

11th September, 1933

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

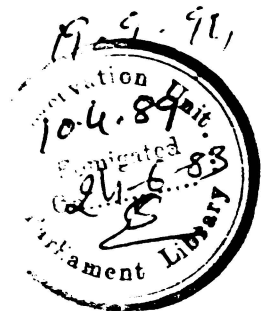
Volume VI, 1933

(5th September to 14th September, 1933)

SIXTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY,
1933



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Legislative Assembly.

President :

THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

Deputy President :

MR. ABDUL MATIN CHAUDHURY, M.L.A.

Panel of Chairmen :

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SIR LESLIE HUDSON, KT., M.L.A.

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Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Public Petitions :

MR. ABDUL MATIN CHAUDHURY, M.L.A., *Chairman.*

SIR LESLIE HUDSON, KT., M.L.A.

MR. B. SITARAMARAJU, M.L.A.

MR. GAYA PRASAD SINGH, M.L.A.

KUNWAR HAJEE ISMAIL ALI KHAN, O.B.E., M.L.A.

CONTENTS.

VOLUME VI.—5th September to 14th September, 1933.

	PAGES.
TUESDAY, 5TH SEPTEMBER, 1933—	
Questions and Answers	891—940
Unstarred Questions and Answers	940—50
Election of Members to the Standing Committees for the Departments of Commerce and Industries and Labour	951
Statements laid on the Table	951—56
The Hindu Widows' Right of Maintenance Bill—Circulated	956—69
The Indian " Khaddar " (Name Protection) Bill—Referred to Select Committee	969—87
The Removal of Doubts about the Application of the Doctrine of Representation, in case of Succession to Stridhan under the Dayabhag Bill—Circulated	987—90
The Ajmer-Merwara Juveniles Smoking Bill—Passed	990—92
The Untouchability Abolition Bill—Discussion not concluded	992—1001
WEDNESDAY, 6TH SEPTEMBER, 1933—	
Questions and Answers	1003—46
Statements laid on the Table	1047—54
Bills passed by the Council of State	1055
Message from the Council of State	1055
The Cotton Textile Industry Protection (Second Amendment) Bill—Passed	1055—77
The Indian States (Protection) Bill—Discussion not concluded	1077—94
THURSDAY, 7TH SEPTEMBER, 1933—	
Questions and Answers	1095—1119
Motion for Adjournment <i>re</i> Forfeiture by Government of the <i>Free Press Journal</i> Deposit—Ruled out of order	1119—1120
The Murshidabad Estate Administration Bill—Presentation of the Report of the Select Committee	1121

	PAGES.
THURSDAY, 7TH SEPTEMBER 19 3 .	
<i>—contd.</i>	
Statements laid on the Table	1121—26
Statement of Business	1126
Resolution <i>re</i> Proprietary Rights of Citizens in the Land—Adopted	1126—51
Resolution <i>re</i> Admissions to the Military Academy—Withdrawn	1151—63
Resolution <i>re</i> Grievances of the Travelling Public on the Assam Bengal Railway—Discussion not concluded	1164—69
FRIDAY, 8TH SEPTEMBER, 1933—	
Statements laid on the Table	1171—74
Message from the Council of State	1175
Statement of Business	1175—76
The Reserve Bank of India Bill—Introduced	1176—80
The Factories Bill—Introduced	1180—81
The Indian Tea Control Bill—Introduced	1181—82
The Indian States (Protection) Bill—Discussion not concluded	1182—1224
SATURDAY, 9TH SEPTEMBER, 1933—	
Motion for Adjournment <i>re</i> Expulsion order passed by the Commissioner on some Residents of Phulra State—Request for leave to be renewed	1225
The Indian States (Protection) Bill—Circulated	1225—28
Demands for Excess Grants	1229—31
Demand for Supplementary Grant	1231—50
MONDAY, 11TH SEPTEMBER, 1933—	
Questions and Answers	1251—81
Unstarred Questions and Answers	1281—90
Motion for Adjournment <i>re</i> Expulsion order passed by the Commissioner on some Residents of Phulra State—Ruled out of order	1291—92

	PAGES.
MONDAY, 11TH SEPTEMBER, 1933	
—contd.	
Statements laid on the Table	.1292—93
Election of Members to the Salt Industry Committee	.1293—94
The Imperial Bank of India (Amendment) Bill—Introduced	. . . . . 1294
The Indian Lac Cess (Amendment) Bill—Introduced	.1294—95
The Reserve Bank of India Bill—Discussion on the motions to refer to Joint Committee and to circulate—not concluded	. . . . . 1295—1332
TUESDAY, 12TH SEPTEMBER, 1933—	
Questions and Answers	. .1333—88
Motion for Adjournment <i>re</i> Alleged Scurrilous Article in the <i>Daily Gazette re</i> Mahatma Gandhi—Talked out	.1388—91, 1419—44
The Reserve Bank of India Bill—Discussion on the motions to refer to Joint Committee and to circulate not concluded	. . . . . 1391—1419

	PAGES.
WEDNESDAY, 13TH SEPTEMBER, 1933—	
Questions and Answers	. .1445—72
Unstarred Questions and Answers	. . . . . 1472—85
The Indian Income-tax (Amendment) Bill—Presentation of the Report of the Committee on Petitions	. . . . . 1485
The Reserve Bank of India Bill—Referred to Joint Committee	. . . . . 1485—1531
THURSDAY, 14TH SEPTEMBER, 1933—	
Message from the Council of State	. . . . . 1533
The Imperial Bank of India (Amendment) Bill—Referred to Joint Committee	. . . . . 1533—56
The Indian Merchant Shipping (Second Amendment) Bill—Passed	. . . . . 1556—58
The Murahidabad Estate Administration Bill—Passed as amended	. . . . . 1558—83

LEGISLATIVE ASSEMBLY.

Monday, 11th September, 1933.

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

QUESTIONS AND ANSWERS.

PROCEEDINGS OF THE SUB-COMMITTEE OF THE WORLD ECONOMIC CONFERENCE DEALING WITH SHIPPING SUBSIDIES.

762. ***Mr. K. C. Neogy** : (a) Will Government be pleased to state if they have received a copy of the official report of the proceedings of the Sub-Committee of the World Economic Conference dealing with shipping subsidies, and if so, will Government be pleased to place a copy of the same on the table ?

(b) Will Government be pleased to state if their delegates to the World Economic Conference took part in the proceedings of the Sub-Committee dealing with shipping subsidies, and if so, will Government be pleased to state what were the views expressed by them on that question ?

(c) Will Government be pleased to state if they have been asked by the Secretary of State to submit their views on the question of shipping subsidies, and if so, are Government prepared to lay on the table a copy of the despatch they have forwarded on this subject ?

The Honourable Sir Joseph Bhoré : (a) Yes. A copy of the Reports of the Monetary and Economic Conference has been placed in the Library of the Indian Legislature.

(b) and (c). The reply to the first part of each of these questions is in the negative, and the second does not arise.

Mr. K. C. Neogy : Do I take it that the Government of India did not give any instructions to their delegates in this matter ?

The Honourable Sir Joseph Bhoré : No, Sir. They did not.

Mr. K. C. Neogy : Why not, Sir ?

The Honourable Sir Joseph Bhoré : Because they were not directly concerned with the matter.

Mr. Balchand Navalrai : May I know, how they were not concerned with the matter ?

The Honourable Sir Joseph Bhoré : I leave my Honourable friend to exercise his own intelligence in the matter.

Mr. Lalchand Navalrai : I want better intelligence from the Honourable Member.

The Honourable Sir Joseph Bhoré : I have too great a respect for my Honourable friend's intelligence.

(1251)

PURCHASE OF SHARES BY GOVERNMENT SERVANTS IN JOINT STOCK COMPANIES.

763. ***Mr. B. R. Puri** : (a) Will Government be pleased to state if it is a fact that a Government servant cannot take any active part or be a partner in a private firm, but he can purchase shares in a joint stock concern ?

(b) Is it a fact that a Government servant cannot be a proprietor, partner or editor of a newspaper ?

(c) Will Government please state if he can purchase shares in a joint stock company owning a printing press which may also be publishing or owning a newspaper in the same manner as he can purchase shares in other joint stock concerns ?

The Honourable Sir Harry Haig : (a) Under rule 15 of the Government Servants' Conduct Rules (a copy of which is in the Library) a Government servant may not, without the previous sanction of the Local Government, engage in any trade or undertake any employment, other than his public duties. Under rule 12 of the same Rules a Government servant may not make any investment (other than an investment in immoveable property permitted by rule 10 of the same Rules) which gives him such private interest in matters with which his public duties are connected as would be likely, in the opinion of the Local Government, to embarrass or influence him in the discharge of his duties.

(b) It is laid down in rule 18 of the Government Servants' Conduct Rules that a Government servant may not, without the previous sanction of the Local Government, become the proprietor in whole or in part, or conduct or participate in the editing or management of any newspaper or other periodical publications.

(c) I would refer the Honourable Member to my answers to (a) and (b) of his question.

INCOME-TAX ASSESSED ON THE INCOME OF RAI BAHADUR BANARSI DAS OF AMBALA.

764. ***Sardar Harbans Singh Brar** : (a) Will Government be pleased to state the amount of income-tax assessed each year on the income of Rai Bahadur Banarsi Das, Rais, Banker and Mill-owner of Ambala, during the last fifteen years ?

(b) Are Government aware that one Kartar Singh, son of Khazan Singh, has submitted a memorial, dated the 5th June, 1933, to His Excellency the Governor of the Punjab, making serious allegations against the Rai Bahadur and the Income-tax Department regarding the Rai Bahadur's *successfully evading the income-tax assessment during the past fifteen years*, although he has been enjoying enormous profits from his various concerns during the said period (paragraph 9 of the said memorial deals with the subject in question) ?

(c) If not, are Government prepared to take early steps to secure a copy of the said memorial and take suitable action in the matter ?

(d) If the aforesaid memorial has already come to the notice of Government, will they be pleased to state what steps they have already taken, or they propose to take, regarding the said matter ?

(e) Are Government prepared to make an immediate enquiry into this matter ?

(f) If so, do Government propose to entrust this enquiry to a Bench consisting of two judicial officers—one European and one Indian—in view of the serious allegations of cheating against the Rai Bahadur and of corruption against the Income-tax Department ?

The Honourable Sir George Schuster : (a) I am debarred by the provisions of section 54 of the Indian Income-tax Act from disclosing any particulars relating to an assessment proceeding.

(b) Yes.

(c) Does not arise.

(d) and (e). The Commissioner of Income-tax is making enquiries.

