Chandra Sen : Sir, opinions differ and I think the least that can be said is that up till now the existing principle has not been objected to seriously in India or in England where it has been in vogue for a good long time. Now, let us look at the suggestion which has been made from the practical point of view. How is it going to be worked? Who is to determine the minority? How is it to be reckoned, because there are permutations and combinations, which cannot be found out until the result of the elections are out? What I mean is this. Supposing A, B, C and D are up for election as directors, you may have one group supporting A, you may have another group supporting B but there may be permutation and combinations, who would support C and D. There would thus be no standing minority which you can point to, which is being ignored. (*An Honourable Member :* "There is.") In my humble submission, so far as I have been able to follow it is impossible to determine any particular group which can be called a minority, unless it is a combine for the purpose of ousting or measuring its forces against another combine, all through.

Babu Baijnath Bajoria : Is the Honourable Member aware that the system of proportional representation was followed in the Reserve Bank election of Directors.

Mr. Sushil Chandra Sen : I am ; but we do not know how it will work. It has been in use for a very short time and it will be injudicious to act upon it as a precedent. Then again if you have got to divide the shareholders into groups of minority and provide for representation for each group, it may lead to the adoption of that principle which has been described by my Honourable friends opposite as a pernicious principle which may ultimately land you in making provision for different communities, on a communal basis.

Mr. S. Satyamurti : We would only thereby be following the Government.

Mr. Sushil Chandra Sen : Sir, I do not think even my friend,
 3 P.M. **Mr. Satyamurti,** want specific provisions to be made for specific minorities. (*Voices :* "No, no.") Well, then, Sir, I think we are on common ground. Then, again, Sir, my friend, if he follows up his suggestions logically, will have to provide for votes for every class of shareholders who contribute to the capital. Now it is well-known that there is a certain class of shareholders, namely, the preference shareholders who, under their own arrangement with the Company, are not entitled to any vote, and for good reasons. The preference shareholder runs no risk, he gets his dividend whether the company is making a profit or not ; if he does not get it in one year, it is cumulative, he gets it in another year ; and there is therefore good reason for depriving him of the right to interfere in the management when he takes no risk. Now what-

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is to happen to those classes of shareholders? Should they, by the suggestions which my Honourable friend makes, be also entitled to votes?

Mr. B. Satyamurti : They get no votes, *ex hypothesi*.

Mr. Sushil Chandra Sen : But I thought the proportionate representation was to be calculated according to the proportion of the capital that you contribute. (Voices : "No, no.") It is quite possible that I am dense enough not to understand it but that is how it struck me and most of us.

Pandit Govind Ballabh Pant (Rohilkund and Kumaon Divisions ; Non-Muhammadian Rural) : A man may sometimes not understand a thing without being dense.

Mr. Sushil Chandra Sen : The last point which struck me and which I think is also a point against this suggestion is that under the present law, supposing there are five persons seeking election, every individual shareholder has the option of exercising his vote five times. If my Honourable friend's suggestion is carried into effect, certainly that right of vote will be curtailed. If you want proportionate representation, the shareholder will not be allowed to vote in the case of all the candidates. That certainly is not justifiable. (Interruptions.) Sir, if I am mistaken as my Honourable friend, Mr. Pant, says—I will pause during the course of the amendments to hear as to what exactly my Honourable friend means. I will only deal with another suggestion in this connection of my Honourable friend, Pandit Govind Ballabh Pant, and that is the suggestion about the disclosure of the dealings of the directors with the shares of the company. Sir, this is not a new suggestion. It was examined along with the materials which were placed before me for examination and I had occasion to go into it, and if I may refer my Honourable friend to the report at pages 15 and 16, it will give my Honourable friends the reasons why any possible legislation on those lines has not been recommended by me. If I may recapitulate them, first of all, if there was any dishonest director who wanted to utilise the informations of the inner working of the company in order to dabble in shares, nothing would be easier for him than to resort to a nominee to carry on for him, and, no law could possibly prevent such a procedure, unless there was a bureau like the C. I. D. in every company to find out if any person who is operating on the Stock Exchange is a nominee or not, of any director.

Pandit Govind Ballabh Pant : Is there anything to prevent nominee from receiving a loan from the company for the benefit of the director and negotiating a promissory note in his own name?

Mr. Sushil Chandra Sen : Sir, I know some of my Honourable friends have put in an amendment which deals with the question of a direct or indirect loan to the director. That will be dealt with it at the proper moment. But that struck me as the principal objection to having a legislation of the nature suggested by my Honourable friends. The other thing which I think is rather reprehensible is this. Why should you presume that the directors, or even any one of them, are dishonest people, people who are oblivious of the trust which the shareholders have imposed in them?

Pandit Govind Ballabh Pant : Because you have said so in your report.

Mr. Sushil Chandra Sen : If my friend will turn to my report, he will find the answer to the suggestions which were made and the reasons which prompted me not to make any recommendations in that behalf. Then we come to the provisions of the Bill regarding managing agents. Sir, I will not purport to deal with the main question about the period of the managing agency. As the Honourable the Leader of the House intimated, he will go into this question at length, and from the facts and figures which he proposes to place before you, the House will be in a position to judge whether the provisions in the Bill putting the existing managing agents and the new managing agents on the same basis are justified or not.

Pandit Govind Ballabh Pant : What do you think ?

Mr. Sushil Chandra Sen : Sir, my view on the materials which were then before me is set out in the report. However, I do not think I will be drawn into this controversy as regards whether my view has changed. Undoubtedly it has.

Pandit Govind Ballabh Pant : Why ?

Mr. Sushil Chandra Sen : Because of the materials now available to me.

Mr. S. Satyamurti : What are they ?

Mr. Sushil Chandra Sen : They will be found in the seventeen volumes of the opinions which are available to my Honourable friend.

Mr. S. Satyamurti : I have seen them.

Mr. Sushil Chandra Sen : But apart from that question, let us see if in the Bill an attempt has been made to tackle the question of such abuses as have been found to exist in the system of managing agencies. Sir, I would refer Honourable Members first to clause 48, which provides for disclosure of the managing agent, his contract and his remuneration in the prospectus. I am beginning from the first stage, the formation of the company. Then, Sir, in clause 41 we have provided for the disclosures of the constitution of the managing agents, the changes, and the dates. In clause 41, by section 87-A, the much-abused clause, we have certainly put a limitation upon the unlimited periods for which managing agents used to be appointed in former times. In clause 87-B we have provided for the removal of the managing agent for fraud and other offences. Then, Sir, in clause 67 full disclosure of the remuneration which the managing agent gets has been made available to the shareholders ; and in clause 87-C, there is the limitation about the remuneration of managing agents, certainly of those who will be appointed hereafter, *viz.*, that they will be appointed on a remuneration which must be calculated on the basis of a percentage of the profits. Sir, these are matters which I think even the most cynical of all critics will say is a considerable advance upon what the law has been up to now. Sir, the last point on which I would like to touch is about the balance sheet and what further disclosures have been made in the interests of the shareholders. Provisions have been made so as to disclose much more information than used to be disclosed under the old legislation. I refer to clauses 65, 66, 67 and 68 and I also refer to clause 69 which provides a very rigid penalty in the event of the proper provisions not being observed.

