

Tuesday, 20th September, 1938

THE  
COUNCIL OF STATE DEBATES

VOLUME II, 1938

*(5th September to 22nd September, 1938)*

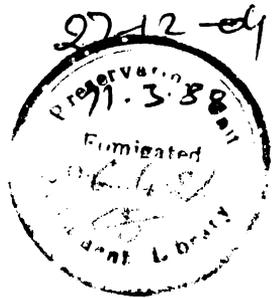
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FOURTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1938

Chamber Fumigated...*18/X/38*...



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## COUNCIL OF STATE.

*Tuesday, 20th September, 1938.*

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

### QUESTIONS AND ANSWERS.

#### DELAY IN SENDING MILITARY AID TO BANNU ON THE NIGHT IT WAS RAIDED.

132. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state what was the strength of the military unit at Bannu when the dacoity took place there at about 9 P.M., on the 23rd July last? What was the time when the military came for the protection of the city and at what time were they requisitioned by the Civil authorities? Is it not a fact that the military unit reached Bannu city from the Bannu Cantonment at 1 A.M., *i.e.*, four hours after the dacoits had cleared away with their booty? If so, why? Has Government made any enquiry as to the reason of the military aid reaching the city after the loot lasting for four hours in the city? If so, what are the reasons for the delay?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The military strength at Bannu on the 23rd July was—

One sub-section armoured cars,

One Indian cavalry regiment (less 2 squadrons), and

One Indian infantry battalion (less one platoon).

Military assistance in the city was asked for some time between 21·30 and 22·15 hours.

The first reinforcement that was sent to the city consisted of the police reserve (56 men) from the Cantonment under the Assistant Superintendent of Police. This party was despatched at the request made by the Deputy Commissioner, and was followed by a company of infantry between 22·15 and 22·30 hours.

It is not a fact that the military detachment reached Bannu city from the Cantonment at 1 A.M.

Government understand that an inquiry is to be held into the circumstances of the raid, but they have no evidence to support the contention that military aid was unduly delayed.

TRAINING OF SEVEN PILOTS AT THE AERONAUTICAL TRAINING CENTRE, DELHI,  
FOR THE INDIAN AIR FORCE.

133. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government state how many persons the Defence Department is sending this year to the Aeronautical Training Centre in India for training as air pilots or ground engineers and what contribution will they make to the Aeronautical Training Centre per person ? Do they propose to extend the same patronage to the various flying clubs in India ? If not, why not ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The Air Force authorities at present propose to arrange for the training of seven pilots at the Aeronautical Training Centre, Delhi, for the Indian Air Force.

They are not concerned with ground engineers, who are civil employees.

The question of contribution payable for each pilot has not yet been settled.

As regards the concluding portion of his question, the Honourable Member should be aware that the same facilities for training do not at present exist at the flying clubs as at the Aeronautical Training Centre.

BALANCE AT CREDIT OF THE ROYAL INDIAN NAVY EQUALIZATION FUND AND  
THE DEFENCE RESERVE FUND.

134. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the balance at the credit of the Naval Sinking Fund of the Government of India and of the Defence Reserve Fund ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The balance at the credit of the Royal Indian Navy Equalization Fund on the 31st March, 1938 was Rs. 19,24,627.

Apart from an earmarked amount of Rs. 31.39 lakhs in the Defence Reserve Fund for specific commitments already entered into or in sight, there is no positive balance in the Defence Reserve Fund.

RECRUITMENT OF HINDUS TO THE ROYAL INDIAN NAVY.

135. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government state the reasons for excluding Hindus from appointment to the subordinate services in the Indian Navy, *vide* the recent advertisement in the Indian newspapers ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Hindus are not now excluded, but have not at present come forward in any numbers. We are however considering what can be done to encourage Hindus of the right standard required, to take to a seafaring life.

THE HONOURABLE MR. G. S. MOTILAL : Do the rules require that the Hindus who join the Navy should necessarily take beef ?

THE HONOURABLE THE PRESIDENT : That has nothing to do with this question. It does not arise.

THE HONOURABLE MR. G. S. MOTILAL : I will tell you, Sir, how it arises

THE HONOURABLE THE PRESIDENT : It does not arise. It is for me to decide.

RECRUITMENT OF BENGALIS IN THE INDIAN ARMY.

136. THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS :  
(a) Will Government be pleased to state whether they are aware of the existence of a strong feeling in Bengal in favour of recruitment of Bengalis to the Indian Army ?

(b) Has the attention of Government been drawn to the resolutions unanimously passed in the Bengal Legislative Council on the 26th February, 1934, and on the 28th January, 1938, on the Motion of Rai Keshab Chandra Banerjee Bahadur, M.L.C., urging upon the Government of India the necessity for giving the Bengali military training so as to form a permanent unit for incorporation into the Indian Army ?

(c) If the answer to (a) and (b) is in the affirmative, will Government state what action has been taken in the matter and what steps do Government propose to take to enable the Bengali to participate effectively in the various measures of defence ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) No.

(b) Yes.

(c) Government have at present no intention of forming a permanent Bengali unit of the Indian Army.

THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS : With reference to the reply to part (c), will His Excellency state the reasons—

THE HONOURABLE THE PRESIDENT : You cannot make a speech. You must put a definite question.

THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS : My submission is, will His Excellency be pleased to state the reasons for the Government nominees in the Provincial Legislature lending support to that Resolution in question ?

THE HONOURABLE THE PRESIDENT : I have not understood it, much less has His Excellency.

THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS : My idea is that the Government nominees are Members of the Provincial Legislature and they lent their support.

THE HONOURABLE THE PRESIDENT : It is no use arguing, Mr. Das. Can't you put a definite question ?

THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS : Is it a fact that the Government Members supported the Resolution in the Provincial Legislature ?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF** : I have already informed the Honourable Member that the attention of the Government of India has been drawn to these Resolutions. It is to be presumed that in that particular Legislature they were supported by Government Members.

**MERGING OF COORG IN THE MYSORE STATE.**

**137. THE HONOURABLE RAJA YUVERAJ DATTA SINGH** : Is there any proposal before Government regarding the merging of the British Indian territory of Coorg in the Mysore State ? If so, what are the details of the proposal ?

**THE HONOURABLE MR. J. A. THORNE** : Government have no such proposal under consideration.

**SARDAR PRITHWI SINGH, AN ESCAPED PRISONER, WHO SURRENDERED TO MR. GANDHI.**

**138. THE HONOURABLE RAJA YUVERAJ DATTA SINGH** : (a) Have Government received any communication from Mahatma Gandhi with regard to the release of Sardar Prithwi Singh, a Rajput escaped prisoner, who surrendered to Mahatma Gandhi after about 16 years ?

(b) What have Government decided with regard to this prisoner ?

**THE HONOURABLE MR. J. A. THORNE** : (a) No, Sir.

(b) This does not arise.

**CLEARANCE OF SLUMS IN DURBAN, SOUTH AFRICA.**

**139. THE HONOURABLE RAJA YUVERAJ DATTA SINGH** : Owing to the action of the City Council of Durban (South Africa) under the Slums Act of 1924, as amended in 1937, have about 800 Indians been evicted, or are threatened to be evicted from their houses in Durban ? What are the facts of the case and what action has been taken in the matter ?