(f) No.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

765. *Pandit Satyendra Nath Sen : (a) Are Government aware that in replies to question No. 296, parts (b), (c) and (d), dated 8th February, 1933, and to question No. 319, parts (b), (c) and (d), dated 9th February, 1933, affirming the correctness of the statements of Sir George Rainy on 25th February, 1928, that “ the schools of the two of the biggest Company-managed Railways have come under the direct control of the state”, and on 21st February, 1929, “ that the schools are under our control ”; and on 12th September, 1929 “ that the schools are the property of the East Indian Railway, and the East Indian Railway belongs to Government and I do not think there can be any doubt that they are Government schools in that sense ” and in the reply to question No. 31 in the United Provinces Legislative Council on 19th February, 1932, stating that the East Indian Railway High School, Tundla “ belongs to the Central Government”, Government have recognised that the East Indian Railway Indian Schools including the East Indian Railway Oakgrove School for Anglo-Indians are “ Government Schools ” ?

(b) If so, will Government please state (i) whether these schools are actually so treated in the day to day administration as well ? If not, why not ?

(c) Will Government please state if these schools are classified as Government schools in all Government returns ? If not, why not ?

(d) Are the committees attached to these schools advisory like those attached to provincial Government schools, and having the same powers ? If not, why not ?

(e) Do the committees, attached to the East Indian Railway Indian Schools possess full “ proprietary powers ” like those attached to privately-owned but Government-aided schools ? If so, why have powers to disburse Government funds been vested in these bodies ?

(f) Are Government aware that paragraph 10 of the rules and regulations for the management of the East Indian Railway Schools lays down : “ The teaching staff of the school shall be subordinate to the committee through the Honorary Secretary, and all proposals for changes in

the staff or their salaries shall be recorded in the Minutes of Proceedings, for confirmation or otherwise, by the Superintendent. All *actual engagements, discharges or dismissals shall be made by the committee through the Honorary Secretary* " ? If so, will Government please state if there is any school belonging to the Local or Central Government, or any other branch of any Railway or Government service, in which such powers over the destinies of Government servants have been vested in committees of this type ?

(g) Are Government prepared to take immediate steps to insure to the teachers of East Indian Railway Schools greater security of service ?

Mr. P. R. Rau : (a) to (f). I would invite the Honourable Member's attention to the replies given to his previous question No. 274 and to Mr. A. Das's question No. 604 on the same subject during this Session.

(g) The Government are not aware that the teachers of the East Indian Railway are suffering under any grievance in respect of security of service.

Pandit Satyendra Nath Sen : May I know who is the Chairman of these school committees ?

Mr. P. R. Rau : There are various school committees and I do not think there is one Chairman for all of them.

Pandit Satyendra Nath Sen : Is it not a fact that these school committees are generally mismanaged ?

Mr. P. R. Rau : I have no information to that effect.

Pandit Satyendra Nath Sen : Is it not a fact that the railway school at Tundla has been informed by the Agent about the mismanagement of the committee and that the school has been threatened with abolition if it is not managed in a proper way ?

Mr. P. R. Rau : I have no knowledge about it, but if the Honourable Member will put a question, I will obtain information.

GOVERNING BODIES OF THE EAST INDIAN RAILWAY SCHOOLS FOR INDIANS.

766. ***Pandit Satyendra Nath Sen :** (a) Will Government please lay on the table of this House a statement showing the names and designations, with salaries, of the members of the governing bodies of all the East Indian Railway Schools for Indians ?

(b) Will Government please lay on the table of this House a statement showing the names of the executive officers, honorary secretaries and managers of the various East Indian Railway Indian schools, and their official designations together with their rates of pay, and also showing what powers they enjoy in their own departments with regard to the appointments, control and punishments, including dismissal, discharge, etc., of their own subordinates and their powers and duties in their respective schools over the teachers and the headmasters ?

(c) Is it a fact that the governing bodies of the East Indian Railway Indian schools contain a number of low-paid, lower subordinates, such as clerks, ticket-collectors, guards, etc., etc., who are far inferior in education, status, pay or position to the teachers and headmasters of the East Indian Railway Indian high schools whose destinies they control and govern ?

If so, why is such an arrangement permitted ? Are Government aware of such an arrangement existing in any Government school run by Local Governments ?

(d) Do Government propose to bring the administration of the East Indian Railway Indian schools and the powers and positions of the committees attached to them into line with the administration of the committees attached to the Provincial Government schools ?

Mr. P. E. Rau : (a) and (b). Government do not consider that any public purpose would be served by the collection of this detailed information.

(c) Under the rules and regulations for the management of the East Indian Railway schools the members consist of the principal resident servants of the Railway who may be willing to serve and such other residents in the neighbourhood as it may be desirable to have thereon and who may be willing to take an interest in the working of the school.

(d) Government do not consider that it is necessary to follow the Provincial Government strictly in the detailed rules for the administration of Railway schools.

Pandit Satyendra Nath Sen : Will Government consider the desirability of improving the position of these school committees and conferring greater power on the headmasters of the schools with a view to effecting better control and discipline in the schools ?

Mr. P. E. Rau : If my Honourable friend has any suggestions to make, I will consider them.

Mr. M. Maswood Ahmad : Is it not a fact that the Superintendents are Presidents of these managing committees ?

Mr. P. E. Rau : I do not know. But if my Honourable friend wants information, I shall get it for him.

Dr. Ziauddin Ahmad : May I ask whether it is the policy of the Government to abolish these schools altogether gradually ?

Mr. P. E. Rau : It is not practicable, I am afraid. We tried to make the Provincial Governments take these schools over, but there were difficulties in the way.

PROPOSED TRANSFER OF THE SEAT OF THE HIGH COURT FROM ALLAHABAD TO LUCKNOW.

767. ***Mr. A. Das :** Are Government aware that the intention of the United Provinces Government is to transfer the seat of the High Court from Allahabad to Lucknow ? Have Government received any communication on the subject ? If so, will they please lay a copy of it on the table of this House ?

The Honourable Sir Harry Haig : Government are not aware of any such intention and have received no communication on the subject.

THROUGH BOGIES BETWEEN CERTAIN STATIONS.

768. ***Mr. M. Maswood Ahmad :** (a) Will Government be pleased to state whether any first and second class bogie is attached to the trains at the capital of the Bihar Province for Delhi, Kalka, Lahore, or Dehra Dun ?

(b) Will Government be pleased to state from which stations through bogies go to (i) Delhi ; (ii) Kalka ; (iii) Lahore ; and (iv) Dehra Dun ?

Mr. P. R. Rau : (a) Not at present, but as I informed the House the other day it is proposed from the 1st October to attach such a carriage to run between Patna and Kalka *via* Allahabad in summer and to Lahore in winter.

(b) The information is contained in the time tables of the Railways concerned.

RUNNING OF MAIL TRAINS THROUGH PATNA.

769. **Mr. M. Maswood Ahmad :** Is it a fact that there is a proposal that no mail train should pass *via* the main line touching the capital of the Bihar province on the East Indian Railway ?

Mr. P. R. Rau : No.

Mr. M. Maswood Ahmad : May I know which mail train will pass through Patna ?

Mr. P. R. Rau : 5 Up.

Mr. M. Maswood Ahmad : I believe a bogie will be attached to that for Delhi ?

Mr. P. R. Rau : Yes, Sir.

RUNNING OF A THROUGH BOGIE BETWEEN TWO STATIONS.

770. ***Mr. M. Maswood Ahmad :** Will Government be pleased to state what is the number of passengers which in their opinion justifies the running of a through bogie between two stations ?

Mr. P. R. Rau : Government are not prepared to express an opinion. It depends on varying factors, such as the seating capacity of the carriages in general use, the fluctuating nature or otherwise of the traffic and so on.

Mr. M. Maswood Ahmad : Will Government please state the factors which affect these ? I find, in reply to several of my questions, the Honourable Member says that the number of the travelling public does not warrant the running of trains or attaching bogies. I want to know all the factors.

Mr. P. R. Rau : I have already said that the decision of this question depends upon varying factors such as the seating capacity of the carriages, the fluctuating nature of the traffic or otherwise, and so on.

Mr. M. Maswood Ahmad : Are Government prepared to state all the factors which are concerned ?

Mr. P. R. Rau : I am afraid it is not possible for me to give an exhaustive reply to this question.

Mr. Lalchand Navalrai : May I know if there is any rule laid down that a train will be run if there are so many passengers and a bogie will be run if there are so many passengers ?

Mr. P. R. Rau : There is no such rule.

DEATH OF ONE H. BAGCHI, A DETENU IN THE DEOLI DETENTION CAMP.

771. ***Mr. M. Maswood Ahmad** : (a) Is it a fact that Mr. H. Bagchi of Rajshahi District, a detenu in Deoli Detention Jail died on the 22nd August, 1933 ?

(b) Will Government be pleased to state the cause of the death of the detenu ?

(c) Will Government please state the conditions on which Mr. Krishna Gopal got the permission to cremate the body ?

Mr. T. Sloan : (a) and (b). The detenu died on the 21st August of pneumonia following an operation for appendicitis.

(c) Messrs. Krishna Gopal Gurg and S. L. Gupta of Ajmer were permitted to cremate the body on the understanding that it would not be taken in procession.

Mr. M. Maswood Ahmad : Will Government be pleased to say why these restrictions were imposed for taking the dead body ?

Mr. T. Sloan : I think the reasons for imposing these conditions are obvious.

Mr. M. Maswood Ahmad : What are those obvious reasons ?

Mr. T. Sloan : Because the Commissioner did not wish to have a demonstration made.

Mr. M. Maswood Ahmad : Are Government aware that even the Generals of enemies are respected after their death ?

Mr. T. Sloan : I do not think the Government consider this gentleman as an enemy.

Mr. M. Maswood Ahmad : Do Government consider these nationalists, who have been detained without any charge and without any trial, as worse than the Generals of enemies ?

Mr. T. Sloan : No, Sir.

FAILURE OF WATER SUPPLY AT THE KURUKSHETRA STATION AFTER THE SOLAR ECLIPSE.

772. ***Mr. M. Maswood Ahmad** : (a) Is it a fact that the Railway water supply failed at Kurukshetra station immediately after the solar eclipse, which dislocated the train traffic for some hours ?

(b) Are Government aware that passengers suffered considerable inconvenience as no water could be obtained ?

(c) Is it a fact that several women and children collapsed due to scarcity of water ?

(d) What action do Government propose to take to avoid a recurrence of such trouble in future ?