Sir, these are the main features of the Act. But there are undoubtedly a large number of minor alterations, minor in the sense that they are not matters involving any principle but they are certainly improvements which were required as a result of the experience obtained during the last 23

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years that the old Act was in existence. The cumulative effect of these minor alterations is also very considerable and I think my Honourable friends opposite will also find that as a result of the introduction of these minor alterations, as I call them, the general tenor of the Act has been considerably modified and modified for the benefit of the investors and the shareholders. Sir, I do not want to talk about the banking sections beyond saying that two of the much-needed reforms in the case of the small indigenous banking companies, namely, the keeping of reserves and cash reserves, has been provided for in the statute. Sir, I can say with some amount of experience of small banks in the province from which I come and I had occasion to deal with one hundred if not more of these banks which were on the verge of insolvency, and the main reasons, when investigated, were that these banks, which were very flourishing and which used to declare dividends ranging from 50 per cent. to 25 per cent. in days gone by, had no system of keeping reserves or cash reserves with the result that, when the rainy days came, they came almost to the verge of bankruptcy. These provisions, coupled with the provision of something in the nature of a moratorium which is in the discretion of the Courts to grant in proper cases, affords remedies which were much needed. Lastly, Sir, I come to section 277, over which a good deal of controversy has been raised. I find in the speech which my honourable and esteemed friend, Pandit Pant, delivered yesterday that he wanted the principle of reciprocity to be followed. That is natural. He wants the foreign companies to observe the same law as is provided for companies in our own country and he especially referred to the provisions of the English statute, section 374. What was pointed out that section 374 of the English Act should be incorporated *en bloc* in the provisions of the Indian statute. But, Sir, that would be unworkable for these reasons. Form F, in our Act which our companies have got to comply with, is not to be found in England. There is no such form there. There are certain sections which provide for disclosures on certain matters with regard to the accounts. Most of them were tried to be incorporated in the Form "H" which was provided in the Bill. Besides that, it has been rightly pointed out by some of the largest companies doing business in India like the Lloyds Bank, the National City Bank of New York and the Standard Vacuum Oil Company who have extensive branches in India, that the form of the balance-sheet which they have got to fill in their own country is entirely different. It contains informations which are not of the slightest importance to the Indian customers. It has also been rightly pointed out and I have no doubt my Honourable friends have gone into their representations that it will be well-nigh impossible from the point of view of labour, money and trouble to try and comply with these forms for their entire business. It was for this reason that the provisions in section 277, as they now appear, had to be re-drafted. But if my Honourable friends can offer any suggestions to the Leader of the House which can meet with their objections and at the same time keep in view the spirit which my Honourable friend, Pandit Pant, strives for, I have no doubt that they will be considered on the floor of the House. That is practically all that I have got to say on the question of this Bill. Sir, I would make an appeal to my Honourable friends opposite before I resume my seat. I would ask them to take stock dispassionately of what has been done in the Bill. Are they not satisfied that there is a considerable advance on the law as it stood before? Are

they not satisfied that a genuine attempt has been made to tackle with the problems which confronted those in charge of the legislation? I quite admit that there may be individual cases which have not been provided for in the Act, but I think my friends will agree that we should not try to legislate for individual cases lest we might injure the interests of the majority. Let us tighten the provisions but let us not strangle the institution. That is the point of view from which they should look at this piece of legislation. Let us not squabble about trivial points but I agree that with regard to major points we must all unite and try to find out the best that we can. With these remarks I commend the Bill, subject to any reasonable suggestions, to my Honourable friends opposite. (Loud Applause.)

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division : Muhammadan Rural) : Sir, it will be agreed by all that this amendment of the Act has come in right time and it will also be agreed that the labours, that have been spent by the Government Benchers and especially by the Leader of the House and his eminent assistant who has just addressed the House, have been real, and that they have done their best. From the opinions that we have had and which have been circulated to us, I am sure we may safely say that an honest and hard attempt has been made to meet the difficulties and to avoid as many frauds as could possibly be done.

Now, Sir, there is no doubt that in our country limited liability companies are increasing and I, for my part, welcome that move. Not only that, but I do believe that all Indians ought to welcome that. It is in the interests of the country, it is in the interests of the investors and it is in the interests of all those who are engaged in industries. The great need of this country is to industrialise as soon as possible. We were once industrial people, but we are now almost an agriculturist people. We import everything, and all our raw produce is being sent out and brought back again, and the only solution for our safety now is to industrialise as fast as possible. Every country is attempting to industrialise, and every country is trying its level best to stop the imports from outside. If we are in this position, I wish to ask one simple question whether the trotting out of the theory of the consumers' interests does not cover also the interests of the agriculturists and labouring classes? Who are, after all, interested in the industries? Agriculturists, because of the raw produce they are interested in. Labour certainly are interested and, above all, the greatest consumers are the agriculturists and the labouring classes.

Now, Sir, recently we have been trying our best to industrialise, but it is also a fact that for the last 60 or 70 years we have attempted to industrialise and that attempt has been due to, what my Honourable friends would call, the managing agency system, and nothing else. I ask in all earnestness the Honourable Members of the House to point out to this House a single important industry which has been developed in this country without the aid of the managing agency system. The textile industry has been developed by the managing agency system. The jute industry has been developed by the managing agency system, the coal industry and almost all the important industries. Therefore, it is certain that up to now they have done some service certainly to themselves and also to the country. I am not a managing agent of any limited concern, and I am not even a director of any textile company. I know very well,

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and I sympathise fully with many here, that there are and there have been managing agents who have not acted as they ought to have. Above all, we cannot forget that it is due to the managing agency in the first instance putting in their moneys that the public come forward to contribute their mite. As the Honourable the Leader of the House pointed out there has always been the prospectus and everybody wishes to invest and before doing so the investor has to look into the prospectus. I am very sorry that my Honourable friend, Mr. Sri Prakasa, said the other day that he lost over Rs. 40,000 in one instance. But, in all fairness, I ask him and I ask everybody that if he were to invest Rs. 5,000 in any business, would he not take care to enquire into the soundness of the concern, and if he chooses to be careless, surely the whole system ought not to be condemned for that. When I say this, let me tell you frankly that we do need, and this Bill is providing for that long felt need of improvements in our managing agency system. I give credit to the Bombay Shareholders Association which came into existence about eight years ago. I wish there were such associations in all parts of the country. I do wish that shareholders do take interest in their own affairs, and, above all, as my Honourable friend, the previous speaker, has said, you must concede that, in any business and in any undertaking, the majority voice must prevail.

I do not wish to go into details of what my Honourable friends on this side of the House want about auditors. I am not going to be a party to any business of that kind, and, in the industrial affairs of the country, to make separate interests and thereby bring in all sorts of representation of interests is not good, because, after all, we have to remember that even though we will do our level best to industrialise ourselves, there is going to be keen competition, and that competition is at our very doors, and unless and until unity prevails in all the interests, you are not going to be successful in your enterprise.