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD** : A number of Indians are affected by the various slum clearance schemes of the Durban City Council. The general policy of the Union Government is that elimination of slums should go hand in hand with the re-housing of persons who have been compelled to cease occupation of slum premises and that the Agent General, who is in close touch with the authorities concerned, has, so far, successfully endeavoured to ensure application of this principle.

**ARREST OF MR. B. N. DAS GUPTA IN GERMANY.**

**140. THE HONOURABLE RAJA YUVERAJ DATTA SINGH** : Has Mr. B. N. Das Gupta, Managing Director, Indo-Europa Trading Co., Ltd., who was arrested in Germany in August, 1937, on a charge of violating "Nazi Exchange Regulations" recently, been unconditionally set free ? Will Government state the exact nature and details of the charge against him, and whether any compensation has been paid to him ?

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD** : So far as the Government are aware, Mr. B. N. Das Gupta has been released unconditionally. He was

arrested on a charge of contravening the exchange regulations and was accused having obtained money from the German Government by claiming rebates and subsidies on shipments of machinery which did not actually take place. The case against him was however dropped. So far as can be ascertained Mr. Gupta did not make any claim for compensation.

TRAVELLING HAWKERS ON RAILWAYS.

141. THE HONOURABLE RAJA YUVERAJ DATTA SINGH : (a) Are Government aware that travelling hawkers have multiplied in vexatious numbers, specially on branch railway lines, who offer samples of various quack medicines, both for internal and external application, to third class railway passengers in the trains, which are unhygienic and unscientific ?

(b) Do Government propose to take necessary steps to discourage such a practice ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) No.

(b) The attention of the principal Railways was drawn to this matter in connection with question No. 127 asked by Mr. Sham Lal on the 26th August, 1937 in another place, and they were asked then to take such action as they considered necessary. If the Honourable Member will let me know what particular sections of the various Railways he is referring to, I will ask the Administrations concerned to have special inquiries made.

PROPOSED ESTABLISHMENT OF HIGH COURT FOR ASSAM.

142. THE HONOURABLE RAJA YUVERAJ DATTA SINGH : Has there been any correspondence with the Government of Assam regarding the establishment of a High Court in that province ? If so, what is the decision, and have any proposals been sent up to the Secretary of State for India ?

THE HONOURABLE MR. J. A. THORNE : The power to constitute a Letters Patent High Court in a province is vested by the statute in His Majesty, and the matter is not the concern of the Governor General in Council. The Government of Assam has not addressed the Government of India on the subject.

RAILWAY ACCIDENT NEAR MADHUPUR, E. I. R.

143. THE HONOURABLE RAJA YUVERAJ DATTA SINGH : Will Government make a statement regarding the railway accident which happened to the 5-Up Mail (E. I. R.) on the 7th June, 1938 near Madhupur, giving the cause of the accident, the number of casualties, and the steps taken in the matter ? Was it the same type of engine which was involved in the Bihta disaster ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I would refer the Honourable Member to a Press Note, dated the 28th June, 1938 covering the report by the Senior Government Inspector of Railways on the accident referred to, a copy of which is in the Library of the House. The case is being investigated by the Police.

The engine was not of the same type as that involved in the accident at Bihta.

CONSERVATION OF COAL AND SAFETY IN COAL MINES.

144. THE HONOURABLE RAJA YUVERAJ DATTA SINGH : Will Government state their proposals for ensuring safety in mines, and for the conservation of coal based on the Coal Mining Report ? Is there any proposal to levy a cess of any kind and, if so, what are the proposals ?

THE HONOURABLE MR. M. S. A. HYDARI : I would refer the Honourable Member to the Government of India's letter to provinces concerned dated July 7th, 1938, a copy of which will be found in the Library of the House.

TRADE NEGOTIATIONS BETWEEN INDIA AND CEYLON.

145. THE HONOURABLE RAJA YUVERAJ DATTA SINGH : (a) Will Government state when the Indo-Ceylon trade talks are likely to start, and what are the outstanding points of discussion ?

(b) Is it the intention of Government to consult the trade and commercial interests in India ?

THE HONOURABLE MR. M. SLADE : (a) Negotiations for a Trade Agreement with Ceylon are expected to begin as soon as possible after the conclusion of those now in progress with the United Kingdom. The second part of the question does not arise at present.

(b) Government have already obtained the views of representative commercial bodies in India regarding a new Trade Agreement with the United Kingdom and the Colonies including Ceylon.

VISIT OF SIR LEONARD WOOLLEY TO INDIA.

146. THE HONOURABLE RAJA YUVERAJ DATTA SINGH : (a) Has Sir Leonard Woolley been invited by Government to study the archæological explorations in India, with that of the Sumerian civilization of the Near East ?

(b) If so, what are the terms offered to, and accepted by Sir Leonard, what is his programme of work and the period during which he is likely to be occupied in India ?

(c) Do Government propose to issue to the public the result of his observations ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) and (b). I would invite the Honourable Member's attention to the Press Note, dated the 16th June, 1938, which gives the information asked for in parts (a) and the latter part of (b) of the question. As regard the first part of (b) a statement is laid on the table.

(c) The point will be considered when his observations are received.

*Terms of engagement of Sir Leonard Woolley.*

(a) Honorarium at the rate of Rs. 1,000 a month for the period of his visit to India (including days spent in voyage), plus a lump sum of £500 for the whole period.

(b) First class "B" return passage by P. & O. for Sir Leonard and Lady Woolley between Marseilles and Bombay and cost of direct first class overland journey by rail between London and Marseilles.

(c) First class actual travelling expenses in India for self and Lady Woolley.

(d) Voyage allowance at 10s. per diem during voyage to and from India.

(e) Outfit allowance of £75.

(f) Joint maintenance allowance while in India for self and Lady Woolley at the rate of Rs. 1,500 per mensem.

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**REDISCOUNT BY THE RESERVE BANK OF INDIA AT SPECIAL RATES BILLS OF APPROVED MONEYLENDERS DRAWN FOR ADVANCES TO CULTIVATORS AGAINST PRODUCE.**

147. THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (on behalf of the Honourable Mr. P. N. Saprú): Has there been any outcome of the offer made by the Reserve Bank of India in paragraph 41 of its Statutory Report under section 55 (I) of the Reserve Bank Act to rediscount bills of approved moneylenders drawn for advances to cultivators against produce?

THE HONOURABLE SIR JOHN NIXON: A copy of the communication from the Reserve Bank is laid on the table.

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**RESERVE BANK OF INDIA.**

**AGRICULTURAL CREDIT DEPARTMENT.**

**BOMBAY.**

*15th August, 1938.*

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
FINANCE DEPARTMENT, SIMLA.

DEAR SIR,

In paragraph 41 of our Statutory Report under section 55 (I) of the Reserve Bank of India Act, we expressed our readiness to rediscount at special rates bills of approved moneylenders drawn for advances to cultivators against produce, by the grant of rebates to scheduled banks in respect of such paper, provided that we were satisfied that the benefit of such rebates would be passed on to the agriculturists. To implement this suggestion, proposals were put forward in our circular letter No. A. C. D. 1/19-38, dated the 3rd January, 1938. The replies which we have received indicate that the scheme formulated by us is not likely to make any wide appeal. A summary of the replies is enclosed herewith.