Mr. P. B. Rau : Government are aware that certain allegations to this effect appeared in certain papers. Enquiries were immediately instituted, and it was found that these were based on inaccurate information. They were, I understand, contradicted later, the actual facts are that at about 19-15 hours it was found that the water level in the high service tank had fallen to nine inches owing to the waste of water which was then

taking place due to taps not being closed after use, and it was therefore then decided in order to refill the high service tank to shut off the water to the *Mela* passenger area until 20 hours, when the supply was re-opened. Not a single ordinary or Special train was detained due to lack of water and actually during the period in which it was alleged that no trains were able to leave, five ordinary passenger and 16 *Mela* Specials left Kurukshetra. Had any such serious shortage of water occurred, as was alleged, it would not have been possible to have run 49 *Mela* Specials in the first 24 hours which is a higher figure than that obtained in 1928 on the last occasion of the Solar Eclipse at Kurukshetra.

Mr. Lalchand Navalrai : May I know if there was some defect in the tank for which the water went down ?

Mr. P. R. Rau : I have been informed that the water level in the high service tank fell to 9 inches owing to the waste of water which was then taking place by taps being kept open.

Mr. Lalchand Navalrai : May I know what was the arrangement to see that taps were not interfered with like that ?

Mr. P. R. Rau : It is not possible to detail a railway servant to close taps after use by every passenger.

Mr. Lalchand Navalrai : Was there no superintendence over the water that was allowed to be used ?

Mr. P. R. Rau : In a large crowd such as we find at a *Mela*, it is obviously impossible to see that every passenger who uses the tap turns it off after use and it must be left to the good sense of the passengers concerned.

Mr. Lalchand Navalrai : May I know how many pipes were there to be tapped ?

Mr. P. R. Rau : Perhaps my Honourable friend will give me notice of that question.

Mr. M. Maswood Ahmad : Did any one collapse ?

Mr. P. R. Rau : To the best of my information, there was no such incident.

PAYMENT MADE TO THE INDIAN BRANCH OF THE ROSS INSTITUTE.

773. ***Mr. M. Maswood Ahmad :** Do Government pay any amount to the India Branch of the Ross Institute ?

Mr. G. S. Bajpai : No, Sir.

REPRESENTATION OF THE GOVERNMENT OF INDIA AT THE INTERNATIONAL WHEAT CONFERENCE.

774. ***Mr. M. Maswood Ahmad :** (a) Will Government be pleased to state whether or not they were represented at the International Wheat Conference ?

(b) Will Government be pleased to state whether they are aware of the extent to which the agreement on the subject, if any, will affect India ?

Mr. G. S. Bajpai : (a) India did not take part in the recent conference between the four principal wheat exporting countries or in their subsequent negotiations with European wheat importing countries.

(b) India is not a party to the agreement to restrict production which is reported to have been arrived at between the United States, Canada, Australia and the Argentine. It is not yet possible to predict the effect of this agreement on India.

Mr. M. Maswood Ahmad : Have Government examined the question whether this agreement will affect India or not ?

Mr. G. S. Bajpai : Yes, Sir ; and their own present conclusion is that it will not affect India at all.

DERAILMENT OF AN ENGINE AND SOME BOGIES NEAR CHINIOT, NORTH WESTERN RAILWAY.

775. ***Mr. M. Maswood Ahmad :** Will Government be pleased to state the full facts of the derailment of an engine and some bogies, on account of the Chiniot landslide which took place on Tuesday, the 22nd August, 1933 ?

Mr. P. R. Rau : The report received from the North Western Railway shows that as a result of a landslide the engine and two loading vehicles of No. 138 Down Passenger train got derailed on the 23rd August, 1933, in the cutting between Kot Amir Shah and Chiniot stations on the Sargodha-Lyallpur Section of the North Western Railway. There were no casualties. The train service was resumed on the 30th August.

VACANCIES IN THE GAZETTED RANK IN THE RAILWAY SERVICES.

776. ***Mr. M. Maswood Ahmad :** (a) Is it a fact that four vacancies in the gazetted rank in the Railway Services have occurred ?

(b) Is it a fact that Government want to recruit three Europeans and one Madrasi for the four vacancies mentioned in part (a) ?

(c) Is it a fact that Government have requested the Secretary of State to send three Europeans for the vacancies ?

(d) Will Government be pleased to state whether qualified men were not available in India ?

(e) Will Government be pleased to state the qualifications required for these appointments ?

Mr. P. R. Rau : My Honourable friend has since informed me that he is referring to State-managed Railways. I am not aware of any proposal to recruit three Europeans and one Madrasi to the Superior Railway Services as stated by the Honourable Member.

Mr. M. Maswood Ahmad : Was there any vacancy on the Burma Railways ? If so, did the Agent request the Railway Board to send one man for the post of an Engineer ?

Mr. P. R. Rau : I think there was a vacancy in the Electrical Department of the Burma Railways and steps are being taken to recruit for the vacancy in India.

Mr. M. Maswood Ahmad : Is that the gentleman who is mentioned in this question ?

Mr. P. R. Rau : I am not aware that anybody is mentioned in this question.

Mr. M. Maswood Ahmad : Has any letter been issued by the Railway Board to the High Commissioner in England for recruiting three Europeans either for State-managed or for Company-managed Railways ?

Mr. P. R. Rau : I cannot say about Company-managed Railways until my Honourable friend tells me what Company-managed Railway he is referring to and what department he refers to. As regards State-managed Railways, I have already said that there is no proposal to recruit three Europeans and one Madrasi, and no such letter has issued from the Railway Board to the High Commissioner.

Dr. Ziauddin Ahmad : May I know whether officers in a Company-managed Railway are recruited by the Directors of the Company or by the Railway Board ?

Mr. P. R. Rau : By the Directors, Sir.

FIXATION OF THE DATE AND TIME FOR DIFFERENT STANDING COMMITTEES.

777. ***Mr. M. Maswood Ahmad :** Do Government propose to fix the date and time for meetings of different Standing Committees in consultation with the Secretary of the Legislative Assembly ?

The Honourable Sir Joseph Bhore : There is already a standing instruction that Departments should consult the Secretary, Legislative Assembly, as far as possible, before fixing the times for meetings of Committees of which Members of the Legislature are members.

Mr. M. Maswood Ahmad : Is it a fact that there was a meeting of the Standing Finance Committee for Railways in the end of August and that there was another meeting of the Standing Committee on Hedjaz on the same day ?

The Honourable Sir Joseph Bhore : I think my Honourable friend is right in his suggestion.

Mr. M. Maswood Ahmad : Was any representation made to the Leader of the House in this connection that it is impossible for common members to attend both these Committees ?

The Honourable Sir Joseph Bhore : I think my Honourable friend did suggest to me that it was impossible for him to attend both at the same time.

Mr. M. Maswood Ahmad : Is it a fact that after this suggestion, the interval between the two meetings was only reduced ?

The Honourable Sir Joseph Bhore : I am sorry if my Honourable friend was put to any inconvenience in this matter, but he will realise that the fault did not rest with my Department. The actual change of time was made by another Department, but we shall do our best to see in future that the standing instructions are observed.

Mr. S. C. Mitra : Will Government also see that these committees are not called before 11 A.M. which suit only those who are accustomed to European style of living ; the time should suit also those who are used to Indian style of living and have their own hours of taking food at 10 or 10-30 A.M. ?

The Honourable Sir Joseph Bhoré : My Honourable friend must realise that in a crowded session like this, it is essential to make use of every possible moment that we can get.

Mr. S. C. Mitra : Then why is no meeting held at 1-30 P.M. or on Sundays, simply because it is inconvenient to official Members ?

The Honourable Sir Joseph Bhoré : My recollection is that on one occasion when a meeting of the Railway Standing Finance Committee was called on a Sunday, there was a general protest in this House.

Mr. M. Maswood Ahmad : May I know if it is a fact that in the Standing Committee meeting of that day, there was not a single item on the agenda which could not be postponed for a day ?

The Honourable Sir Joseph Bhoré : I am afraid I do not know the agenda of the Haj Committee meeting of that day.

Mr. Vidya Sagar Pandya : Is it possible to discourage a Member of this House being on too many Standing Committees ?

The Honourable Sir Joseph Bhoré : The remedy is in the hands of Honourable Members themselves.

Dr. Ziauddin Ahmad : May I suggest that the information about notices of Committee meetings may be sent to the Secretariat of the Assembly when they may be in a position to point out in time, if the times fixed for two or more meetings clashed ?

The Honourable Sir Joseph Bhoré : I have already said that we hope that arrangements will be made to see that this standing instruction is more closely observed in future.

SCHOOL BUILDINGS ON THE RIDGE AT NEW DELHI.

778. ***Pandit Satyendra Nath Sen :** (a) Will Government please state what is the total expenditure incurred on the school buildings on the Ridge at New Delhi ?

(b) What are the schools that have been located in the above buildings ?

(c) What is the number of students and teachers in those schools ?

(d) Has any provision been made for the residential accommodation of the teachers ? If not, do Government propose to take up the question of the residential accommodation of these teachers in the building programme that has been sanctioned recently ?

Mr. G. S. Bajpai : (a) Rs. 4,53,532.

(b) and (c). A statement giving the information asked for by the Honourable Member is laid on the table.

(d) Provision is being made for the residential accommodation of teachers.

Statement giving the names of and the number of teachers and students in the Schools located on the Ridge, New Delhi.

No.	Name of the school.	No. of teachers.*	Students.	
			During Summer.	During Winter.
1	Municipal Boys High School ..	21	407	500
2	Bengali Boys High School ...	12	262	262
3	Municipal Boys Primary School ..	9	313	560
4	Madrassi Primary School ..	2	22	80

*NOTE.—Some temporary staff is engaged to cope with the increase of boys in winter.

NOMINATION OF MEMBERS OF THE NEW DELHI MUNICIPAL COMMITTEE.

779. ***Pandit Satyendra Nath Sen :** (a) Will Government please state the number and the names of the members of the New Delhi Municipal Committee ? What is the principle on which the nominations have been made ?

(b) Will Government please state the number of Bengali residents in New Delhi and state why no nominations were made from that community ?

(c) Is it a fact that a very large number of the official non-migratory population of the non-gazetted rank exists at New Delhi ? If so, why has no nomination been made from among this class of officials ?

(d) Is it a fact that representation has been allotted to the Imperial Secretariat Association (migratory), but that representation of the local Civil Accounts Association was refused ? If so, why ?

(e) Are Government considering the desirability of remodelling the Municipality so as to allow representation of the various provincial communities living in New Delhi ?

Mr. G. S. Bajpai : (a) I lay on the table a statement which gives the information asked for in the first part of the Honourable Member's question. Nominations are made with regard to two principles, viz., the safeguarding of the interests of Government which has the largest share of any rate-payer in New Delhi and, consistently with this, to provide a non-official element which can speak for non-official interests.