Sir, it has been said on the floor of the House and a lot outside as well with regard to the textile industry of my City. The textile industry in my City has been there for over sixty years or more. I ask in all earnestness whether a single prosecution of any importance has taken place in any law Court with regard to mismanagement of that textile industry in Bombay. Is there any instance brought forward in Ahmedabad? I congratulate the Leader of the House in acknowledging the advantages of the managing agency system in Ahmedabad. I say, Sir, that the same thing existed in Bombay for a number of years, and even now there are concerns of which everybody could be proud. It has been said by my Honourable friend representing socialist views that the Bombay mill-owners had brought in slums to the City. I remember very well my very old father saying that, before Bombay had mill industry, the population was only five to six lakhs, whereas the present population is 12½ lakhs. The municipal revenues were then only 80 lakhs, whereas now they are 5.75 lakhs. At that time, there was no free and compulsory education; whereas, at present, we are spending 42 lakhs on that branch. It is also a fact that we have a number of *chawls*, and I do admit that a lot of improvement is necessary. But it must be conceded that if the mill industry in Bombay has come to trouble, it is not due to the managing agency system.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

We have had no doubt strikes. I do not deny that. Labour has the right to strike. But the result of all that is—I am open to correction by my Honourable friend, Mr. Joshi,—that the millowners of Bombay pay their labour the highest that any employer of labour pays in any part of India.

Mr. N. M. Joshi : No, it is not true. Ahmedabad pays the highest.

Mr. Husenbhai Abdullabhai Laljee : There is none or very little difference between the wages paid in Bombay and those paid in Ahmedabad.

I also wish to point out another thing. There was a great world depression. Even Great Britain, the master of industries,—what was her condition? Even if Great Britain could not withstand the world depression, how do you expect Bombay to face it? Is that fair, therefore, to blame managing agents? I, as a shareholder, have bitterly suffered. I have got shares which I purchased in ordinary times, not during speculation, for three lakhs, and they are now worth not more than Rs. 300. I do not blame the managing agency system for this great fall in the value of my shares. It is due to world depression and also to some extent to the political movement that we had in Bombay during 1930 and 1931.

Pandit Lakshmi Kanta Maitra : Do you attribute that to the Civil Disobedience Movement?

Mr. Husenbhai Abdullabhai Laljee : I do not attribute solely to the political movement. The world causes also contributed to that. But the political movement also was one of the causes for the fall in the price of shares. I will tell my Honourable friends from Bengal that now that the Bengalis are developing the textile industry unless and until they have a good managing agency system, they will not get any benefit or profit out of the industry. The banks in this country will not lend to the mills alone. It is a fact. The managing agents who are solvent, who are supposed to be solvent (Laughter)—I do not say that everybody is solvent—please remember that the banks will not advance a farthing unless and until you get a managing agent to give personal security. Without money, you cannot develop the industry. I know eminent scientists, brilliant economists who all want to float companies. They are competent to do so, but neither you nor I will give a single pie and take a single share of that company unless and until some multi-millionaire or one known to be multi-millionaire comes forward as the managing agent of that concern or a director of that concern. These are facts between ourselves which we must admit. I ask in all earnestness another question. Is there a single industry which has been floated by an individual without a managing agent or an eminent person on the board? We have that mentality there. The facts are there, and, furthermore, the conservative banking system is there. Sir, one of the greatest managing agents company in Bombay, owning 13 mills, came to trouble a few years ago. (*Prof. N. G. Ranga :* "Why?") I am coming to the reason. It is not the managing agency. That firm was in existence for 65 years and paid crores of rupees as dividends. And why did they fail? At the time they had one mill, at the time they had six mills, they were giving a dividend of 12 per cent. Unfortunately for them they went in for more mills. At that time, there was a crisis in the mill industry of other countries and they thought the information they gathered would be of help to them. Being rich they took up another six mills in the interests of the country, in the interests

[Mr. Huseinbhai Abdullabhai Laljee.]

of the working classes and in their own interests. All that they were worth they put in these concerns. The world depression went on, they could not help it. A few banks which used to lend them 20, 30, 40 lakhs or a crore at a time all of a sudden demanded four crores, and three and two crores, and nobody came forward to help them. They lost all their four crores of rupees and their 13 mills. The name of that company I am quite prepared to disclose, and they were Currimbhoy Ibrahim and Co. It was not their fault, and the blame could not be due to the managing agency system against whom, I am sorry to see, a general allegation has been made all over. I may point out one thing more. It is not only the managing agents upon whom the shareholders subscribe; it is also the board of directors. It is well known in the share bazar, it is well known in certain circles. You do not find anybody buying these shares and the poor shareholders, when they find that a large number of shares have been subscribed, go in for it. I do blame many of the directors, and I do feel that even in the present Bill sufficient provision has not been made with regard to the responsibilities of directors. I welcome the proposal that the shareholders should have two-thirds directors to appoint, but remember that it must be that the majority will rule, and specially in concerns of an industrial nature. Sir, some of my friends have said that the managing agents have been taking away all the profits. I am speaking subject to correction by my Honourable friend, Sir Homi Mody, but in the course of the last 10 or 12 years I believe most, if not all the mills in Bombay, have changed their Articles of Association and put down their commission on the profit basis. Not only that, but that industry and many other industries are likely to fail if the people of the country will not think that there is need for capital and there is need for labour, and that the interest of capital is not the interest of the people. It is on these grounds that it is you who are responsible for not getting the help from Government that we are entitled to. My friends here made speeches from which you can see very well that there are only two alternatives; either not have any industry, or, if you have industries, nationalise everything. But I do believe that none of those gentlemen who preached that sincerely believed that. We do want industries to flourish and it is in the interest of the country, of capitalists and of labour and of agriculturists and of one and all to do all we can in the best way so as not to be obstructive in that development. It is only that point on which I feel duty bound and feel sincerely that I should draw the attention of my Honourable friends. I quite agree with many of the remarks that my Honourable friend, Mr. Pant, made that a lot of improvements are necessary. A good deal of improvements have been proposed in this Bill, and I do feel that, when we come to the clauses, we shall certainly look into the merits. But, after all is said and done, I do hope and trust that my Honourable friends will admit that the managing agency system is not so bad as has been described. With regard to the managing agency, I wish to draw the attention of this House to one important question, and that is this. You may do away with it, but a managing agency in most cases is a firm. I know that in most cases it does happen that a son succeeds his father, and for that reason I do not like that system entirely. But if it were a firm in which those who have been working in the interests of the firm, those who

have been working in the mills, those who have been working in the factories, are included from time to time as partners, and if these people succeed in the firm as partners, it is that experienced management which we require. If it is a firm, it will always carry that weight with the banking world that it deserves. I do feel that up to now a large number of industrial concerns have not the public money, but group money either of the managing agents or of the directors. Therefore, again, unless and until the public come forward with a majority of subscribed capital into the affairs, you cannot insist upon having a managing director, because he must have money. Who is going to lend to one individual, and how is the managing director going to guarantee a bank? It would not work; and, therefore, if you have firms, and in the firms if you take partners who have been working in the concern, and if the shareholders take pretty good care to see that in the constitution of the managing agents in their general meetings they make rules by which every one of the partners of the firm should be such persons who have got experience of the working of the firm, I am sure the managing agency system will not be unsuccessful. We have instances in India of many good English firms and European firms in which the partners have not been members of the family, but persons who have risen from the lowest ranks and have become the greatest men. Take, for instance, Messrs. Mackinnon Mackenzie and Co. My old father said that Mr. James Mackay, when he first came to Bombay, came as an employee on Rs. 350 a month; and, afterwards, he rose to be no less a person than Lord Inchcape, the Managing Director of the P. & O. and the B. I. Steam Navigation Company, one of the largest combines in shipping and holding a large number of coal, jute and other interests. Therefore, my appeal is that we ought to consider the position in that way, and we ought to make our move in that direction if we really wish that our country should industrialise as soon as possible.