2. The general opinion of the scheduled banks is that the scheme cannot be worked in the manner indicated. The main reason is that the smaller agriculturist does not usually borrow against the security of his produce; such accommodation is confined to the bigger landlords and dealers who already have reasonable access to finance and therefore do not require such special help. The smaller agriculturist for whose benefit the scheme was primarily devised requires finance more for crop production than for its marketing, and he generally obtains it by keeping a running account with a moneylender. He would therefore be unlikely to agree to commit himself to bills expressed payable on a fixed date. Further difficulties are that the scheduled banks are not in a position to gauge the moneylender's credit readily, nor would it be possible for them to dictate the rate of interest which the latter should charge to the cultivators against produce bills. Moreover first class bills like those of the Multanis are at present discounted at very fine rates owing to the force of competition and there would therefore be

little scope for the scheduled banks to rediscount such bills with the Reserve Bank even if the Multanis had borrowed for the purpose of advancing money to agriculturists. Some of the banks also have a prejudice against rediscounting their inland bills.

3. It has been stressed that a more important obstacle from the point of view of the scheduled banks and the moneylenders is the present tendency of agricultural debt relief legislation. From a general point of view this is said to make the atmosphere unsuitable as the moneylender is now shy of utilising even his own capital fully in such business and this reduces the prospect of his borrowing from the scheduled banks. A further difficulty arising out of such legislation is that there can be no doubt that legally the bills drawn under our scheme would come within its scope. So far as can be ascertained, an agriculturist who wished to claim relief under local debt legislation would be entitled to claim that the debt covered by such bills should be pooled with his other debts. The apprehension has also been expressed by scheduled banks that moneylenders who are themselves agriculturists, might seek shelter behind legislation for the relief of indebtedness.

4. It appears therefore that, under existing conditions there is no likelihood of our scheme making a wide appeal and that, until more experience is gained of the actual working of debt relief legislation, it is hardly worth while to proceed with the scheme. So long as the moneylender depends primarily upon his own resources for his capital and is unwilling to do business with borrowed capital, it is difficult to bring him into relation with the banking structure of the country. The main remedy for the purpose of cheapening credit to the agriculturists would therefore appear to be to rely chiefly on the policy advocated in our Statutory Report of encouraging legislation for the regulation of the business of the moneylender and of developing alternative credit agencies through the growth of branch banking and the co-operative movement. The necessary conditions for such development can best be created by encouraging Provincial Governments to take up schemes for (a) the organization of produce markets, (b) for the standardization and grading of crops, and (c) the provision of licensed warehouses. Possibly a simple act regulating market practices, weights and measures and the licensing of brokers and weighmen would suffice. Licensed warehouses form an integral part of a marketing scheme and unless these are organized financing produce will not be easy. Provincial Governments may make a survey of their territories, select important centres for development as produce markets and the construction of warehouses. We would be grateful if you would invite the attention of the Provincial Governments to our views and suggestions in the hope that early action may be taken on them.

Yours faithfully,

J. B. TAYLOR,  
*Governor.*

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RESERVE BANK OF INDIA.

CENTRAL OFFICE.

Ref. No. A. C. D. 1/19-38.

*Bombay, 3rd January, 1933.*

To

ALL SCHEDULED BANKS.

DEAR SIR,

In our examination of the problem of agricultural credit we have been considering how the financial machinery of the country could be improved so as to make credit more extensively available to the agriculturist at reasonable rates of interest by bringing within the banking structure the village moneylender who is the largest supplier of agricultural credit in India. In places where branch banking is sufficiently developed the scheduled banks can obtain a personal knowledge of the standing of the agriculturist borrower, but elsewhere some intermediate link like the moneylender will be necessary to gauge the credit worthiness of the agriculturists and made itself responsible for the adequacy of the security. It seems to us that finance for the marketing of crops might be made available to the cultivators to a much larger extent than at present if the agency of the moneylender were more fully utilized and if his advances to the agriculturist on the security of his produce were to be drawn up as bills in such a form that they

could be discounted with the scheduled banks so as to be available for rediscount by us from them. If such a scheme could be brought into operation we believe that in course of time the force of competition would secure a great reduction in the rate of interest at which money would ultimately percolate to the agriculturist, though it may be necessary in the initial stages to offer some special inducement to the banks and the moneylenders by way of rebates from the Reserve Bank on agricultural bills. In view of the special responsibility which has been imposed on the Reserve Bank in regard to agricultural credit, we would be prepared to rediscount such bills at special rates by the grant of rebates to scheduled banks in respect of agricultural paper in areas where owing to inadequate financial machinery the agriculturist has to pay an unduly high rate. We must however be satisfied that the benefit of the rebates is being passed on to the agriculturist for whose benefit the scheme is primarily devised. This will be ensured if the Scheduled banks would agree to charge a rate not exceeding say 2 per cent. over our discount rate and the moneylender would pass on credit with a further margin of say not more than 2 per cent. to the agriculturist in which case we would be prepared to grant a rebate say of 1 per cent. The fact that the Reserve Bank is prepared to rediscount such bills during normal times should make such finance more easily available.

2. We shall be glad if your bank would let us know whether it would be possible for it to extend its business on these lines. We desire to make it clear that the rebates would apply to bills of exchange or promissory notes drawn or issued for the purpose of financing the marketing of crops maturing within nine months exclusive of days of grace. In the usual course it will probably take some time before moneylenders come forward to take advantage of the scheme to any large extent as at present they appear in many parts of the country to have so contracted their business that they are able to manage with their own funds. The scheduled bank discounting such paper would of course be responsible for satisfying itself that the moneylender was creditworthy, that his business was conducted on sound lines and that he kept simple books of account in proper form. Various other details regarding the scheme will have to be considered specially with regard to the agency for the collection of bills at maturity, whether the accommodation from the Reserve Bank should take the form of rediscounts or advances, the declaration by the scheduled banks that the bills are drawn for agricultural purposes, and the information to be supplied by the scheduled banks in respect of the moneylenders, etc., but we wish to know at this stage what in your opinion are the prospects of working such a scheme. If it is considered feasible we may ask you later on to furnish us with a list of approved moneylenders whose paper you may wish to be discounted with such particulars about their standing and business as are found necessary. Such a list may be a short one in the beginning but we feel that a beginning however small will be of great value.

3. We shall be obliged if the views of your Bank on the scheme as set out here and any modifications required in it or any other helpful suggestion you may have to make for carrying out the main idea are sent to us by the 31st January 1938.

Yours faithfully,

J. B. TAYLOR,

Gover<sup>r</sup>.ur.

*Summary of replies received to our Circular letter No. A.C.D.-1/19-38, dated the 3rd January, 1938, to all scheduled banks regarding extension of discount facilities to moneylenders.*

**I.—Exchange Banks.**

- 1. Eastern Bank
- 2. Netherlands Bank
- 3. Comptoirs National D'Escompte
- 4. Bank of Taiwan
- 5. Exchange Banks Association.

} Have no branches in the interior, are not likely to do such business, and therefore express no opinion.

**II.—Indian Joint Stock Banks.—**

- 1. *U Rai Gway Thoo & Co.*—In the absence of any branch of the Reserve Bank at Akyab, scheme not feasible.