(b) The total number of Bengalis in February, 1931, (last census) was 2,469. Nominations are not made on any sectional basis.

(c) The reply to the first part of the question is in the affirmative. As regards the second part, I would invite the Honourable Member's attention to the answer I have given to parts (a) and (b) of this question.

(d) The reply to the first part of the question is in the affirmative. The Civil Accounts Association asked for representation on the New Delhi Municipal Committee, but it was not found possible to grant this request.

(e) No.

Statement showing the number and names of the members of the New Delhi Municipal Committee.

President.

Mr. F. T. Jones, C.I.E., M.V.O., V.D., Officiating Chief Engineer, Central Public Works Department, New Delhi.

Members.

1. Superintending Engineer, I Circle, Central Public Works Department, New Delhi.
2. The Chief Auditor, Railway Clearing Accounts, Delhi.
3. The Civil Surgeon, New Delhi (or, during the Civil Surgeon's absence in summer months, the Assistant Surgeon in charge Civil Hospital, New Delhi).
4. The Assistant Director of Public Health, Delhi.
5. The Superintendent of Education, Delhi.
6. The Land and Development Officer, New Delhi.
7. Superintending Engineer, II Circle, Central Public Works Department, New Delhi.

Appointed by name.

1. Mr. R. T. Russell, Chief Architect, Central Public Works Department, New Delhi.
2. Mr. C. G. Blomfield, New Delhi.
3. Mr. H. N. Khanna, Commerce Department, Government of India (representing the Imperial Secretariat Association).
4. S. B. Sardar Sôbha Singh, New Delhi.
5. L. Jagdish Pershad, New Delhi.
6. K. S. Chaudhri Akbar Ali, New Delhi.

Mr. Lalchand Navarai: May I know why the elective system is not being introduced in the New Delhi Municipality which is supposed to be a progressive municipality?

Mr. G. S. Bajpai: As I explained on an earlier occasion, we have come to the conclusion that for the time being it is best to carry on with a nominated Committee.

Mr. Lalchand Navarai: May I know what that length of time is going to be?

Mr. G. S. Bajpai: My Honourable friend would not expect me to fix a limit to that. I should say, at least for the next three or four years.

RESERVATION OF THE IMPERIAL COASTING TRADE TO BRITISH SHIPS.

780. ***Mr. K. C. Neogy:** (a) Will Government be pleased to state if the question of reserving the Imperial coasting trade to British ships

was discussed by a Sub-Committee at the last Ottawa Conference, and if so, will Government be pleased to state the views expressed by the delegates from India at that Conference on that subject ?

(b) Will Government be pleased to state whether they have received any communication from the India Office on the subject of reserving the Imperial coasting trade to British ships, and if so, will Government be pleased to state whether they have submitted any representation to the India Office on the subject ?

(c) If the answer to (b) be in the affirmative, are Government prepared to lay a copy of their representation on the table ?

The Honourable Sir Joseph Bhore : (a) The attention of the Honourable Member is invited to the reply given by me to a somewhat similar question, on the same subject, asked in the Legislative Assembly by Mr. B. Das on the 28th November, 1932.

(b) The answer is in the negative.

(c) Does not arise.

PROTECTION TO THE INDIAN SHIPPING COMPANIES.

781. ***Mr. K. C. Neogy :** (a) Has the attention of Government been drawn to the following observations made by Sir Alfred Watson in reply to question No. 4538 during the course of his recent evidence before the Joint Select Committee of Parliament :

“ I am bound to say, speaking as an European, that the Indians have a case for a large share in their coastal shipping ; and although I opposed the Bill very strongly because it savoured of expropriation, I recognise that Indian company after Indian company which endeavoured to develop a coastal service has been financially shattered by the heavy combination of the British interests. I think those British interests have to realise in the future that they must be prepared for a real partnership and must admit Indians to a share—at least a share in their coastal trade.”

(b) If the answer to (a) be in the affirmative, will Government be pleased to state what steps they have taken or propose to take to protect Indian shipping companies from being “ financially shattered by the heavy combination of the British interests ” and to secure for them an adequate share of the trade in their home waters and on the overseas ?

The Honourable Sir Joseph Bhore : (a) Government have seen the observations referred to.

(b) The attention of the Honourable Member is invited to the replies given to somewhat similar questions asked in the Legislative Assembly by Mr. S. C. Shahani and Mr. B. Das on the 29th January, 1931, and the 29th March, 1932, respectively, and in the Council of State by the Honourable Lala Jagdish Prasad on the 8th March, 1933. The whole question of the development of an Indian Mercantile Marine has been engaging the attention of the Government of India for some time past, and they have repeatedly expressed the opinion that a solution of this difficult problem should, as far as possible, be found in an agreed settlement between the interests concerned. I am glad to be able to inform the Honourable Member that considerable progress has been made in that direction.

Dr. Ziauddin Ahmad : May I ask whether the Honourable Member agrees with the observations made by Sir Alfred Watson ?

The Honourable Sir Joseph Bhoré : I think that my personal opinion does not matter very much.

Dr. Ziauddin Ahmad : I did not ask the personal opinion of the Honourable Member. On the floor of the House I ask the opinion of the Government.

The Honourable Sir Joseph Bhoré : My Honourable friend did not make that clear.

Dr. Ziauddin Ahmad : I now make it clear that I ask the opinion of the Honourable Member for Commerce.

The Honourable Sir Joseph Bhoré : My Honourable friend is still asking for an opinion ; but the views of the Government of India have been very definitely laid down as will be seen from Mr. Neogy's next question.

Mr. B. Das : Did it not surprise the Honourable Member to find such an expression of opinion from Sir Alfred Watson on his retirement from India ?

The Honourable Sir Joseph Bhoré : That is hardly a matter which calls for a reply.

Mr. B. Das : I would like to know the Honourable Member's opinion on the point.

The Honourable Sir Joseph Bhoré : I regret I am not prepared to give any opinion* on the point.

Mr. Gaya Prasad Singh : Knowing the antecedents of Sir Alfred Watson, I think nobody should be surprised at the expression of this opinion.

PARTICIPATION OF INDIAN SHIPPING IN THE COASTAL AND OVERSEAS TRADE OF INDIA.

782. ***Mr. K. C. Neogy :** (a) Will Government be pleased to state if it is their policy to take steps for providing an adequate participation of Indian shipping,

(i) in the coastal trade of India,

(ii) in the overseas trade of India ?

(b) Will Government be pleased to state if they announced, at the end of the Shipping Conference convened by them in 1930, that the responsibility for taking further steps for the development of Indian shipping in the coastal and overseas trade of India will rest on them ?

(c) Will Government be pleased to state if in September, 1932, they further confirmed their policy regarding the development of Indian shipping by stating in the Legislative Assembly " that Government are particularly anxious to facilitate the growth and the expansion of the coastal trade of India in so far as that coastal trade is operated by Indian agencies and through the instrumentality of Indian capital " ?

(d) If the answer to (a), (b) and/or (c) be in the affirmative, will Government be pleased to state the steps they have taken, or propose to take, for an adequate participation and development of Indian shipping both in the coastal and the overseas trade of India ?

The Honourable Sir Joseph Bhore : (a), (b) and (c). The reply is in the affirmative.

(d) The attention of the Honourable Member is invited to the reply just given by me to his question No. 781.

Dr. Ziauddin Ahmad : May I ask what steps have Government taken to realise the object underlying these questions ?

The Honourable Sir Joseph Bhore : As I have explained, Government hold the view that this very difficult problem can only be settled by general and mutual agreement between the parties concerned. So far as Government are concerned, they have taken every opportunity to try and bring about such agreement. I am glad to be able to say that their efforts have in recent times been successful, and I can assure this House that, so far as the Government are concerned, it will be their constant endeavour to see that the development of the Indian-owned mercantile marine is steadily kept in view and steadily pushed forward.

Sardar Sant Singh : May I know if the Government propose to introduce any legislation to protect this trade in case the British companies do not agree adequately to protect the interests of the Indians ?

The Honourable Sir Joseph Bhore : I do not propose to reply to a hypothetical question.

Mr. Lalchand Navalrai : May I know from the Honourable Member if any conference for considering these agreements is being called ?

The Honourable Sir Joseph Bhore : No : no conference is being called ; but I think the reply to the next question of my Honourable friend, Mr. Neogy, will show that a new arrangement has been arrived at recently.

PARTICIPATION OF INDIAN SHIPPING IN THE COASTAL AND OVERSEAS TRADE OF INDIA.

783. ***Mr. K. C. Neogy :** (a) Will Government be pleased to state if their good offices were ever utilised in bringing about an agreement between the British shipping companies and the Indian shipping companies engaged in the coastal trade of India ?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state whether any new arrangement that might have been reached with their help effectively provides for an adequate participation of Indian shipping both in the coastal and overseas trade of India ?

The Honourable Sir Joseph Bhore : (a) Yes.

(b) I am not in a position to give details, but the arrangement referred to by the Honourable Member provides substantial further opportunities for the development of Indian shipping.

Mr. B. Das : Is it not a fact that since the rapprochement between Sir Leslie Hudson representing the B. I. S. N. Co. and my friend, Mr. Mody, representing the Scindia Steam Navigation Company, these two gentlemen have formed an offensive and defensive alliance and that Sir Leslie Hudson defended the Cotton Yarn Textile Protection Bill which was passed the other day ?

The Honourable Sir Joseph Bhore : I am not aware of any such alliance between my Honourable friends referred to.

Mr. B. Das : Is it not a fact that last Session, before this agreement was reached, my friends, Mr. Mody and Sir Leslie Hudson, were seen always closetted together in the lobby and also in the House ?

GRIEVANCES OF THE INDIAN SHIPPING COMPANIES.

784. ***Mr. K. C. Neogy :** (a) Is it a fact that a deputation of Indian ship-owners waited upon His Excellency at New Delhi in October last and submitted to His Excellency the grievances of Indian shipping and pointed out to him that if timely help was not given, Indian Shipping Companies, and especially the small Indian Steamship Companies on the west coast of India, would be wiped out of existence owing to the unfair rate war and other means adopted by the British vested interests ?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state what steps they have taken to prevent the small Indian Steamship Companies from being wiped out of existence, and whether they are aware that the freight war carried on against them by the British vested interests has ceased ?

The Honourable Sir Joseph Bhore : (a) Yes.