Seth Govind Das (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I also rise to make a few remarks on this Bill. The Honourable Mr. Sen, in his praise of this Bill, entirely forgot the great omissions which are there. When he said that the present Bill is an improvement on the existing Companies Act, I agree with him. But if he thinks that only individual instances or amendments or improvements are left, I do not agree.

At the very outset, I want to mention that, as far as the present Bill goes, there is very little that is objectionable in it: but, Sir, it does not go far enough. When this Bill deals with the entire law relating to companies, it should have gone still further into many details into which it has not gone. All the industries in any country cannot be dealt with in one and the same Bill. My Honourable friend, Mr. Ranga, was referring to key industries and to public utility industries, and I also want to mention that this Bill is entirely silent as far as these industries are concerned. When this Bill was dealing with the whole question, it should have dealt with matters relating to these industries as well. There is no denying the fact that every country has key industries and every country has public utility industries, and it is really surprising that this Bill is absolutely silent as far as these industries go.....

The Honourable Sir Nripendra Sircar: It is silent about every industry.

Seth Govind Das : It is ; but it should not have been. There are two kinds of industries—one, ordinary industries, and the other specific industries, that is key industries as well as public utility industries ; and this Bill should have gone into this question. Fortunately in our country today no vested interests are created in most of the key industries and most of the public utility industries, and this was the most opportune time when this Bill should have proposed some legislation as far as the key industries and public utility industries are concerned. Let it not be said that we are advocating any novel principle. The key industries and public utility industries have been dealt with in a different way in many countries, like France, Germany, Italy, Japan and others. This is necessary both for the national development as well as in the interests of the consumers. This can be done if proper amendments are introduced in this Bill in defining the industries and adding schedules, and I hope my friend, Prof. Ranga, is thinking of giving notices of certain amendments to that effect.

As far as the clauses in the present Bill go, it seems that, the main object of this Bill has been to control the managing agencies and the promoters of various companies in this country. Much has been said here in favour of managing agencies and against them. Everything in this world has got both sides, good and bad : there is nothing which can be entirely praised or anything which can be totally condemned. My Honourable friend, Mr. Husenbhai Laljee, when he was just speaking, was saying that the managing agency is praiseworthy in 99 out of 100 cases : at least, that was the effect his speech produced on me. I am not entirely in favour of condemning the system ; but at the same time, I want to point out that it cannot be said that there are not evils and great evils in this system. Though this system does not exist anywhere else in the world, except in India, yet in this country too it was first introduced by the foreign exploiters. Long before the year 1882 when there were no indigenous joint stock companies, our foreign exploiters were trading in this country with their head offices in foreign lands and their agents who were looking after their business in this country were called managing agents. This was the case when the tea and jute industries were being usurped by the foreigners. Later on, our own capitalists also began to work in the same way. I do not deny that our industrial organisation has been pushed up much by the managing agents like Sir Jamshedjee Tata and others like him, whose names will be written in golden letters in the industrial history of our land ; but at the same time, I cannot deny the other fact as well which has come into light in recent years, that evils and great evils have cropped up into this system. When my Honourable friend, Mr. Husenbhai Laljee, was praising this system, I think he entirely forgot what has been pointed out about this system by so many industrial experts. In this respect, Sir, I shall here read a passage from the report of the Banking Enquiry Committee. At page 279 of the Majority Report, it is said :

“ Although the Managing Agency system is reported to have done a great deal for the industrial development of Bombay, it is admitted that it is not by any means a perfect arrangement but has many serious drawbacks..... ”

Mr. Husenbhai Abdullabhai Laljee : I never said no.

Seth Govind Das :

“ There have been cases where the Managing Agents have, besides managing their own mills, traded and speculated and the resulting weakness in their position has

reacted on the financial position of the mills themselves and led to the banks withdrawing cash credits even when the mills were intrinsically sound, merely because the Managing Agents had become weak. Further, although it is true that in times of crisis such as Bombay has been going through, Managing Agents have incurred extensive losses as a direct result of financing the Mills under their control, there have been a few cases in which these Agents have turned their loans to the mills into debentures, with the result that the concerns have passed into their hands and the shareholders have lost all their capital invested in the undertaking. It has also been pointed out that this Managing Agency system works well when everything goes on smoothly and when the industries are prosperous. During these periods of prosperity if more money is required by the industrial concerns, the Managing Agents may very often continue to supply the money themselves to a considerable degree. Later on, however, when conditions alter and the industry or the particular concern comes up against bad times and the Managing Agents find themselves compelled to find more money to support the industry, it is found that they are not able in all cases to cope with the requirements."

Mr. Husenbhai Abdullabhai Laljee : Quite right.

Seth Govind Das : At any rate, the speech which the Honourable Member made did not point out the defects of this system ; on the other hand, it gave me the impression that he was entirely praising it.

Mr. Husenbhai Abdullabhai Laljee : But I do want improvements.

Seth Govind Das : Now, Sir, the improvements which have been suggested in the present Bill are, according to some opinions, adequate, while those improvements, according to others, are not at all adequate, I am one of those,—I may say here that I am also a managing agent of certain concerns,—who think that the improvements which are suggested in the present Bill are not adequate enough. In my opinion, Sir, if the managing agency system wants to exist, it should of its own accord invite these improvements, because, Sir, what the people want at present is not the total abolition of this system, though I admit some might advocate it,—but what the majority of the people want is that shareholders should have larger control on managing agency, and if any managing agency is doing its work properly, it certainly cannot have any grudge or objection to the shareholders exercising larger control over it.

Sir, it is proposed that the time for a managing agency should be curtailed. It is proposed that 20 years should be given to managing agents who come into existence after this Act is passed. For the managing agencies which are already in existence the Honourable the Deputy Leader of my Party is going to move an amendment which I think should be acceptable to the House. The people who are interested in the managing agency system should themselves come forward and say that even if a lesser time is given they have no objection, because if their work is really good, I am absolutely certain that, in spite of their contract, they will be given more time and their contracts will be renewed.

Another point raised referred to the appointment of Directors. It is said that one-third of the Directors should be appointed by shareholders, one-third by the managing agents and one-third by debenture holders, preference shareholders and others. In my opinion, the managing agents should not have any objection even if all the Directors are appointed by the shareholders. If one or two persons on behalf of the managing agency are on the Board, and if the managing agents are doing really good work for the benefit of the shareholders, I cannot understand what objection any managing agency can possibly have even if all the Directors are appointed by the shareholders.

[Seth Govind Das.]

Similarly, Sir, a lot is being said about disclosing certain facts to shareholders. If the work of the managing agents is clean and above suspicion, I cannot understand what objection can they possibly have to disclose what the shareholders want to know. After all shareholders are masters and managing agents are their servants. When the servants want to keep the whole power in their own hands and work as masters, and not as servants, then the trouble always crops up. My Honourable friend, Mr. Sri Prakasa, whispered just now, that the managing agency system has become just like the bureaucratic Government of this country. I mostly agree with him.