2. *Bank of India*.—Operates only in large cities and has no actual experience. Doubts if hundies by agriculturists will be eligible for discount owing to the impossibility of punctual payment on maturity. Is in favour of some procedure which will assist the small moneylenders and the Banias.

3. *Imperial Bank*.—Has sufficient funds to meet all acceptable business which is being done at as low a rate as contemplated. The moneylender unlikely to borrow on terms which restrict the rates he may charge to borrowers. In view of the risk a margin of 2 per cent. might also be considered entirely inadequate by him.

4. *Bank of Bihar*.—The scheme will benefit substantial agriculturists, small zamindars and moneylenders. They may not however meet their bills on due dates. Debt legislation has placed borrowers in advantageous position and the lender at a disadvantage. Moneylenders will be incurring added risk by doing business with borrowed money. Financing of agriculturists has been proved to be hazardous by the experience of co-operative societies. Such business is not practicable in Bihar.

5. *Industrial Bank of Western India*.—Has no connection with moneylenders and is not likely to be of any assistance. Illiteracy of agriculturists, their unfamiliarity with bill business, and incapacity to understand its incidents are the impediments. Stamp duties must be reduced. Bills will have to be in vernacular and quicker remedies made available for enforcement of claims. Legislation for relief of agricultural debtors militates against the success of the scheme. Restriction on business and method of moneylenders will be necessary. Their being also agriculturists might enable them to take shelter under the laws for the relief of agriculturists.

6. *Canara Industrial*.—Offers to advance, at 5 per cent. if its bills are rediscounted at 3 per cent. about Rs. 10 lakhs, for "agricultural purposes" against produce, like paddy, rice, jaggery, tobacco, groundnuts, etc., but does not mention either agriculturists or moneylenders.

7. *Indian Overseas Bank*.—Scheme impracticable: (1) Deep seated prejudice of banks against rediscount of inland bills. Banks would prefer to borrow against government securities. (2) The proposed rates are not in consonance with actual practice. Multani bills are at present discounted at bank rate and they cannot be induced to pay a higher rate. (There is thus little margin for banks to rediscount.) A certain volume of bills from Co-operative Banks likely but not from commercial banks. Licensed warehouses should be provided in all important produce centres and the warehouse warrant should be established as the primary security on the strength of which commercial banks could grant advances.

8. *Comilla Union Bank*.—Debt legislation has restricted lending to agriculturists. Moneylenders who are themselves agriculturists do not command confidence of scheduled banks. It is not possible to finance cultivator through the moneylender for the marketing of crops as the cultivator disposes of his crop immediately after the harvest and even the moneylender who gets part of the crop in payment of his debts does the same. It is not the practice for the moneylender to advance against the security of produce. He buys it outright. If the moneylender draws bills against produce thus bought by him which are discounted by scheduled banks the cultivator will not benefit. Scheduled banks will incur great risk as they will have no control over the produce stored in the moneylenders' godown. The position of the cultivators cannot be improved by utilising the moneylenders. With the growth of branch banking the scheduled banks will be able to help the agriculturists in smaller towns but they will not come in direct touch with cultivators in the interior. Co-operative Credit Societies are eminently fitted to undertake short term loans to cultivators in remote villages against their produce. Commercial banks should be encouraged to build godowns as advances against produce will be a desirable business for them, but commercial banks can only take a limited part and the main work will have to be done by co-operative societies.

9. *Canara Bank*.—Considers the scheme workable but hesitates to express an opinion about its application to Madras owing to the pending debt relief legislation.

10. *Bank of Hindustan*.—Expresses willingness to help in linking the village moneylender with the banking structure. Wishes to know whether persons who are by birth and caste agriculturists but have taken to other business, like trade and commerce, should be considered as agriculturists and their bills accepted.

11. *Oudh Commercial Bank*.—Present financial position prevents it from taking up any business.

12. *Benares Bank*.—Moneylenders must first be required to register themselves with a recognised body like a co-operative society of moneylenders whose certificate of incorporation should be the basis for scheduled banks to deal with them. Agriculturists should have facilities

for storing their crops with licensed warehouses. The bank offers to co-operate in the preparation of lists and to undertake the work of marketing crops and financing warehouses in the important market centres. It will be difficult, however, to make advances against actual produce to the agriculturists. The facilities granted by the Imperial Bank and scheduled banks are either by way of cash credit against produce or discounting of demand trade bills of approved commission agents or aratdars. It thus benefits only commission agents and not the actual agriculturist who is unable to withhold stocks. The bank complains that the Imperial Bank have not done anything to help agricultural credit. It also states that remittance transfer facilities at par should be available to schedule banks, registered moneylenders, licensed warehouses, and co-operative societies.

13. *Travancore National and Quilon Bank.*—The scheme is intended for financing the marketing of agricultural produce. The period between the harvest and the marketing of crops varies considerably. Sometimes produce is sold immediately or within three months, in which case there seems hardly adequate scope for an agricultural bill. Sometimes the interval is between six and seven months and it is only in these cases that agricultural bills can have a free play. Finance limited to marketing will not help agriculturist to any great extent and he requires money mainly for production. Any advance made after harvest is likely to be utilized for discharging prior obligations.

To give effect to the scheme it is necessary to get the village moneylender to make his advances to the agriculturist on the basis of a Bill of Exchange. It may not be possible to persuade an agriculturist to subscribe to a document which makes him liable to pay money on a fixed date. The agriculturist usually maintains a running account with the moneylender and there is a high degree of elasticity in the mode of agricultural borrowing and moneylending, which is necessary owing to the uncertainties of agriculture. He is not likely therefore to agree to have a bill drawn on him. The moneylenders work at present with their own funds and there is a tendency among them to urbanise their investments. It is difficult to prevail upon them to extend their operations in excess of their own resources. By discounting a bill with the scheduled bank the moneylender will incur a new and additional responsibility. As regards the scheduled banks some of them have branches in agricultural areas and carry on direct agricultural lending. The debt legislation in Madras will make the moneylender curtail his business and the banks will have to secure direct contact with the agriculturist. Such contact will be an advantage to the borrower. If banks advance against produce direct they should have facilities for securing possession of the produce immediately after the harvest. They must rent or construct their own godowns in agricultural marketing centres. They will have to maintain warehouses and must have a sufficient margin of profit. As soon as the crop is harvested and stored in the warehouse of the bank an agricultural bill should be converted into a produce loan of short duration for the balance of the period and the Reserve Bank should grant overdraft accommodation to the scheduled bank against the security of produce loan promissory notes. The Reserve Bank should also arrange to secure for the banks discounting agricultural bills a paramount lien on the lands of the agriculturists.

The bank also points out that under the new legislation loans to agriculturists cannot be made at higher rate than 6½ per cent. and if the moneylenders get money from the scheduled banks at 4 per cent. the whole of the advantage of the rebate will have to be given to the scheduled bank.

The moneylender who would be put to loss under the debt relief law is not likely to co-operate in the scheme devised for the benefit of the agriculturist. The scheduled banks must therefore get into direct contact with the agriculturist.

The scheme taken as a whole will prove to be beneficial though it will have to face the difficulties pointed out above.