(b) The Honourable Member is referred to the reply given to part (b) of his question No. 781. The case of the small Indian Steamship Companies has also been borne in mind in that connection. I have, however, very recently received a further representation on this subject, and am making inquiries into the present state of affairs in the trade in question.

NON-ADMISSION OF INDIANS TO THE PRINCE OF WALES SEAMEN'S INSTITUTE, BOMBAY.

785. ***Mr. K. C. Neogy :** With reference to starred questions Nos. 1058 and 1059 relating to the non-admission of Indians to the Prince of Wales Seamen's Institute, Bombay, put by Mr. B. Das in the Legislative Assembly on the 29th March, 1932, will Government be pleased to lay on the table of this House copies of the answers that may have been sent to Mr. B. Das as promised by the Honourable Sir George Rainy in reply to those questions ?

The Honourable Sir Joseph Bhore : Replies to the questions referred to were laid on the table on the 7th November, 1932.

TRAINING OF MARINE ENGINEERS IN INDIA.

786. ***Mr. K. C. Neogy :** (a) Are Government aware that Lord Irwin as the Viceroy of India, speaking at Calcutta in 1928, observed " that India should have its mercantile marine and that the ships of that mercantile marine should be officered as well as manned by Indians " and that he further added that " in modern times experience of countries that have tried to create a mercantile marine has shown that everything depends upon the personnel " and that " on the long view it is the training of the personnel that I believe to be the fundamental of the whole matter in this vital matter " ?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state when they propose to provide facilities for the training of marine engineers in India ?

The Honourable Sir Joseph Bhole : (a) Yes.

(b) A scheme for the provision of facilities for the training of Marine Engineers in India is at present being worked out, but I am not yet in a position to say when it can be brought into effect. That must depend, among other things, on the possibility of providing the necessary funds.

Dr. Ziauddin Ahmad : Have the Government of India formulated any scheme mentioning the amount of money they require and, if so, whether they have sent any recommendations to the Finance Department about it ?

The Honourable Sir Joseph Bhole : No ; not yet ; the scheme itself is being worked out.

ALLEGED ATTACK ON MAHATMA GANDHI BY THE *Daily Gazette* OF KARACHI.

787. ***Mr. Lalchand Navalrai :** (a) Will Government be pleased to state if their attention has been drawn to the leading editorial article under the heading " Mr. Gandhi's latest " published in the *Daily Gazette*, the Anglo-Indian paper of Karachi, in its issue of the 18th August, 1933, which has been referred to in the *National Call* of the 24th August, 1933, and the *Sind Observer* of the 20th August, 1933, stating that the *Gazette* " has crossed all bounds of journalistic decency and decorum by indulging in a vituperative outburst against Mahatma Gandhi on account of his recurring fasts, and pleading for meting out to him corporal punishment of the most barbarous and outrageous kind and suggesting flogging him on that part of anatomy which nature has specifically provided for the purpose " ?

(b) Is it a fact that the *Daily Gazette*, in its issue of the 18th August, 1933, wrote as follows :

" Most people feel that Gandhiji should be well smacked on part of anatomy nature has specifically provided for the purpose. Unfortunately, he is too old for this type of treatment to prove of any use—certainly his latest antic smacks of a silly old man entering his second childhood. The writer feels disappointed at the impossibility to inflict flogging on Mahatmaji owing to his old age and not because of his cruel nature " ?

(c) Are Government aware that the same *Daily Gazette* has on previous occasions too advocated indiscriminate award of flogging punishment to civil disobedience offenders below the age of 18 and remarked early in 1932 that " buttocks are created or intended by nature for flogging " ?

(d) Are Government aware that such provocative writings create bad blood between Europeans and Indians ?

(e) Are Government aware that it has been suggested in the papers to take suitable action against the authors of such writings in the *Daily Gazette* ?

(f) Are Government aware that Mahatma Gandhi is held in great reverence by the millions in India ?

(g) Have Government consulted their law officers with a view to taking any action against the *Gazette* ? If so, with what result ?

(h) Do Government propose to take action against the *Daily Gazette* under the Press Act, or the Penal Code, or otherwise ? If not, why not ?

Mr. T. Sloan : (a) The Honourable Member's question has directed my attention to the article and the comments on it referred to. I ought to add that the *Daily Gazette* has published a further article repudiating the interpretations placed on its words in the comment quoted.

(b) The first two sentences quoted by the Honourable Member occur substantially in the article. The third does not, and appears to be the interpolation of a critic.

(c) Government have no information.

(d) to (h). The question of the effect produced by an article of this kind is one which can best be judged by the Local Government, who have power to take action against any writings that offend against the law.

Mr. Lalchand Navalrai : May I know from the Honourable Member whether the Local Government, which, in this case, is the Commissioner in Sind, has called for any explanation from the *Daily Gazette* ?

Mr. T. Sloan : I have no information.

Mr. Lalchand Navalrai : Does the Honourable Member know that the reply of the *Daily Gazette* on August 30th, 1933, to which perhaps the Honourable Member made reference, admits the two portions of the statement made in part (b) of the question ?

Mr. T. Sloan : Yes.

Mr. Lalchand Navalrai : Does the Honourable Member also see the silly explanation given, which is this, that the spanking referred to signified the action of an exasperated mother with a fractious child and the phrase was figurative connected with the childishness imputed to Mr. Gandhi's fasting antics which are similar to those of a child who refuses its food because its parents do not give in to its will ? May I know, with this explanation, whether the Honourable Member would think it necessary to call the attention of the Bombay Government that the answer is only childish and the allegation is admitted, and that action should, therefore, be taken against the *Daily Gazette* ?

Mr. T. Sloan : No, Sir. The Government of India do not propose to call the attention of the Government of Bombay to a reply which explains the obvious meaning of the article.

Mr. Lalchand Navalrai : May I know, therefore, whether Government are accepting this explanation which will not be acceptable even to a child ?

Mr. T. Sloan : The explanation given is an obvious one to any one who has a good knowledge of the English language.

Mr. Lalchand Navalrai : May I know if the Honourable Member is aware that there have been so many criticisms over this article which has been called childish and if he thinks that those who have criticised do not also know the English language well ?

Mr. T. Sloan : I have not seen any criticism, Sir, except the Honourable Member's.

Mr. M. Maswood Ahmad : Are Government aware that these articles have injured the feelings of many people who are living in the areas administered by the Central Government also ?

Mr. T. Sloan : Government have nothing to say in defence of the article.

Mr. M. Maswood Ahmad : I want to know whether Government are aware that these articles have injured the feelings of people who live in the areas administered by the Central Government ? This is a very simple question.

Mr. T. Sloan : The Government are not aware of the feelings of all the people who read or have read this article.

Mr. M. Maswood Ahmad : Do Government read nationalist papers as well ?

Mr. T. Sloan : Yes, Sir.

Pandit Satyendra Nath Sen : May I know if the reference made by the *Daily Gazette* is to Indian buttocks only or European buttocks as well including those of the editor himself ?

Mr. T. Sloan : I believe the buttocks referred to were Indian.

Mr. Gaya Prasad Singh : Is not the most appropriate form of punishment to the Anglo-Indian writers of such scurrilous articles that they should be flogged on that part of the body which is mentioned in (c) of the question ?

Sir Cowasji Jehangir : May I ask the Honourable Member whether Government have come to the conclusion that this article does not fall within the four corners of the law and that a criminal prosecution is not possible ?

Mr. T. Sloan : As I have said, that is a matter for the Local Government to consider.

Sir Cowasji Jehangir : Does the Honourable Member know that the Local Government is under the control, supervision and direction of the Government of India ?

Mr. T. Sloan : Yes, Sir.

Sir Cowasji Jehangir : Then does the Honourable Member know that it is for the Government of India also to make up their minds whether to launch a prosecution or not, because they, and not the Local Government, are responsible to this House ? I will ask a very simple question. Have the Government of India come to the conclusion that this article does or does not fall within the four corners of the law ?

Mr. T. Sloan : No, Sir ; the Government of India have not come to any conclusion on the subject, because they consider that the matter is one for the Local Government. It is perfectly right that the Local Government is under the direction, superintendence and control of the Government of India, but that does not mean that the Government of India should interfere with the Local Government in its day to day administration.

Sir Cowasji Jehangir : Does the Honourable Member mean to say that it is not the duty of the Government of India even to give the slightest consideration to the matter ?

The Honourable Sir Joseph Bhore : May I intervene for a moment, Sir, with your permission ? If my Honourable friend said that these articles were in questionable taste, I think there would be no difficulty in agreeing, but, Sir, it is a very different matter when you come to a question of criminal prosecution. A publication may offend against the canons of good taste, and yet it may not possibly be a fit subject for prosecution. I cannot speak for the Home Department, but I shall bring it to the notice of my Honourable colleague, the Home Member, and I have no doubt that he will send a copy of the questions and the replies given in this House to the Local Government for their consideration.

Sir Cowasji Jehangir : My question was, whether the Government had come to the conclusion that this article did not fall within the four corners of the law, and the answer given was that the Government of India had given no consideration to this matter. The answer evidently should have been whether it fell within the four corners of the law or not, but, instead of that, I am told that the Government of India had given no consideration to this matter. Mr. President, I think it is the duty of the Government of India to tell us whether they have given any consideration to this matter at all or not, whether the article falls within the four corners of the law or not ?

The Honourable Sir Joseph Bhore : I tried to make it perfectly clear that this is primarily a matter for the Local Government and for the exercise of the discretion of the Local Government. The Government of India do not propose to direct the Local Government to take certain action in this matter, but what they will do is, they will bring to the notice of the Local Government the opinions given expression to in this House, so that the Local Government may then come to a conclusion as to what they should do.

Mr. B. R. Puri : May I know, Sir, if the Government of India realise whether or not they have some responsibility in this matter ?

The Honourable Sir Joseph Bhore : I do not question that suggestion at all.

Mr. B. R. Puri : Very well ; then may I know when the publication of an article of this nature is widely circulated and it is also published and circulated in territories which are directly under the direction and control of the Government of India, for instance the Delhi Province, are not the Government of India responsible for an article of that nature which finds publication and broadcasting in a province like Delhi ?

The Honourable Sir Joseph Bhore : Sir, I am not aware of the extent of the publication of this article to which my friend has referred.

Mr. B. R. Puri : May I know if the Government's case is that the publication of an article of this nature never found its way in a province like Delhi ?

The Honourable Sir Joseph Bhore : Will my friend kindly repeat his question ?

Mr. B. B. Puri : May I know if the Government of India are in a position to assert that this newspaper article was not really published in Delhi ?

Mr. T. Sloan : Whether the *Daily Gazette* of Karachi reaches Delhi or not, I cannot say, but the article was substantially repeated in the *National Call* which, I understand, is published in Delhi.