I have read certain opinions on the present Bill, and I find in some of them that people think that this legislation is premature. In my opinion, Sir, it is not so. It was in 1929 that the last Companies Amendment Act was enacted in England. A demand for reform of our company law has been going on for a very long time. When Sir C. P. Ramaswami Aiyar was Commerce Member for a short period,—I think it was in 1932—an assurance was given by the Government that they would introduce some kind of legislation to improve the company law of this land. Sir Joseph Bhore when he was Commerce Member was engaged in other things and so he could not introduce this legislation, and it is fortunate that this piece of legislation has after all been introduced in this House.

Before I sit down I want to make one or two more points clear. It is somewhat supervising, Sir, that we find discrimination even in the present Bill. In clause 5 we find it is stated that, "Except with the previous consent in writing of the Governor General in Council, no company shall be registered by a name which contains any of the following words....." and in these words there are—"the Bank of Bengal, the Bank of Madras and the Bank of Bombay". Now, these three banks are not in existence at present. I would like to ask the Honourable the Law Member what is the reason of prohibiting any concern from using any of these names if it wants.

The Honourable Sir Nripendra Sircar : The objection is this. If somebody starts a concern under the name of the Bank of Bengal today, people may be misled and may take it for a continuation of the old Bank of Bengal.

Seth Govind Das : I think people are wise enough, and I don't think they will be misled.

The Honourable Sir Nripendra Sircar : Yet it is said shareholders are fools ; they cannot protect themselves.

Seth Govind Das : I cannot agree with you in this respect.

The Honourable Sir Nripendra Sircar : I am glad.

Seth Govind Das : We know, Sir, to whom permission for using the other prohibited words will be given by the Governor General as the Government of India is constituted today, and, therefore, I want that this clause of the Bill should be deleted. Now, there is under clause, clause 109, section 277 of the existing Act, in which it is said that certain companies which are incor-

ported outside India and which are doing business in this country will be exempt from filing the balance sheet accounts, etc., in the way in which Indian companies are required to do. I cannot understand this discrimination. If the foreign concerns are carrying on their business in this country, in my opinion, they should be asked to file the same kind of balance sheets and keep their account books in the same way as the companies of this land are required to do, and I propose that there should be an improvement in this respect also.

Mr. M. Ananthasayanam Ayyangar : What about the control ?

Mr. Husenbhai Abdullabhai Laljee : What about the large deposits they take from the people.

Seth Govind Das : I agree with the Honourable Members and therefore I propose that there should not be any discrimination. Every legislation is bound to leave certain loopholes and these loopholes are taken advantage of by the undesirables. When the Honourable Mr. Sen was speaking, it was pointed out that we should have some sort of separate department which should be created to look after the working of the joint stock companies.

The Honourable Sir Nripendra Sircar : I am glad to see your faith in the Government. (Laughter.)

Seth Govind Das : I do not mean that it should be an entirely Government body. It should be a non-official body at the same time ; it should have representatives from the non-official institutions as well. I never meant it should be a Government body and I do not know how the Honourable the Law Member can come to the conclusion that I have entire faith in the Government.

The Honourable Sir Nripendra Sircar : You have some faith. (Laughter.)

Seth Govind Das : There should be some control over the working of the joint stock companies of this land. In conclusion I want to add one more thing. My Deputy Leader, Pandit Govind Ballabh Pant, had suggested a revolutionary change, according to him, in the election of Directors. The Honourable Mr. Sen has said, how will the minority be represented on the Board of Directors even if they are elected by the single non-transferable vote. Now, there is no question of majority or minority. The question is this. Supposing there are 100 votes and 51 of them make a list of Directors and wish that only those Directors should be elected, 49 will not be in a position to send a single representative on the Board.

The Honourable Sir Nripendra Sircar : Quite right.

Seth Govind Das : It is not right and I differ from the Honourable the Law Member when he says that it is right. The opinion of 49 should not be ignored. There are many shareholders on behalf of the managing agents ; at the time of the general meeting, at the time of elections many shares are transferred and many votes are created, you know all these things. The opinion of 49 should not be ignored at all.

The Honourable Sir Nripendra Sircar : But your 49 may be divided into nine groups. Then let us have ten directors.

Seth Govind Das : Even if 49 are divided into nine groups, and there is election by the single non-transferable vote they are bound to send some directors. The candidates who will get the minimum number of votes, which are required for election, will be elected. I think it was the wisest and most appropriate suggestion that was made by my Honourable friend, the Deputy Leader of my Party.

Mr. K. Ahmed (Rajshahi Division : Muhammadan Rural) : Suppose it is 50-50, what is your answer ?

Seth Govind Das : If there are 50 on one side and 50 on the other side and if there is proportional representation, half will be sent by 50 and half will be sent by another 50, there won't be any difficulty at all. So far as the debenture holders and holders of preference shares are concerned, the Deputy Leader of my Party never meant that these Directors should also be elected by the single non-transferable vote because their numbers would be automatically fixed and debenture holders and preference share holders will send them on the Board. With these remarks, I resume my seat and I hope that the Honourable the Law Member will consider the suggestions that I have made.

The Honourable Sir Nripendra Sircar : May I get information from my Honourable friend ? He made the point that he is surprised that this Bill does not distinguish between key industries and other industries and that in France and Germany it is done. I have not read the French or German law, but may I know if in any country the company law provides different provisions for different industries ? I am not talking of other laws, tariff laws, protection laws and so on.

Seth Govind Das : We are going to have here this reformed law relating to all companies after a long time. My point is this that in other countries they introduce different legislations at different times to improve their company law. But here this reformed law dealing with the entire company law has come after a long time, and we do not know for how many more years we shall have to wait if we do not add all these provisions in this very law, which in my opinion can be done.

The Honourable Sir Nripendra Sircar : Nowhere does the company law provide for this.

Mr. Sami Vencatachalam Chetty : I have much pleasure in taking part in this debate. I welcome this Bill as an embodiment of the greatest measure of agreement between conflicting views in regard to the question of joint stock companies. If I may not be misunderstood as indulging in flattery, I am bound to say that under the guidance of the Honourable the Law Member almost all the suggestions which have been raised by the Honourable speakers who have spoken previous to me have been raised in the Select Committee and had been disposed of in the most satisfactory manner excepting one or two points of which notice of amendment has been given by the Deputy Leader of my Party. I must also say that I have come across no other person who, knowing so much of the subject, yet had the willingness, patience and courtesy to hear all sides and all points of view on even the most trivial matters as the Honourable the Law Member. (Hear, hear.) He was ably assisted by my Honourable friend, Mr. Sen, who brought all the knowledge which he had collected on this subject for the edification of the Committee and for clarifying many difficult and important questions in connection with this Bill.