14. *Indo Commercial Bank.*—(a) This business requires proper godown accommodation. Godowns available for even bigger agriculturists and middlemen are not satisfactory. It is doubtful if small agriculturists will ever be able to conform to the usual tests of security and have proper godown facilities. Moneylenders will have to find the storage accommodation themselves or to buy the produce outright and they are likely to do the latter. There appear to be some agencies which advance for cultivation on condition that the crop is sold through them but it is not known how they work. Millowners also offer to sell produce on commission. Neither of these two will however be considered as moneylenders for the purposes of the scheme.

(b) The bank wants to know whether a scheduled bank which has advanced money to the middleman purchaser can rediscount its bills with the Reserve Bank under this scheme.

(c) Loans against agricultural produce give more trouble than those against gold and securities on account of the difficulties regarding accommodation and risk of loss due to deterioration. They are also required for a very short period.

(d) Moneylenders usually do not repledge their agricultural produce with the banks as they do in the case of jewels which shows that they do not advance money on agricultural produce but buy it outright.

(e) It is asked whether the moneylender is to be an additional security to the Reserve Bank or is necessary only to establish closer contact with the small agriculturist. The village moneylenders have no properly assessable status and scheduled banks have no means of arriving at any estimate of their credit-worthiness, or of ensuring that they work on sound lines. It is not clear how banks can ensure keeping of accounts or the charging of any particular rate of interests. It is doubtful if they can be prevailed upon to work on a narrow margin of 2 per cent.

(f) For these reasons it is stated that the Reserve Bank should help Banks to extend their business on agricultural produce even without the intervention of the village moneylender. It will be easier for scheduled banks to deal directly with agriculturists or middlemen purchasers. They would like to have a margin of  $3\frac{1}{4}$  per cent. and to repay advances within nine months or when the loan is repaid if this happens earlier. The bank is prepared to extend its present business if such an arrangement can be made. The possibility of making use of right type of moneylender might however be investigated.

15. *Central Bank of India*.—The scheduled banks will have to see that the moneylenders conduct their business on sound lines, maintain proper accounts and are of sound position. The risk of the banks would be minimised if they receive the co-operation of prominent parties who could be induced in return for some remuneration to guarantee the bills drawn in favour of the local moneylender. The moneylender will be slow to take advantage of the scheme but the bank approves of it.

16. *Simla Banking and Industrial Co.*—Under the scheme the entire risk is thrown on the scheduled banks and the moneylenders. It would be necessary for the Reserve Bank to come to their help at the time of maturity of loans and advances in the matter of collection of bills. The success of the scheme is doubtful if this is not done as the scheduled banks and moneylenders alone will not be able to liquidate agricultural debts. The Reserve Bank should accept the principle of rendering assistance to them when their loans to agriculturists become frozen. The rate of interest can be cheapened when scheduled banks get rediscount facilities and the risks are reduced. The bank considers it possible to extend its business on the lines suggested at places where it has branches. It considers that moneylenders will readily take advantage of these facilities offered. It considers that there are good prospects of making the scheme a success but it would like to be informed whether the Reserve Bank would take a hand in the liquidation of bills drawn by agriculturist borrowers.

### III.—PRIVATE BANKS, MONEYLENDERS, ETC.—

1. *Bansilal Abhirchand*.—Advocates opening of central depots at convenient centres under the supervision of agents who will enlist the agriculturists in need of help and settle the transactions with local moneylenders. Is not clear regarding the responsibility of the moneylender. Considers the scheme worth trial.

2. *Rajapalayam Commercial Bank*.—A private limited bank, wishes to be considered as moneylenders and if given same facilities will rediscount bills with Imperial Bank, Madurai. Asks if discount will be refunded on advance repayments made by agriculturists from time to time and wants to be furnished with a form of the bill to be taken from the agriculturists.

3. *Mr. M. G. Chitnis*.—Has no inclination to enter into any relations regarding moneylending as suggested.

4. *The Bengal Provincial Co-operative Bank*.—The scheme can be worked through the co-operative societies without the intervention of moneylender but there is a lack of godown facilities.

5. *Marwari Chamber of Commerce*.—The scheme is not workable or likely to produce the results expected from it. The class of agriculturists most in need of financial accommodation will not get any advantage. Few moneylenders would accept bills of exchange unless their repayment on maturity could be secured and enforced through a State agency. Agriculturists will also be unable to draw bills for a reasonable amount which could be discounted by moneylenders and scheduled banks as the value of their crop would be small. Only big landlords and moneylenders combining agriculture and trade with moneylending will benefit by the scheme.

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THE HONOURABLE MR. HOSSAIN IMAM: Raja Yuveraj Datta Singh has authorized Mr. Sapru to ask the questions on his behalf.

**THE HONOURABLE THE PRESIDENT :** But Mr. Sapru is not here.

**THE HONOURABLE MR. HOSSAIN IMAM :** Rai Bahadur Sri Narain Mahtha has got the sanction of Mr. Sapru to put his question. Could not he put the questions\* standing in the name of Raja Yuveraj Datta Singh? It is a question of delegated proxy.

**THE HONOURABLE THE PRESIDENT :** As I said the other day, it is an act of grave discourtesy to the Council on the part of the Honourable Member to send so many questions and not be present himself or authorize anybody to put the questions on his behalf.

LEASE OF THE CALCUTTA MAIDAN.

148. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state :

(a) Whether the Calcutta Maidan is the property of the Government of India? If so, which Department holds its administrative charge?

(b) Whether the Maidan has been let out? If so, to whom, under what terms, when, and up to which year? and

(c) The reasons for the contract of the Calcutta Maidan being given to the present lessee?

**THE HONOURABLE MR. J. A. THORNE :** (a) The Calcutta Maidan is the property of the Central Government and it is managed partly by the Home Department of the Central Government and partly by the Government of Bengal on behalf of the Defence Department.

(b) A part of the Maidan has been leased to the Royal Calcutta Turf Club. The last lease was executed in 1933 for a period of 30 years with effect from the 1st January, 1932 on payment of an annual rent of Rs. 20,000. The detailed terms are stated in the lease a copy of which is in the Library of the House.

(c) The terms charged appear to be adequate.

GRATUITY PAID TO THE FIRST GOVERNOR OF THE RESERVE BANK OF INDIA.

149. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state the amount paid to the first Governor of the Reserve Bank of India as gratuity on his retirement? Was there any provision for it in his service contract? If so, what were the terms of the contract?

**THE HONOURABLE SIR JOHN NIXON :** I am not prepared to add anything to what was said by the Honourable Finance Member on the 4th of March, 1937 in the other House in reply to question No. 478.

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\*Questions Nos. 137 to 146 with their answers have been printed although the Honourable Raja Yuveraj Datta Singh was absent.

**RESOLUTIONS PASSED BY THE PROVINCIAL LEGISLATURES ON THE SUBJECT OF  
FEDERATION.**

**150. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state whether the Provincial Governments or the Provincial Legislatures have sent in representations or resolutions on the subject of the Federation of India? If so, will Government lay them on the table?

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD :** As regards the first part of the Honourable Member's question I would invite attention to the reply I gave to question No. 51 on the 5th September, 1938.

As regards the second part I may mention that the resolutions have been published in the Proceedings of the Provincial Legislatures, copies of which are available in the Library of the House.