Mr. K. C. Neogy : Was any action contemplated against the *National Call* by the Government of India ?

Mr. T. Sloan : No, Sir.

Mr. K. C. Neogy : Why not, Sir ?

Mr. T. Sloan : I want notice of that question.

Mr. Lalchand Navalrai : May I know, Sir, whether the Honourable the Leader of the House agrees with the reply given by the Home Secretary, because it appears to me that he is prejudicing the case by giving his opinion for the consideration of the Local Government ?

The Honourable Sir Joseph Bhore : My friend must not ask me for my opinion on the reply given by another Department of the Government of India.

Mr. Lalchand Navalrai : May I, therefore, know from the Joint Secretary of the Home Department himself whether any such expression has been ever used in the United Kingdom with regard to a child and whether the buttocks of any British people will be spanked ?

Mr. T. Sloan : If the Honourable gentleman had knowledge of United Kingdom, he would know that in many households there it is customary for the buttocks to be spanked.

Mr. Lalchand Navalrai : I will merely ask the Honourable Member to say whether the simile can be applied to a man of the position of Mahatma Gandhi ?

Mr. R. S. Sarma : In view of the fact that the Publicity Officer of the Government of India is in direct touch with newspapers all over the country, will Government be pleased to direct him to draw the attention of the editor of the *Daily Gazette* to this article and to ask him, if necessary, in a friendly manner, to refrain from writing any more articles of a provocative character ?

Mr. Lalchand Navalrai : And also to offer an apology ?

Mr. T. Sloan : The Honourable the Leader of the House has already undertaken to see that copies of the questions and answers on this subject be sent to the Bombay Government, and they will no doubt consider whether it is desirable or not to take the action suggested by the Honourable Member.

Mr. F. E. James : Will the Honourable Member inform the House as to whether it is not within the power of Mahatma Gandhi himself to take action under the law against the editor of this paper if he considers that this article transgresses the law of libel ?

Mr. T. Sloan : That, Sir, is a legal question, but I think if Mr. Gandhi was advised that he can take action, then there will be nothing to prevent him from taking action.

Mr. N. M. Joshi : May I ask, Sir, whether Government are absolved from their duty simply because a private person can take action under the law ?

The Honourable Sir Joseph Bhore : I think, Sir, I have already made the point abundantly clear. The point is, the Government of India do not propose to interfere directly in this matter, but they will bring all that has been said in this House to the attention of those who are directly responsible in this matter.

Mr. Gaya Prasad Singh : Will Government be pleased to see that the Honourable the Home Member is present, if necessary, so that the answers to questions relating to his Department may be more fully given than has been given by the Joint Secretary ?

Mr. Gaya Prasad Singh : Will Government kindly also see that the Home Member is present in this House so that answers to questions relating to his Department may be more fully given than has been done by the Honourable Member ?

Mr. President (The Honourable Sir Shanmukham Chetty) : Order, order. The Honourable the Joint Secretary in the Home Department has already expressed on behalf of the Home Member his regret at his inability to be present here. The Home Member, as far as the Chair is aware, has never been absent when questions are asked. (Cheers.)

Mr. Gaya Prasad Singh : Does the Chair realise that the reply of the Honourable Member, the Joint Secretary in the Home Department, has been rather flippant to some of the questions asked by my Honourable friend, Mr. Lalchand Navalrai ? I never meant any reflection on the Home Member.

Mr. President (The Honourable Sir Shanmukham Chetty) : Order, order, The Chair is not concerned with the nature of the answer given by any Member of the Government. But the Chair is certainly concerned to see that every Member of Government shows courtesy to this House by being present in his place, when subjects relating to his Department are discussed, and the Chair has no reason to think that the Home Member has failed in his duty.

Mr. B. E. Puri : May I know if the Government of India are now disposed, in view of the most flagrantly indecent character of this attack upon a very revered gentleman, to transmit to the Government of Sind their strong condemnation of the article in question, and not merely to be content with despatching the question and answers which are being gone into in this matter this morning ?

The Honourable Sir Joseph Bhore : I cannot engage that the Government of India will commit themselves to any expression of opinion, and I regret that I am not in a position to go any further than I have gone this morning in the matter.

Mr. B. E. Puri : May I know if the Government of India are at all disposed to take legal opinion with reference to this article and

thus enable themselves to know that it is a most flagrant case coming under section 153-A of the Indian Penal Code and also under the Press Act ?

The Honourable Sir Joseph Bhore : So far as I am concerned and so far as I am in a position to speak for Government, Government do not propose to take the action suggested by my Honourable friend.

Mr. B. R. Puri : Why ?

Mr. K. C. Neogy : Why ?

Mr. Gaya Prasad Singh : It is because it is an Anglo-Indian paper that is concerned.

The Honourable Sir Joseph Bhore : Because I have explained more than half a dozen times to Honourable Members that the matter is within the direct competence of the Local Government and the Local Government must be left to take such steps as appear to them necessary.

Mr. B. R. Puri : Do the Government realise that it might put a premium on counter attacks of a similar kind ? (Hear, hear.)

Mr. N. M. Joshi : You will be sent to jail.

An Honourable Member : Blood is thicker than water.

The Honourable Sir Joseph Bhore : I am afraid that counter attacks already exist and I do not think they can be intensified by any action such as has been referred to.

Dr. Ziauddin Ahmad : In view of these questions that have been asked this morning, is it not desirable that Government should at least know whether this article did or did not come within the four corners of the law ? They can find it out from the Law Department.

The Honourable Sir Joseph Bhore : I really cannot go beyond what I have already said.

Sardar Sant Singh : May I know if it is the consistent policy of the Government of India not to interfere with local affairs, and, if so, may I know why terrorist outrages are condemned in this House ?

The Honourable Sir Joseph Bhore : I suggest that it hardly arises out of this question.

Sardar Sant Singh : It does arise in this way. When we are trying to put down terrorist outrages in the country, such inflammable material is supplied by the Anglo-Indian Press. Therefore, I say, if terrorist outrages are to be condemned in this House, and they are properly condemned, then such outrages on the part of Anglo-Indian papers must be taken notice of by the Government. May I know why the Government will not take notice of this ?

The Honourable Sir Joseph Bhore : I have already explained that it is perfectly open to this House to condemn an article such as that which is being discussed this morning. I have further explained that at the present moment Government will not do more than bring this

condemnation, as expressed by Honourable Members in this House, to the notice of the Local Government for their consideration. I regret that I am unable to say anything beyond what I have already stated.

Mr. H. P. Mody : If the Government of Bombay do not choose to take action in this matter, then, in view of the strong feeling exhibited in this House and outside, on account of this silly effusion, do the Government of India propose to call upon the Bombay Government for an explanation ?

The Honourable Sir Joseph Bhoré : It is a purely hypothetical question.

Mr. H. P. Mody : It is not a hypothetical question. I want to know whether the Government of India propose to call upon the Bombay Government for an explanation in the event of the Bombay Government not taking any action ?

The Honourable Sir Joseph Bhoré : It is obvious on the face of it.

Mr. H. P. Mody : What is obvious ?

The Honourable Sir Joseph Bhoré : That it is hypothetical. If my Honourable friend will only take the trouble to consider his own question, he will realise it.

Sir Cowasji Jehangir : May I ask the Government one simple question ? Is it their policy to make any distinction between papers which may tend to cause a breach of the peace by attacks against the Government or against anybody else, the result being a breach of the peace in both cases ?

The Honourable Sir Joseph Bhoré : As far as I know, it is not the policy of Government to make any distinction whatever.

Mr. B. Das : Are Government aware that their superintendence, direction and control over the Bombay Government has failed, and are they aware that the Bombay Government at the slightest pretext ask for heavy deposits from Indian edited papers, while they allow Anglo-Indian edited papers to go on creating racial hatred between Indians, Europeans and the British Government ?

The Honourable Sir Joseph Bhoré : Government are not aware that their superintendence, direction and control had failed in any case.

Mr. B. Das : The reply of the Government does not indicate that.

Mr. A. Hoon : In view of the fact that the questions put by Mr. Mody are considered hypothetical by the Government, will Government be pleased to ask the Bombay Government at once why no action has so far been taken by them and why they have been sleeping over this matter ?

The Honourable Sir Joseph Bhoré : I am not prepared to go beyond what I have indicated that the Government of India would do in this matter.

Mr. Vidya Sagar Pandya : Are you anxious and prepared for an adjournment motion on this matter ?

Some Honourable Members : There must be an adjournment motion on this tomorrow.

**PROTECTION OF THE PRIVATE DAIRY INDUSTRY FROM THE UNFAIR
COMPETITION OF MILITARY DAIRIES.**

788. ***Mr. Jagan Nath Aggarwal :** (a) Will Government be pleased to state whether in May last they received any representation from the private dairy owners of Simla and other places, complaining against the Government military dairies interfering with private dairy enterprise, by sending out their produce for sale outside the regimental lines ?

(b) Are Government aware that their representation received the full support of several leading newspapers and trades associations in India ?

(c) If the reply to part (a) above is in the affirmative, will Government kindly state whether they have taken, or propose to take, any action to redress the grievances embodied in the above representation, to protect the private dairy industry from the unfair competition of the military dairies ? If not, why not ?

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

(b) Government have only received one other representation on the subject from the Indian Merchants' Chamber, Bombay.

(c) The matter is at present under the consideration of Government.

Mr. Gaya Prasad Singh : Have Government received a representation sent by numerous owners of dairy farms protesting against the military dairy farm at Jutogh competing with private enterprise ?

Mr. G. R. F. Tottenham : Yes. I have said so in answer to part (a) of the question.

Mr. Gaya Prasad Singh : Is it a fact that large tracts of valuable land were granted to the military dairy farms free or on nominal value to help them for the sake of military necessity only ?

Mr. G. R. F. Tottenham : The dairy farms have been supplied with land, but not free. If the Honourable Member would read the answer that I gave to a question asked by my Honourable friend, Mr. Lalchand Navalrai, some days ago, he would find that the farms have to pay rent to Government on the market value of all land that was placed at their disposal.

Mr. Gaya Prasad Singh : Is it a fact that the Military Dairy Farm at Jutogh make purchases from some of the local *gowalas*, keep country buffaloes and take their milk and then supply it to the civil population outside the regimental areas ?

Mr. G. R. F. Tottenham : There is a further question on that point which is coming later.

Dr. Ziauddin Ahmad : If these are commercial concerns, will Government lay the balance sheets of these concerns before the House ?

Mr. G. R. F. Tottenham : I am perfectly prepared to do so. In fact, I think they were already laid before the Military Accounts Committee and the Public Accounts Committee.