So far as I have heard the speeches of Honourable Members, it does not appear to me that it is the case of any section of this House, excepting perhaps my Honourable friend, Prof. Ranga, that the system of managing agency must be totally abolished. Sir, those commissions and enquiries and those students who studied this subject of managing agency have not condemned the managing agency system entirely. They have no doubt stated the drawbacks and abuses of that system and I do not think even the Bombay Shareholders' Association, to whose indefatigable exertions we owe so much knowledge of the abuses of the managing agency system, would themselves desire the total abolition of the managing agency system. I think any person who has closely observed the progress of industrial, commercial and joint stock undertakings in this country cannot but come to the one conclusion, namely, that while the managing agency system has revealed some abuses which have got to be eliminated that system ought to be encouraged with these abuses eliminated in order that our industrial and joint stock undertakings may further improve. My Honourable friends, Pandit Govind Ballabh Pant, Mr. Satyamurti and Mr. Paliwal who have appended a dissenting minute to the report of the Select Committee are also of the opinion that until the State takes a direct concern in matters of this sort, it must be left to the private agencies like the managing agency system to cultivate the growth of joint stock companies in this country.

Pandit Sri Krishna Dutta Paliwal (Meerut Division : Non-Muhamadan Rural) : Not I.

Mr. Sami Vencatachalam Chetty : I beg your pardon. I believe that in so far as the abuses of the managing agency system have been revealed, a genuine attempt has been made in the amendments to this Bill to avoid those abuses, and in the course of the consideration of those proposals, other facts and other loopholes by which the managing agents might perhaps escape the provisions of the law were also taken into consideration and I think due provision has been made to rectify these defects. I think one Honourable Member mildly suggested that instead of an amending Bill of such a wide nature it would have been better if a comprehensive Bill had been ushered in by the Government. Whatever might be the technical objection that may hereafter be raised by one side or another for moving amendments in respect of clauses which have not been put in this amending Bill, I must say that so far as the proceedings of the Select Committee are concerned, the Honourable Chairman of that Committee allowed certain amendments which do not deal directly with the amending clauses.

Mr. M. S. Aney : On a point of order. Is the Honourable Member in order in referring to the proceedings of the Select Committee ?

Mr. President (The Honourable Sir Abdur Rahim) : He cannot discuss the proceedings of the Select Committee.

Mr. Sami Vencatachalam Chetty : So far as I could gather from the long criticism of my Honourable friend, Prof. Ranga, on this Bill, it seems to me that he would substitute for the managing agency system what he considers to be a system of commercial undertakings based on socialistic principles. For some time past I am also trying to know what really socialism means and so far as I could see, what my Honourable friend has been pleading for does not seem to me to be socialism but State

[Mr. Sanni Vencatachalam Chetty.]

capitalism. What he would ask is that public utility undertakings and joint stock undertakings should be undertaken by the Government. I do not know whether he wants this Government to undertake them or he would wait till our Government comes into existence. If he desires that it should be immediately undertaken by this Government, I would request him to learn from the experience which we are now having in regard to the State management of railways. They have now become State capitalised. Day in and day out we are criticising that administration and quite justifiably. I do not think that undertakings of this sort can ever be worked by a State satisfactorily. (*An Honourable Member* : "They are being worked.") I can certainly agree with my Honourable friend, Prof. Ranga, if he wants that the shareholders who really contribute to the funds of these companies should have direct and more intimate touch with the management of the affairs of the company. If that is the point, then I entirely agree but unfortunately our experience is that our shareholders are too lethargic or too indifferent or too neglectful to take any interest in the management of these companies. Till we are able to educate, as perhaps Bombay is doing, by organising shareholders' associations, till we are able to infuse better spirit into the hearts of these public investors, it would appear to me that to entrust the management of these institutions to the class of shareholders we have, will be disastrous to the companies themselves and to their own funds. The agitation against the managing agency system started somewhere about 1921. That was partly due to the greediness of some managing agents taking more than they justifiably deserve. It is true also that this besetting sin is confined more or less to the Bombay Presidency. Madras can neither boast of so many joint stock companies nor feel ashamed of so many defaults as have been committed by the Bombay managing agents. (*An Honourable Member* : "Question.") Let me at once assure this House that I hold no brief for the managing agents but I must say that taking, on an average, the results of the management by the managing agents, there have not been numerous cases to warrant the total abolition of the managing agency system, inclusive of Bombay. Well, a reference has been made to the boom period. Sir, everybody has suffered owing to the economic depression that followed the boom. But I must correct one or two statements made by one or two Honourable Members that the depression was due to the political activities in the country. Sir, my own opinion is that during the political activities the Bombay mills profited more than ever. (Hear, hear.) (*An Honourable Member* : "Question.") In fact, Sir, they really utilised the political movement for their own betterment (Hear, hear), and, no sooner than the political activity subsided, they turned against the political movement which gave them their bread. (*An Honourable Member* : "They concluded the Mody-Lees Pact.") Sir, apart from that, I was referring to the large profits earned by the managing agents during the boom period. True, they have earned large profits legitimately apart from other sources. Now, simultaneously with the large profits, I think that the shareholders also gained correspondingly. The values of shares of Rs. 10 and Rs. 100 increased to Rs. 150 and Rs. 1,000. I do not think that that will be denied. So, whenever there were large profits, both managing agents and the shareholders earned large profits. (Hear, hear.) But undoubtedly, abuses, such as entering into contracts for the purpose of selling goods to the very company which they manage, or, transferring

the purchase of goods at the most profitable time to the company, the diversion of funds by means of the creation of a subsidiary company, not accounting for certain large sums of money because they are not required to do so by law, indulging in *Benami* transactions, have all come in in the rapid wake of the large profits of the boom period : and I think it is these abuses that have led to the agitation that has been carried on against the managing system. Sir, every one of these abuses seems to have been met in this Bill by suitable amendments. But it would be betraying an utter lack of a sense of proportion if, on the score of revealed abuses, instead of rectifying abuses, we should ask for the total abolition of the managing agency system. Sir, in this Bill, I think, we have gained a very important point in respect of the provision we made for exercising the same provisions of law in respect of subsidiary companies as in the case of the principal companies. We have also, I think, made suitable provision for the proper preparation of the profit and loss account. It might be said that there are still some more matters upon which fuller information can be given in the profit and loss account. While it must be admitted that there might be some more points of information which may be necessary for shareholders in order to exactly assess the solvency of companies, it must also be recognized that there are insuperable difficulties in giving that information unasked-for : and I think a provision has been made that even that information should be supplied on the requisition of the shareholders if they so desire. Otherwise trade secrets or things which ought not to be known to competing companies might have to be divulged, to the detriment of the interests of the shareholders. Now, there is one other point upon which there seems to be a possibility of doubt. That is with regard to the managing agents taking up other businesses. At present, managing agents can take up any business which may also be of a conflicting or competitive nature with the company which they manage. It is, however, recognized that these managing agents should not be allowed to undertake companies which will be in direct competition with the original company which they are managing. Sir, a small phrase has been introduced in order to avoid this abuse, that is, that the managing agents ought not to undertake a business of the same nature. Now, those who wanted that this abuse should be eliminated have agreed to that phrase, thinking that by the use of that phrase the abuse will be entirely eliminated, but I think those who disagree or those who want that the managing agents must be permitted to have other undertakings, also seem to be of the opinion that this phrase will not affect their right to undertake other undertakings. Well, I think, here my Honourable friend the Law Member was not quite frank in the Select Committee. He did not help us really by elucidating what that phrase would really mean in respect of this abuse. Now, Sir, with regard to the two important amendments of which notice has been given by my Honourable Deputy Leader, Pandit Govind Ballabh Pant, and others, viz., that, with regard to the existing managing agents, the term of their continuance must be limited to a period which is less than that provided in the Bill, Sir, much has been made of the fact that the Honourable Member, Mr. Sen, in his original recommendation wanted that even the existing managing systems must be terminated after a period of one year from the commencement of this Act. Well, Sir, I do not know what made by Honourable friend make that somewhat radical recommendation. But it seems to me that if that amendment had been incorporated in this Bill and if that came up for