**GAZETTED AND NON-GAZETTED STAFF OF ALL-INDIA RADIO.**

**151. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state :

(a) The numbers of (i) gazetted and (ii) subordinate staff of the All-India Radio showing separately the number of Europeans and Indians, Hindus and Muslims, with the provinces to which they belong on 31st December, 1937; and

(b) The names of the Biharees with the dates of appointment and the posts held by them in the All-India Radio?

**THE HONOURABLE MR. S. N. ROY :** (a) and (b). A statement giving the available information is laid on the table of the House. I regret that information regarding the province of origin of all the persons concerned cannot be given as it is not readily available and its collection would involve an expenditure of time and labour disproportionate to the result.

**THE HONOURABLE MR. HOSSAIN IMAM :** May I point out, Sir, that these questions have been in the office for the last six months?

**THE HONOURABLE MR. S. N. ROY :** Yes, but we do not collect figure on the provincial basis at all.

*Statement showing the number of Gazetted and Non-gazetted staff of All-India Radio on the 31st December, 1937.*

—	European.	Indian.			Total.
		Hindu.	Muslim.	Others.	
Gazetted ..	5	10	4	2	21
Non-gazetted ..	3	110	60	22	195

SUGAR MILLS.

152. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the names and the location of sugar mills newly opened in the year 1937-38 ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : I would refer the Honourable Member to List B attached to the Review of the Sugar Industry of India for the crop year 1936-37, which was published as a supplement to the *Indian Trade Journal* of the 21st July, 1938, and is available in the Library of the House.

THE HONOURABLE MR. HOSSAIN IMAM : I wanted figures for 1937-38, Sir, and the Honourable Member is referring to an old publication.

THE HONOURABLE SIR KUNWAR JAGDISH PRASAD : Well, Sir it may be that these figures are not yet available.

IMPORTS OF RICE AND PADDY FROM BURMA INTO INDIA.

153. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the quantity and value of rice and paddy imported into India from Burma during the nine months April to December, 1937 and during the year 1936 ?

THE HONOURABLE MR. M. SLADE : The Honourable Member is referred to the Monthly Accounts relating to the Coasting Trade and Navigation of British India for December, 1936 and the Accounts relating to the Sea-borne Trade and Navigation of British India for December, 1937, copies of which are in the Library.

THE HONOURABLE MR. HOSSAIN IMAM : Are these publications issued to Members of the Legislature ?

THE HONOURABLE MR. M. SLADE : They are in the Library, Sir.

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY : Do the Government intend to impose any duty on rice and paddy imported from Burma ?

THE HONOURABLE MR. M. SLADE : I submit that does not arise, Sir, but under the present Trade Order it is not possible.

COMPENSATION TO THE FAMILIES OF THOSE KILLED IN THE BIHTA RAILWAY DISASTER.

154. THE HONOURABLE MR. HOSSAIN IMAM : (a) Have Government given any compensation to the families of those who lost their lives in the Bihta railway disaster ?

(b) Were several of those who died in the disaster the sole support of their families ? If so, what provision have Government made for the relief of their families ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) I would refer the Honourable Member to the statement I made in the House on the 15th September, 1938 during the course of the debate on the Honourable Mr. P. N. Sapru's Resolution in connection with the accident at Bihta.

(b) Government have no information in regard to the first part of the question, and the second part, therefore, does not arise.

#### RECRUITMENT OF SUBORDINATE STAFF ON STATE-MANAGED RAILWAYS.

155. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government place on the table of this House the detailed Rules and Instructions issued for the guidance of the Railway Selection Boards regarding the recruitment of subordinate services on State Railways ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I would refer the Honourable Member to rules 72—75 of the Rules for the recruitment and training of non-gazetted staff (except apprentice mechanics, trade apprentices, labourers, and inferior staff) on State-managed Railways. A copy of these Rules is in the Library of the House.

#### APPOINTMENT OF MR. MEHRA AS INSPECTOR OF WORKS, N.W.R.

156. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Was the Lahore Division of the N.W.R. asked by the General Manager to recommend candidates community-wise for selection as Inspector of Works ; and was only one name from Hindus to be recommended ?

(b) Was one Mr. Raghbir Mehra (son of Mr. Gopal Nath Mehra, Lahore Divisional Accounts Officer, N.W.R., selected by the Lahore Divisional Selection Board and sent up for medical examination of fitness for service ?

(c) Was Mr. Raghbir Mehra on medical examination declared unfit for employment by the Railway Divisional Medical Officer, Lahore Division ?

(d) Did the Lahore Division then refer the case of Mr. Raghbir Mehra to the Chief Medical Officer, N.W.R., who on medical examination also declared Mr. Mehra unfit for employment ?

(e) Mr. Raghbir Mehra having been declared medically unfit for employment by the Lahore Divisional Medical Officer as well as by the Chief Medical Officer, N.W.R., did the Lahore Division recommend one Mr. Anand, a graduate in Civil Engineering, to the General Manager for selection as Inspector of Works ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a), (b) and (c): Yes.

(d) and (e). The case of Mr. Mehra was referred to the Chief Medical and Health Officer, N.W.R., who on re-examination found Mr. Mehra medically fit. No one by the name of Mr. Anand was recommended by Lahore Division.

#### APPOINTMENT OF MR. MEHRA AS INSPECTOR OF WORKS, N. W. R.

157. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Was Mr. Raghbir Mehra referred to in the preceding question only a Mechanical Engineer qualified from the MacLagan Engineering College, Lahore, and did he have no training there as a Civil Engineer ?

(b) Was Mr. Mehra sent up for medical examination for the third time and was he eventually declared medically fit for appointment ?

(c) Did the Lahore Division soon after recommending Mr. Anand recommend Mr. Mehra as well to the General Manager ?

(d) Did the Headquarters Selection Board select and appoint a highly qualified graduate in Civil Engineering as Inspector of Works ? Were there many other candidates with superior qualifications ? Has Mr. Mehra been selected to be placed on the waiting list for appointment as Inspector of Works when the next vacancy will arise ? If so, why ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) Mr. Mehra, in addition to being qualified in Mechanical Engineering from the MacLagan Engineering College, has also passed Sections " A " and " B " of A. M. I. E. (India) Examination relating to Civil Engineering and Part I of A. M. I. Mechanical Engineering and A. M. I. E. E. He has lately appeared in the City and Guilds Final Examination in Structural Engineering. Besides this he has been receiving training since 10th January, 1938 as a student engineer in the Civil Engineering side on the N.W.R.

(b) The reply to the first part of the question is in the negative. Mr. Mehra was declared medically fit when he was examined by the Chief Medical and Health Officer, as stated in the reply I have just given to part (d) of the Honourable Member's question No. 156.

(c) One Mr. Sham Lal, and not Mr. Anand, was recommended, but Mr. Mehra was considered superior to Mr. Sham Lal by the Lahore Division Selection Board. Mr. Mehra's name was not forwarded in the first instance as he was not considered medically fit by the Divisional Medical Officer, Lahore. On a reference being made to the Chief Medical and Health Officer, the Divisional Superintendent, Lahore, included Mr. Mehra's name also.