Mr. Gaya Prasad Singh : Is it a fact that the Military Dairy Farm at Jutogh is working at a loss ?

Mr. G. R. F. Tottenham : Yes, it is working at a slight loss at present.

Mr. Gaya Prasad Singh : Is it a fact that Messrs. Edward Keventer, Ltd. once offered in 1921, to undertake to supply the full requirements of dairy produce in Jutogh from their farm at Taradevi on same price, but that offer was refused ?

Mr. G. R. F. Tottenham : I have no information on that point, but probably that is so.

Mr. Gaya Prasad Singh : May I know why their offer was not accepted and the Military Dairy Farm has been allowed to compete with private enterprise, even though working at a loss ?

Mr. G. R. F. Tottenham : I do not admit that the Jutogh Dairy Farm does compete with private enterprise, but probably the reason why the offer of Messrs. Keventer and Co., was turned down was that the prices of their products were considerably higher than those of the Dairy Farm.

Mr. Gaya Prasad Singh : Is it a fact that the produce of the Jutogh Dairy Farm is only supplied to the officials of Simla, and not to the non-officials of the City ? If so, why this discrimination ?

Mr. G. R. F. Tottenham : That, Sir, is a fact. It is due to the policy of the Government of India which lays down that the surplus output of Government factories must be used in supplying other departments of Government and that the supply to private consumers should come last. Objections were raised to our supplying private consumers in Simla with these dairy products and, in accordance with that policy, we prohibited the supply of the dairy products from Jutogh to other than officials in Simla.

Mr. Gaya Prasad Singh : Will Government kindly state why milk is purchased by the Military Farm at Jutogh from local *gowalas* and then sold to the civil population ?

Mr. G. R. F. Tottenham : As I have explained just now, there is another question on that subject coming along.

LEASING OUT OF MILITARY DAIRIES TO CONTRACTORS.

789. ***Mr. Jagan Nath Aggarwal :** (a) Is it a fact that Government Military Dairies were originally started to meet the requirements of the regimental ranks and families, but are now freely encroaching on the field of private trade ?

(b) Did Government issue any subsequent orders governing the sale of dairy produce from Government Military Dairies to residents outside the regimental areas, and if so, what are those orders ?

(c) Is it a fact that the bread loaves manufactured at the Government Military Bakeries are not so freely offered for sale to the general public as the produce of the Government Military Dairies ?

(d) Is it also a fact that the local military authorities do not generally allow any private dairyman to do any dairy business inside the regimental areas, where a Government Military Dairy exists ?

(e) Will Government kindly state how they justify the existence of these Government Military Dairies ? Is it a fact that all other food

requirements for the army are supplied by approved regimental contractors ?

(f) Are Government prepared to consider the advisability of leasing out the present Military Dairies to qualified contractors ?

Mr. G. R. F. Tottenham : (a) and (b). Military Dairies are intended to supply pure dairy products to troops, Army Departments and establishments in peace and war. They have no desire to encroach on the field of private trade, but as the military demand which they have to meet fluctuates considerably and as it is desirable that they should work as economically as possible, they have been permitted for many years to sell surplus produce, when available, at remunerative rates to non-military government officials and their families and also except in Simla to the public.

(c) Yes.

(d) In those Cantonments in which Government Military Dairies have been established, British soldiers are not permitted to purchase dairy produce from other sources. The prohibition does not extend, however, to soldiers' families or to Indian soldiers.

(e) and (f). In the opinion of Government, Military Dairies must continue for many years to come in order to meet war requirements, and any reduction of their number in peace will be impossible until private firms demonstrate that they are able to supply dairy products of the required standard. The contractor system has not proved satisfactory in those cantonments in which it has been tried.

Mr. Jagan Nath Aggarwal : Do I understand that even in Simla, the military requirements cannot be met from private agencies ?

Mr. G. R. F. Tottenham : That is a question which I shall look into. I suppose it might be possible to get supplies, but not at the prices charged by the Military Dairy Farm.

Mr. Gaya Prasad Singh : Has the attention of the Government been drawn to their own order, dated Simla, the 22nd April, 1932, which runs as follows :

“ Though Government dairies are only intended for the supply of produce to troops, Army Departments and establishments, and are not to embark in private trade, as this prohibition falls heavily on non-military Government officials and their families desirous of obtaining supplies when the same are available, it has been decided that where any surplus exists at a dairy it may be issued to civilians provided it can be sold at remunerative rates.

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

Mr. Gaya Prasad Singh : May I know as stated in this order, it is only the surplus that should be sold to the civil population ? Why should the Military Dairy Farm at Jutogh purchase milk from local *gowalas* and then sell it to the civil population ?

Mr. G. R. F. Tottenham : I have already said that there is another question on that subject.

Mr. Jagan Nath Aggarwal : I should like to know definitely—is it quality or is it economy that is at the basis of this military dairy ?

Mr. G. R. F. Tottenham : Both.

Mr. Lalchand Navalrai : Why should not this produce be made self-sufficient for the military ? Why should there be a surplus ?

Mr. G. R. F. Tottenham : As I have already explained, the military demand fluctuates considerably from time to time and it is impossible to say that the military demand is any fixed figure.

Mr. Gaya Prasad Singh : With regard to the answer of the Honourable the Army Secretary as to the quality of the milk produced, has his attention been drawn to this portion of the representation of the dairy farms at Simla, in which it is stated that the military dairies have been "compelled to keep a good many country buffaloes of some contractor in their farm for purchases of milk, and, to break the gravity of the buffaloes milk, they take out a certain percentage of cream from this milk and then offer this milk for supply and also purchase cream from outsiders to make butter for their supply."

Mr. G. R. F. Tottenham : That is not true.

Mr. Gaya Prasad Singh : Is this the quality of the milk to which you referred—cheating the public ?

PROTECTION OF THE PRIVATE DAIRY INDUSTRY FROM THE UNFAIR COMPETITION OF MILITARY DAIRIES.

790. ***Mr. Jagan Nath Aggarwal :** (a) Are Government aware that during the last few years many educated young men have qualified in the dairy industry at the various Government institutions, but they have no scope to develop the dairy business in view of the Government Military Dairies coming in the field to cut out private enterprise by their competition ?

(b) Is it not a fact that the private dairy enterprises alone meet the requirements of the military residents where a Government Military Dairy does not exist ?

(c) Are Government aware that several private dairies possess credentials and warrants of appointments for good services, from the highest civil and military officers ?

(d) Are Government also aware that even the Government Military Dairies regularly purchase a considerable amount of cream from the contractors for making butter, and also employ local *ghosis* and hire their cattle for purchase of milk at their farms to cope with their increasing demand ?

(e) Are Government prepared to issue necessary instructions for the Government Military Dairies to restrict their activities within the regimental areas, in the interests of safeguarding the private dairy industry ?

Mr. G. R. F. Tottenham : (a) Government are aware that a certain number of young men obtain the Indian Diploma of Dairying issued by the Imperial Institute of Animal Husbandry and Dairying at Bangalore. The scope for private enterprise outside the radius served by Government Military Dairies is enormous.

(b) There are several cantonments in which the troops depend either on cantonment dairies, or regimental dairies or on private enterprise.

(c) I am prepared to accept the Honourable Member's assurance on this point.

(d) Large amounts of cream are purchased and pasteurized for the manufacture of butter, but very little milk or cream is purchased for direct supply as milk or cream. In exceptional cases cattle are hired to meet urgent unforeseen demands, but these cattle are kept, fed and milked on Military Dairy Farm premises, and as far as possible, the milk obtained from them is used to feed the calves of the Military Dairy herd and not for direct supply to consumers. Milk is not purchased simply to meet demands from the non-military public.

(e) The matter is at present under consideration.

Mr. Jagan Nath Aggarwal : Do the Government realise that it is part of their duty to encourage private dairy farms as well ?

Mr. G. R. F. Tottenham : Certainly.

Mr. Jagan Nath Aggarwal : May I know what has been done in that connection during recent years outside military areas ?

Mr. G. R. F. Tottenham : I should like to have notice of that question.

Mr. Gaya Prasad Singh : Considering the complaints from the representatives of private dairy farms on this point and the complaints expressed on the floor of the House, will the Honourable the Army Secretary be pleased to consider the question of either limiting the supply of the Jutogh Military Dairy Farm only to regimental areas or to close up the Jutogh Dairy Farm altogether, if it is working at a slight loss ?

Mr. G. R. F. Tottenham : I have already said in reply to this question that Government are considering that matter already, and, in considering it, they will take into account the views that have been expressed by Honourable Members this morning.

Mr. M. Maswood Ahmad : Is it a fact that all such dairies are running at a loss ?

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

Mr. M. Maswood Ahmad : Will Government state whether there is any dairy which does not run at a loss ?

Mr. G. R. F. Tottenham : Will the Honourable Member wait till I answer the next question ?

PROFIT AND LOSS OF THE GOVERNMENT MILITARY DAIRIES.

791. ***Mr. Jagan Nath Aggarwal :** (a) Will Government be pleased to lay on the table a statement showing the figures of the total net yearly profit and loss incurred by the Government military dairies during the last five years ?

(b) Will Government be pleased to state what amount, if any, has been written off from their accounts since the Government military dairies started ?

(c) Will Government kindly state the total quantity of butter, cream and milk sold by military dairies, during the year ending 31st March, 1933, showing what percentage of the same was obtained from Government owned cattle and how much from purchased stuff ?

(d) What is the average specific gravity, fat percentage and other specifications allowed in the saleable dairy products of Government military dairies ?

Mr. G. R. F. Tottenham : (a) In 1928-29 the net profit amounted to Rs. 48,620 ; in 1929-30 to Rs. 1,00,835 ; in 1930-31 to Rs. 71,893 ; in 1931-32 to Rs. 1,17,181 ; and in 1932-33 to Rs. 83,563.

(b) Owing to abnormal prices and purchases during the Great War, the Military Dairy Farms became overburdened with Capital. With a view to working the farms on a sound commercial basis their capital assets were revalued by a committee in 1925 ; and the revaluation resulted in a reduction of Rs. 12,74,608 which was written off in the accounts of the year 1924-25. Working losses sustained up to 1924-25 were also written off to the extent of Rs. 42,71,922. Since 1924-25 no amount has been written off.

(c) The total quantity of milk, butter and cream sold by Military Dairies in India during the year ending the 31st March, 1933, amounted to :—

	lbs.
Milk	1,15,96,380
Butter	9,28,267
Cream	1,31,106

Information regarding the percentage referred to at the end of the question is not readily available, but probably over half the butter was made from purchased cream, while well under 1 per cent. of the milk and none of the cream was purchased in the open market.