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discussion before this House, many Honourable Members who are now supporting Mr. Sen's original recommendation would have opposed it on this ground. Now, Sir, what would have happened if within one year of the commencement of this Act managing agents had to terminate their contract with the companies? Apart from the sanctity of contracts, which may be used for and against them as occasion suited, there is the danger that the companies would go to ruin on account of the threatened termination of the managing agency at the end of one or two or three years. The managing agents would so manage the business as to destroy the credit of the company within that particular period and make the shareholders suffer before the threatened termination of this contract. I am glad that that calamity has been averted. But on that ground it would not be desirable that the old managing agents should continue to enjoy the benefits of the existing law while their new competitors in the field will be subject to greater restrictions. Therefore, wherever it is a case of dissatisfaction, it must be open to the shareholders to have an opportunity of revising or renewing or terminating the managing agent's agreement after a certain reasonable time being given. From that point of view I welcome the notice of the amendment which has been given.

Now, with regard to the other point, namely, proportional representation, I am afraid the Government have not appreciated the importance and the value of that amendment. Difficulties have been trotted out which are merely theoretical. These difficulties have been met by other bodies, not only in the non-commercial field but also in the commercial field. For instance, as has been pointed out, the Reserve Bank Act makes a provision for a representation of that sort. Sir, the point that is to be gained by giving proportional representation is this. The discontented minority or the minority which has not properly understood the affairs of the company will have a reasonable opportunity of getting itself acquainted with the affairs of the company in order that its dissatisfaction may be silenced. Apart from that, there is another ground why proportional representation should be given. It is on account of territories. Now, Sir, Bombay is the centre of industrial activity and Bombay floats a company the shares of which are open to all Indians all over the country. Unless it be the intention that the participation in the profits must be confined purely and solely to Bombay, Bombay should welcome the co-operation and assistance and finance of other provinces also. Sir, if that be so, what is the incentive for other provinces to join with Bombay or with any other industrial province if they are not to be in contact and in touch with the affairs of the company. Sir, denial of proportional representation would confine the choice of the directors and other important officers in the hands of the majority of shareholders who must naturally belong to the province in which that undertaking is floated.

Sir Cowasji Jehangir : Are you in favour of proportional representation?

Mr. Sami Vencatachalam Chetty : Yes. I would, therefore, suggest that in order that all provinces might participate and evince as much interest as the forward industrial provinces of this country, you must give them a chance. By means of giving proportional representation, it will ensure provincial representation also. But if it could be managed by

giving provincial representation the proportional representation also, then it is quite a different matter.

Sir Cowasji Jehangir : What do you mean by provincial representation ?

Mr. Sami Vencatachelam Chetty : I mean provincial representation of provinces which finance these undertakings.

Sir Cowasji Jehangir : And whose shareholders may live outside the place ?

Mr. Sami Vencatachelam Chetty : I will not be so unreasonable as that. Any question may be reduced to absurdity by putting very hard cases against it. But if it is conceded that every Indian who wants to evince interest in these undertakings should have opportunities to come into contact with them, then I suppose some reasonable adjustment should be possible. With these words I have great pleasure in supporting this motion.

Mr. Suryya Kumar Som (Dacca Division : Non-Muhammadan Rural) : Sir, I congratulate Mr. Sen on the very careful and illuminating report that he has submitted, and I also congratulate the Select Committee which has taken so much pains to meet all points of view as far as possible. It appears from the discussions in this Assembly as well as from the general experience that this Company law is a very complicated affair. This law has to deal with many parties and if one has to satisfy one party the other party to a certain extent loses a certain advantage and I must congratulate the Select Committee that it has succeeded in bringing out an Act which, though it may not satisfy all the parties, will be able to satisfy most of the parties. After making these observations I come to the managing agents. Under the present conditions of India, the industries are in a very nascent state and the capital is so shy that we will be retarding the industrial progress if not killing it altogether if we abolish the managing agency system altogether. Sir, many abuses have been mentioned against the managing agency but it is on account of the managing agency system throughout India that we now can see some industrial movement in the country. I, therefore, appeal to the Assembly not to go to the length of abolishing the managing agency system altogether but try to impose further checks against the fraud of the managing agency system. I think sufficient checks have been provided in the Bill as it has emerged from the Select Committee and if we go further than this I am afraid we will be killing the industry altogether. If the managing agency system is to continue, then the provisions which have been made to guard against the attorney of the managing agents are quite satisfactory.

Then, Sir, I wish to refer to some minor points in this matter. I find that for a long time there was a crying grievance in the country that only the High Courts have jurisdiction over matters that concern the Companies Act. That jurisdiction has been given by the Act of 1913 to High Courts and to High Courts alone. Now, Sir, in the districts there are many Joint Stock Companies with a small capital and for any objection that is to be taken, one has to go to the capital of the province and make an application to the High Court. That involves a large expenditure.

We, the people of Bengal, know it very well what is meant by carrying

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on the litigation in the original side of the High Court. If small companies are to carry on their litigation through an attorney, I am afraid it is this litigation which will ruin the company and not the managing agency system. This is a crying evil for a long time and I find that this point has not been taken up either in Mr. Sen's report or in the report of the Select Committee. I find in section 3 of the former Act that there is a proviso which has given the power to the Local Government to empower any District Judge to exercise the jurisdiction under the Act. I would appeal to the Honourable the Leader of the House to consider this point whether there could be any objection to conferring jurisdiction on District Judges under the present Act. Nowadays District Judges are well versed in civil administration and so I think it is high time that the proviso under this section is withdrawn and power is given straightaway to District Judges to try cases arising out of the Act. While the Local Government is empowered to give jurisdiction to District Judges, why should not the Government of India or this Assembly straightaway give that power to District Judges. I hope this House will consider that point very carefully. The absence of such jurisdiction in District Judges is greatly felt by all companies, small or big. The companies that are situate in mufassil have to run to the capital of the Province to have their cases tried there by the High Courts. Sometimes the subject matter of the case might be a trivial one, there might be no objection to the case from the opposite party, but yet the company has to take their case to the High Court. There is no reason why jurisdiction should not be given to District Judges.

There is another point that I wish to refer. I find that in case of transfer, if a transferor makes an application "that I have transferred the share to such and such a person", notice is to be given to the transferee. But if a transferee applies for a transfer, no notice need be given to the transferor. I think, Sir, it should be the reverse. When a transferee makes an application, there is a chance of fraud, there is a chance of forgery, there is a chance of misrepresentation. I therefore think that if a transferee makes an application, there should be notice given to the transferor so that if he accepts it, there is no difficulty and if there is a dispute between the parties, the matter will be referred to a Court. But here it is said that one who transfers, if he says that he has transferred to somebody else, notice is to be given to the person who will get the benefit. Here the transferor having made an application saying that "I have gifted the property to such and such a person", then such a person is the beneficiary. No notice need be given. If notice is to be omitted at all, it should be omitted only towards the transferee. But I think notice should be given to transferor and transferee in case of transfer of shares. In case a person says that he has purchased a thing from "A" property worth Rs. 50,000, it is common sense that that man "A" should be informed about that. I hope this point will be considered by the House and the section amended accordingly. I have also given an amendment on that point. I find that nobody has touched the point.