(d) The three most suitable candidates from amongst the various selected candidates sent by the different divisions were chosen by the Headquarters Selection Committee to fill the three vacancies advertised. The two next best qualified candidates were placed on the waiting list, Mr. Mehra being one of them.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, is it not a fact that this Mr. Mehra was medically examined three times ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I understand he was medically examined twice : the first time by the Divisional Medical Officer and the second time by the Chief Medical and Health Officer, which is allowed under the rules.

APPOINTMENT OF MR. MEHRA AS INSPECTOR OF WORKS, N.W.R.

158. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : With reference to the preceding question will Government state why the procedure of repeated medical examinations was adopted in the case of Mr. Raghbir Mehra by the Lahore Division of the N.W.R. and will this procedure serve as a precedent for all candidates who apply for service on State Railways ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Mr. Mehra's case was referred to the Chief Medical and Health Officer under Regulation 5 of the M74CS

Regulations for the medical examination of candidates and employees, non-gazetted (including inferior) and labourer's grades, a copy of which is in the Library of the House. The question of this incident forming a precedent does not, therefore, arise.

**NUMBER OF RAILWAY WAGONS BUILT ON STATE-MANAGED RAILWAYS FOR THE CARRIAGE OF AEROPLANES.**

159. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: How many covered railway wagons for the carriage of aeroplanes have been built on each of the State Railways and at what cost? Were these aeroplane wagons made mainly at the instance of the Defence Department? Which Department will bear their cost, and how many times in a year and how many such wagons have been used by the public?

THE HONOURABLE SIR GUTHRIE RUSSELL: Four broad gauge vehicles have been specially built for the transport of aeroplanes, and these are on the N. W. R. They cost Rs. 1,10,536 and were built at the request of the Defence Department who pay, in addition to the haulage charges, 9½ per cent. per annum on the capital cost to cover interest, depreciation and maintenance. These vehicles are not intended for public traffic.

**APPOINTMENT OF AN INDIAN AS GENERAL MANAGER OF A STATE-MANAGED RAILWAY.**

160. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state whether they intend to appoint a suitable Indian as a general manager of any of the State Railways as promised by the Honourable Member in charge of Railways? If not, why not?

THE HONOURABLE SIR GUTHRIE RUSSELL: I would refer the Honourable Member to Sir Thomas Stewart's speech of 24th February, 1938, appearing on pages 1118 and 1119 of the Legislative Assembly Debates for that day, which explains the position of Government in this respect.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, is it not a fact that the late Commerce Member, Sir Muhammad Zafrullah Khan, definitely promised that the case of Indians as Agents on the Railways would be considered?

THE HONOURABLE SIR GUTHRIE RUSSELL: My recollection is that he promised that when there was a vacancy Indians would be considered. I think that was the extent of his promise.

THE HONOURABLE MR. G. S. MOTILAL: Was there any vacancy filled after that speech was made?

THE HONOURABLE SIR GUTHRIE RUSSELL: I do not think there was any permanent vacancy filled.

THE HONOURABLE MR. HOSSAIN IMAM: What about temporary vacancies?

**THE HONOURABLE SIR GUTHRIE RUSSELL:** Officiating vacancies have not been filled by Indians.

**THE HONOURABLE MR. HOSSAIN IMAM:** Were they considered?

**THE HONOURABLE SIR GUTHRIE RUSSELL:** I can assure the Honourable Member that every suitable person is considered.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Sir, is there any chance of a vacancy occurring in the near future?

**THE HONOURABLE THE PRESIDENT:** That does not arise. That is a hypothetical question.

JOINT LAC CONFERENCE.

161. **THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY:** Will Government state whether any and if so, what recommendations have been made to the Government of India by the Joint Lac Conference held at Ranchi on the 23rd and 24th August, 1938 and what steps do they propose to take on those recommendations?

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD:** The Proceedings of the Conference have not yet been received.

TELEPHONE OPERATORS TEMPORARILY EMPLOYED BY THE DIVISIONAL ENGINEER, TELEGRAPHS, DACCA DIVISION.

162. **THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY:** Will Government state whether any consideration and, if so, what consideration has been shewn to those telephone operators who had undergone practical training and had been temporarily employed by the Divisional Engineer, Telegraphs, Dacca, after a departmental examination held in 1935 and had been rendered ineligible on account of their age for the competitive examination which was subsequently introduced?

**THE HONOURABLE MR. S. N. ROY:** General orders granting certain concessions to old approved candidates were issued in September, 1937, a copy of which was laid on the table of the Assembly on the 7th October, 1937 in reply to starred question No. 348 put by Mr. Amarendra Nath Chattopadhyaya. These orders would be applicable to the telephone operators who had undergone practical training and had been temporarily employed by the Divisional Engineer, Telegraphs, Dacca Division, after a departmental examination held in 1935. The matter is within the competence of the Postmaster General.

TRAIN TIMINGS ON THE KALKA-SIMLA SECTION, N. W. R.

163. **THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY:** (a) Are there two trains, one starting from Simla at about 11 P. M. at night and reaching Kalka at about 4-30 in the morning and another reaching Ambala at 6 in the morning and going to Delhi at about 11 in the morning?

(b) Is there no train from Kalka to Ambala connecting the above two trains? If so, do Government contemplate connecting the two trains by starting a corresponding train from Kalka to Ambala?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a) Yes: a train leaving Simla at 11-25 P.M. arrives at Kalka at 4-50 A.M.; and a train leaving Ambala at 6-23 arrives at Delhi at 11-35.

(b) The reply to the first part is in the affirmative. As regards the second part, I will convey the Honourable Member's suggestion to the General Manager of the N. W. R. for consideration.

#### IMPORT OF POTATOES FROM ITALY.

164. THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY: (a) Are potatoes worth nearly Rs. 90,000 annually imported into India from Italy?

(b) Is it cheaper to get potatoes from Italy in Bombay than from other provinces of India? If so, what is the reason and whether Government propose to reduce the railway freight on potatoes?

THE HONOURABLE MR. M. SLADE: (a) Yes.

(b) No. Imports of potatoes from Italy are mainly used for seed purposes. Such importations do not afford adequate justification for a reduction in railway freights from internal centres of production.

#### INDIAN EMIGRATION (AMENDMENT) BILL.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I move:

"That the Bill further to amend the Indian Emigration Act, 1922, as passed by the Legislative Assembly, be taken into consideration."

The reasons for bringing in this Bill are, I think, adequately explained in the Statement of Objects and Reasons and I do not think that any lengthy or elaborate exposition of these is called for on my part. As Honourable Members must have noticed, the Emigration Act of 1922 enables Government to control assisted emigration of unskilled labour but it gives no power to the Government to control the emigration of unassisted unskilled labour. Experience over a number of years has shown that the lack of such power tends to defeat the objects with which the Emigration Act of 1922 was passed. The figures show that the number of unassisted unskilled labourers who emigrate from India is very considerable and in order to achieve the objects of the Emigration Act of 1922 it is necessary that we should have this power. It is for this reason that this Bill has been introduced. As Honourable Members are aware, practically all the emigrants are from the Madras Presidency. Before bringing forward this legislation we consulted the Madras Government and they are in complete agreement with the Government of India as regards the need for this legislation. I have nothing further to add except to commend the Bill for the favourable consideration of the House.

**THE HONOURABLE MR. RAMADAS J'PANTULU** (Madras: Non-Muhammadan): Sir, I rise to support this measure most heartily. The Honourable the Leader of the House has mentioned already that the province from which I come is most interested in the operation of this measure. Sir, it is a very wide power that we are giving to the Government of India by this Bill. But I see no other way of helping Indians abroad except by vesting such wide powers in the Government of India to control emigration of assisted as well as unassisted unskilled labour. It is intended to prevent the exploitation of Indian labour and bringing down the standards of living of Indian labourers there. Therefore, this measure will have a very beneficial effect. Sir, in April last this year we were faced with trouble, especially in Malaya where wages were cut down drastically. Therefore, this measure is not premature. It will have the effect of those countries not being able in future to import labour on their own terms but only on conditions which are decent and tolerable to the Indian labourers going there. Sir, this power is no doubt liable to be abused. The Government of India might use it to help private enterprise or capitalists and to the detriment of the Indian labourer. But I have no such fears, knowing that the Department of the Government of India presided over by the Honourable the Leader of the House can be trusted to use this measure only in Indian interests; it is no doubt capable of being used to help capitalists and other vested interests, but I hope and trust that it will not be done. I understand that this measure has not only the support of the Madras Government but also of the Indian Association of Malaya. If that is so, the need for this measure is clear. So, I do not wish to take up more time of this House. I once more give my hearty support to this measure.

**\*THE HONOURABLE MR. V. V. KALIKAR** (Central Provinces: General): Sir, on behalf of my Party I rise to support this measure. This measure is supported throughout the whole of India and I congratulate the Government of India for having taken into confidence the Madras Government in framing this measure and getting it passed through the Central Legislature. We had troubles in Ceylon and Malaya about the low wages. I think that this measure will to a great extent stop the grievances of the labourers who have settled there. I personally would have liked to know the figures which we do not know so that we may have the material to judge whether this measure is necessary or not. But, apart from that, the reports that I have here go to show that this measure is in the interests of the labourers of Madras and therefore I heartily support the measure.

**\*THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR** (Madras: Muhammadan): Sir, I give my support to the Bill which has just been moved. I may congratulate the Honourable the Leader of the House for introducing such a useful and helpful piece of legislation. The lack of such power has operated to the detriment of unassisted labour. The fact that this power in regard to assisted labour and labour under contract has operated to the obvious advantage of that kind of labour is justification enough for this power which is now being asked for by the Government. It is highly

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\*Not corrected by the Honourable Member.

[Saiyed Mohamed Padshah Sahib Bahadur.]

necessary that every possible step should be taken to prevent the indiscriminate flow of labour to countries where the labourers, after emigrating there, find themselves altogether stranded, especially in times of depression just as we have at present.

(At this stage, some Honourable Members were conversing loudly among themselves.)

THE HONOURABLE THE PRESIDENT: Order, order. There should be no talk in the House when an Honourable Member is speaking.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR: I feel this is a very necessary piece of legislation which I heartily support.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, we have no option but to support this measure which the Government have brought forward. There is no gainsaying the fact that the Indian labourer goes to foreign countries in such large numbers that they reduce the economic value of those who are already settled there. Government should not think that by merely bringing forward a measure of this nature, they have finished with the task on their shoulders. The fact that people are willing to leave their homes and go to foreign countries on very inadequate wages is proof positive that the economic condition in India is not good. It is, therefore, necessary that an outlet should be found for Indian labour in other parts of the British Empire, so that this redundant population, those who are unable to get work here, may have some source of income in other parts of the British Empire. If we are to remain in the British Empire it is natural that we should desire that the Empire should help our people. We are not very particular about the place where our surplus population should be allowed to go. They can go anywhere in this big British Empire. So long as there is a possibility of economic improvement, we would like the doors of other colonies to be opened to our people. We know that in one or two colonies the British Empire is anxious to get Indian coolies. They are offered employment there. But when they go there, what happens? We saw the other day what is happening in South Africa. Indian labour is required to go to a country to help its industrial development, but when they settle down there, they are treated as pariahs and they are not given any place in the civic life of the country. For these reasons, Sir, although we support this measure, we ask the Government to carry on their endeavours to give the Indians a better place in the British Empire.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: Sir, my Honourable friend Mr. Ramadas Pantulu has expressed a fear that possibly, if not this Government, another Government might use this measure to help capitalists. I can assure him that we quite recognize that the powers which are being conferred on us are wide. We have no intention of using them arbitrarily. Our object is to use them whenever necessary to protect the interests of Indian labour. I hope that that assurance will dispel the fears of the Leader of the Congress Party.

My Honourable friend Mr. Kalikar wanted to have the figures of assisted and unassisted emigration to the two Colonies where assisted emigration is or has been in force recently, that is Malaya and Ceylon, and with your permission I would like to read out these figures. I shall begin from the year 1935 and give figures for the last three years. I think that will probably be enough. I will take first Malaya.

In the year 1935 the number of assisted emigrants was 20,771 ; the number of unassisted emigrants was 25,625. In the year 1936 the number of assisted emigrants was 3,754 and the number of unassisted emigrants was 24,104. In the year 1937 the number of assisted emigrants was 54,849 and the number of unassisted emigrants was 50,128.

Now I come to Ceylon. In the year 1935 the number of assisted emigrants was 43,018 and the number of unassisted emigrants was 104,206. In the year 1936 the number of assisted emigrants was 40,803 and the number of unassisted emigrants was 97,158. In the year 1937 the number of assisted emigrants was 51,457 and the number of unassisted emigrants was 111,125.

I think these figures bear out the statement that I made in introducing this measure that the number of assisted emigrants is very large and is a very considerable proportion of those who emigrate.

My Honourable friend Mr. Hossain Imam wanted to draw the attention of the Government of India to the plight of Indians overseas. We have had discussions on that subject frequently in this House and I need not repeat what I have stated several times before that the Government of India's constant endeavour is to watch over the welfare and prosperity of its nationals abroad.

I do not think any other point has been raised. I am glad that the measure has had the unanimous support of all sections of this House.

**THE HONOURABLE THE PRESIDENT :** Motion made :

"That the Bill further to amend the Indian Emigration Act, 1922, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD :** Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

#### STATEMENT OF BUSINESS.

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House) :** Sir, I had hoped that this House would meet tomorrow to dispose

[Sir Jagdish Prasad.]

of some of the Bills passed by the Assembly today and yesterday. But I understand that no more Bills have been passed by that House so far and I therefore request you, Sir, to direct this Council to meet on Thursday, the 22nd. It is expected that the Bill to amend the Law relating to cruelty to animals and any other Bills that may be passed by the Assembly in the meantime will be laid on the table of this House on that date and with your leave, Sir, they can be taken into consideration by this House the same day.

THE HONOURABLE THE PRESIDENT : Has the House any objection to my waiving the Standing Orders ?

(Several Honourable Members said " No ".)

THE HONOURABLE THE PRESIDENT : Then I shall waive the Standing Orders in respect of the Bills which are laid on the table on Thursday next.

THE HONOURABLE MR. R. H. PARKER : That does not apply to the Motor Vehicles Bill ?

THE HONOURABLE THE PRESIDENT : No.

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The Council then adjourned till Eleven of the Clock on Thursday, the 22nd September, 1938.