There is another point which I wish to refer now. There is a crying evil in the managing agents securing the greatest controlling power in a concern by buying the largest number of shares. If a business begins to flourish, the managing agent being in the know of things, buys the shares

by and by, to the extent of even 75 per cent. of the total number of shares and thus the managing agent is able to secure absolute controlling power and he can do anything with the company because he has a majority under his control. That is the case with directors also. I have known many cases in which directors and managers control the greatest number of shares.

The Honourable Sir Nripendra Sircar : What is the remedy you suggest ?

Mr. Suryya Kumar Som : I suggest there should be a provision in the Act prohibiting the managing agent from acquiring more than a certain percentage of the shares of the company, say not more than 25 per cent. There is another point about which I am not satisfied with the explanation given by Mr. Sen, that is as to the position of the auditors. It is a curious arrangement that still continues in the country. Auditors are appointed by the companies whose accounts he has to check. Generally the auditor will be absolutely dependent on the favours of that company, he depends for his remuneration on that particular company which has appointed him as the auditor. He dare not point out the defects of the company because he will in that case lose his remuneration thereby but he will also lose the chance of being appointed auditors by other companies. The other companies will come to know that such and such an auditor acted against the wishes of the company which appointed him as the auditor and in this way he would lose in his profession. He will not be selected by any other company to audit the accounts. My suggestion is this. I understand that auditors are registered in the books of the Government of India. My suggestion is that a certain authority should be constituted, as in the case of the civil Court commissioners. The civil Court commissioners are appointed not by the Courts in the mufassil, either by the munsifs or the sub-judge but generally the District Judge selects the civil Court commissioners. If a report goes from a mufassil Court that a commissioner is wanted for such and such a case, the District Judge sends the man. The parties do not know, nor the munsif as to who the commissioner will be. I suggest there must be some provision made to select auditors as in the case of the civil Court commissioners. There must be an authority composed of officials and non-officials who will select the auditors. Even if the shareholders should select the auditor, there are difficulties. The auditor must be an independent man. He must not be afraid of displeasing either the managing agent or the directors or the shareholders. He must be thoroughly independent. There are many things in which the shareholders' interests are against the managing agents. And there are many things in which the managing agents are interested which is against the shareholders. So my suggestion is that there should be an independent body for selection of an auditor for a company to whom the company will apply for an auditor to audit their accounts every year.

Then, I think there can be a provision about the qualification of the Registrars of joint stock companies. You will find that if the Registrars had done half their duty much of the mischief about these companies in the provinces would disappear. At present it is not necessary that the Registrar should be a lawyer ; it is neither necessary that he should be learned in the Companies Act ; it is not even necessary that he should know about companies or business. A man with no such knowledge is now made the Registrar and there lies all the difficulty. I will therefore

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appeal to the Leader of the House to consider if any provision can be made in the Bill as regards the qualifications of a Registrar.

These, Sir, are all the observations I have to make and I wholeheartedly support the present Bill as has been amended by the Select Committee, in spite of its defects. I ask the House not to throw out this Bill, because a better Bill than this it will be impossible to produce by any one at present or in the near future. If there are any defects we can go into them in detail and correct them. But we should not throw this Bill out, because we cannot produce a better one in a few years.

Babu Baijnath Bajoria : Sir, I feel it my duty to congratulate the Government of India on their undertaking a thorough overhaul of the Indian Companies Act of 1913. I think this is the best and the most important piece of legislation which has been placed before this House since I became a Member here. This overhauling was long overdue and various mercantile bodies in all parts of the country have been crying for this overhauling, because the present Act has many shortcomings and does lend itself to abuse, sometimes gross abuse, by those in charge of the management of companies. The abuse in some cases has been so much that a certain section of the public has even lost confidence in the efficacy of the system of management by managing agents. Sir, I am not one of those, I have not lost confidence in the managing agency system because I find defects. In spite of the abuses to which this system has lent itself, it must still be admitted, and I think nobody in this House will deny it, that the present industrial development of this country has been mainly, and I shall say entirely, due to the enterprise and resourcefulness of the managing agents. But for the managing agents we would not have reached the present stage of industrial development in this country and I will be the last person to see this system die out. Sir, it is well-known that there is a lack of capital in India for the purpose of industrial development of our country and one of the main reasons is that capital is very shy and the investing public is very much afraid that the money which they invest in the public companies may be lost. The industrial development of a country always depends upon the proper and honest utilisation of capital invested by individuals in public companies who for some reason or other cannot themselves engage in commerce and industry. Sir, it is the duty of Government and of this House to see that the interests of the investing public or the shareholders should be protected first and foremost and that their money may not be misused by the managing agents. Sir, once these misuses of public money are restricted considerably,—though I know that they cannot be altogether eliminated,—then the confidence of the public will be restored. If the confidence of the public is restored, there will be no lack of capital forthcoming for the industrial development and industrial development will proceed apace. Sir, as I have already said, there have been misuses by the managing agents and others in charge of the management of companies. But in spite of this I shall say that the managing agency system has proved and has behaved on the whole fairly well. These few cases have spoilt the fair name of the managing agency system and I think honest managing agents will themselves like that some restriction is placed so that unscrupulous managing agents may not spoil the fair name of the managing agency system.

Mr. K. Ahmed : What about the People's Bank in the Punjab and the Bengal National Bank ?

Babu Baijnath Bajoria : There was no managing agency in the Bengal National Bank.

Mr. K. Ahmed : Then, who misappropriated all that money ?

Babu Baijnath Bajoria : For the proper success of a public company it is absolutely necessary that the shareholders, managing agents, directors and the auditors should all properly discharge their respective duties. The shareholders invest their money mainly on the credit of the managing agents and look mainly to them for the safety of their money and their investments and for a decent return on their investments. If we do not have a sound and solvent managing agent then you can never expect the investing public to invest their money. It is the duty of the shareholders to take interest in the affairs of the company and to see that the company is managed properly and also to see how the company is faring. If they find that there is anything wrong in the management it is also up to them to bring it to the notice of the managing agents and the directors. But I regret that the shareholders in this country generally take absolutely no interest in the affairs of the company. Some suggestions have been made by my Honourable friends, Mr. Sri Prakasa and Prof. Ranga, to create interest in the shareholders. Mr. Sri Prakasa suggested that shareholders should be sent to jail if they do not attend meetings of the company. I do not think Mr. Sri Prakasa was serious when he made this suggestion, in spite of his assurance that he was quite serious.

Another suggestion is from Prof. Ranga : that is a very good
 5 P.M. suggestion. He says that all the shareholders must be given travelling allowance so that they may be able to attend the meetings of the company. But he was very miserly : he only wanted to give them third class travelling allowance. That is beneath the rank and dignity of the shareholders.

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member much more to say ?

Babu Baijnath Bajoria : Yes, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now adjourn till tomorrow.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 10th September, 1936.