(d) The milk specification is as follows :

	Per cent.
Butter Fat	3.7
Solids other than fat not less than	8.5

Butter has to contain :—

Not more than 16 per cent. of water and 3 per cent. of salt.

UNSTARRED QUESTIONS AND ANSWERS.

DEFECTS IN CERTAIN QUARTERS OF LAKE AND CLIVE SQUARES IN NEW DELHI.

33. Mr. M. Maswood Ahmad : Will Government be pleased to state :

- (a) whether the Eastern wings of the quarters of Lake and Clive Squares in New Delhi are of old type and have many defects, for instance, (i) there are only two bed-rooms ; (ii) smoke-chimney is very defective ; (iii) the existing inner court-yard exposes the inmates to the blasting sun during the summer ; (iv) there are no windows in the bath room and the kitchen godown ; (v) the downpour of rain from the gutters comes into the honeycombs of the kitchen godown and the bath room, etc. ;
- (b) whether budget provision was made to alter these quarters and those in the Hastings Square but the work was stopped after the quarters in the Hastings Square were so altered ?

- (c) whether the majority of the inhabitants of the quarters in the Lake and Clive Squares live throughout the year while those of the Hastings Square are migratory and Government do not charge any rent from the latter ;
- (d) whether the inhabitants of the Lake Square quarters represented the difficulties more than once but no measures have been adopted to carry out the alterations ;
- (e) if the reply to the above parts be in the affirmative, the reasons which led to the differential treatment being meted out to the occupants of these squares and whether the difficulties of the occupants are proposed to be removed without delay by carrying out the necessary alterations ? If not, why not ?

The Honourable Sir Frank Noyce : (a) Yes ; the quarters referred to are of an old type. The replies to the different parts of the question are :

- (i) Yes.
- (ii) No.
- (iii) No. The courtyard is designed to provide light, ventilation and air.
- (iv) There are no windows but brick honeycomb openings, i.e., *jalis*, are provided.
- (v) Ordinarily, this does not happen.

(b) No budget provision was made for any alterations to the quarters in Lake and Clive Squares, while the cost of alterations to the quarters in Hastings Square was met by reappropriation.

(c) Yes. The quarters in Hastings Square are occupied by the members of His Excellency the Viceroy's staff who are both migratory and non-migratory and are entitled to occupy them free of rent.

(d) and (e). Representations have been received from the occupants of similar type of quarters in other squares, but the additions and alterations could not be carried out on account of financial stringency.

STOPPAGE OF EXPRESS TRAINS AT KHATAULI, NORTH WESTERN RAILWAY.

34. Mr. Jagan Nath Aggarwal : (1) Will Government be pleased to state whether the Up Bombay Express No. 57 and Down Express No. 58 do not stop at Khatauli on the North-Western Railway, which is nearly midway between Muzaffarnagar and Meerut Cantonment ?

(2) Is it a fact that Khatauli has a much larger population—8 or 9 times the population of Mansurpur and Daurala where these trains stop—and is also commercially more important and also the nearest Railway Station to the Tahsil headquarters at Janseth ?

(3) Are there any special reasons why the Bombay Express trains should stop at those stations and not at Khatauli and will Government please state the reasons ?

(4) Is it a fact that a big sugar mill is also being erected at Khatauli and will Government please give the figures for the goods and passenger

traffic on this station from 1st April to 15th August, 1933, as also the figures for Mansurpur and Daurala Stations for the same period and also for the corresponding period in 1932 ?

(5) Are Government prepared to consider the advisability of asking the North Western Railway Administration to arrange the stoppage of the Express at Khatauli ?

Mr. P. B. Rau : (1) Yes.

(2) to (4). Government have no information.

(5) I am sending a copy of the question to the Agent, North Western Railway, for considering the suggestion made by the Honourable Member.

INDIAN POSTS AND TELEGRAPHS EMPLOYEES' MUTUAL RELIEF FUND, LAHORE.

35. Mr. S. C. Mitra : (a) Will Government be pleased to state whether they are aware of the fact that in Lahore there is a fund named Indian Posts and Telegraphs Employees' Mutual Relief Fund ?

(b) Are Government aware that Mr. Jamita Ram, Assistant Postmaster, Lahore General Post Office, is the General Secretary of the Fund ?

(c) If the reply to parts (a) and (b) be in the negative, will Government be pleased to call for a copy of the Rules and Regulations of the Fund from Mr. Jamita Ram ?

(d) Is it a fact that the Fund is not registered ?

(e) If not, do Government propose to take necessary steps to see that this Fund which has got many members from amongst the postal employees, is registered without delay ?

(f) Are Government prepared to refer the rules and regulations of this Fund to the Government Actuaries in order to examine whether the Fund is being managed on a sound basis ?

(g) Will Government please further state whether they raised any objection to such a fund being managed without being registered ? Are Government aware that it is very necessary in the interest of the members ?

The Honourable Sir Frank Noyce : (a) and (b). The reply is in the affirmative.

(c), (d), (e) and (f). The Fund is a private one in the management of which Government are not concerned. It is not registered in the office of the Registrar, Co-operative Societies. Government see no reason to take any action as suggested by the Honourable Member.

(g) As already explained, Government have nothing to do with the Fund which is a private concern.

GRIEVANCES OF MUSLIMS AGAINST THE MEDICAL DEPARTMENT OF THE NORTH WESTERN RAILWAY.

36. Seth Haji Abdoola Haroon : (a) Have the various articles and editorial notes published in the :

(i) *Eastern Times* of Lahore, dated the 30th June, 12th July, 18th July and 22nd August, 1933,

(ii) *Weekly Mail* of Lahore, dated the 3rd July, 10th July, 17th July, 7th August and 21st August, 1933, and

(iii) *Pilot* of Amritsar, dated the 9th July,

regarding the Medical Department of the North Western Railway, come to the notice of Government, and have any steps been taken to verify the allegations contained therein ? If so, with what result ?

(b) Do Government intend to appoint an impartial enquiry committee to enquire into the serious allegations contained therein ?

(c) What other action do Government propose to take to redress the grievances and right the wrongs done to Mussalmans as alleged in the articles referred to above ?

Mr. P. R. Rau : (a) Government have seen some of the articles referred to.

(b) and (c). I have sent a copy of these questions together with the copies of the papers in the possession of Government to the Agent, North Western Railway, for such action as he may consider necessary.

COMMUNAL COMPOSITION OF DISTRICT MEDICAL OFFICERS ON STATE RAILWAYS.

37. Seth Haji Abdoola Haroon : (a) Will Government be pleased to state the communal composition of the District Medical Officers on State Railways, and particularly on the North Western Railway ?

(b) Is it a fact that it is proposed to appoint some District Medical Officers in the near future ? If so, will Government please state if, in order to bring up the representation of Mussalmans to an adequate level, only Mussalmans will be recruited for some time ?

Mr. P. R. Rau : (a) On all State-managed Railways taken together, the total number of officers in the superior service of the Medical Department is 39. Of these, 13 are Europeans, one Anglo-Indian, sixteen Hindus, three Muslims, two Sikhs, and three belong to other communities.

On the North Western Railway, the total number is 4, of whom one is a European, one a Hindu, one a Muslim and one a Sikh.

(b) The question of recruiting some District Medical Officers for the North Western Railway is at present under consideration. In such recruitment, Government will follow the policy laid down to prevent undue preponderance of any one class or community.

COMMUNAL COMPOSITION OF THE STAFF IN THE OFFICE OF THE CHIEF MEDICAL AND HEALTH OFFICER, NORTH WESTERN RAILWAY.

38. Seth Haji Abdoola Haroon : (a) Will Government be pleased to lay on the table a statement giving the communal composition, by grades, of staff in the office of the Chief Medical and Health Officer, North Western Railway, Lahore, as well as giving by communities the number and grades of District Medical Officers, Assistant Surgeons, Sub-Assistant Surgeons and Dispensers on the North Western Railway, showing separately the Brahmin and non-Brahmin Hindus ?

(b) Do Government realise that the representation of Muslims in almost every category and grade is very meagre ? If so, will Government please state the special reasons to which this could be attributed ?

(c) Is it a fact that there is a large number of Brahmin, as against non-Brahmin, Hindus ? If so, to what special reason, if any, do Government attribute this difference ?

(d) Will Government be pleased to state the number of vacancies that occurred in the above grades and categories in 1933 and the communal composition of staff recruited ?

(e) Were the standing orders of Government in regard to maintaining, or bringing up to an adequate level, the communal balance in the services duly observed ? If not, what action do Government propose to take against the persons concerned ?

Mr. P. R. Rau : (a) Government regret that they are not prepared to supplement with figures for particular classes of posts the information in regard to communal representation in Railway Services given in the annual Administration Report on Indian Railways.

(b), (c), (d) and (e). I am making enquiries on the points raised by the Honourable Member.

GRANT OF ENHANCED SALARIES TO HINDU ASSISTANT SURGEONS WITH ENGLISH QUALIFICATIONS.

39. Seth Haji Abdoola Haroon : (a) Is it a fact that Hindu Assistant Surgeons with English qualifications have been given enhanced salaries whereas similarly qualified Muslims were only offered the minimum pay of the grade, which resulted in the non-acceptance of the offers by the latter ?

(b) If so, will Government please state the reasons for the differential treatment being meted out to them as against Mussalmans ?

Mr. P. R. Rau : I have called for the necessary information and will place a reply on the table in due course.

REPRESENTATION OF MUSLIMS IN THE ESTABLISHMENT BRANCH OF THE OFFICE OF THE CHIEF MEDICAL OFFICER, NORTH WESTERN RAILWAY.

40. Seth Haji Abdoola Haroon : (a) Is it a fact that all the Muslim clerks formerly working in the Establishment Branch of the Chief Medical Officer's office, North Western Railway, Lahore, have either been dismissed, transferred to other departments altogether, or put to work on unimportant duties in other branches, and far junior Hindu clerks have been put to work in their places, to the entire exclusion of Muslim element from the Establishment Branch ?

(b) Is this policy of weeding out Mussalmans from the Establishment Branches in accordance with the recommendations contained in the Hassan Report ? If not, what action do Government propose to take to ensure adequate representation of Mussalmans in this branch ?

Mr. P. R. Rau : Government have no information, but are enquiring into the matter.

COMMUNAL COMPOSITION OF CLERKS IN THE MEDICAL DEPARTMENT, NORTH WESTERN RAILWAY.

41. Seth Haji Abdoola Haroon : (a) Will Government be pleased to state the total number of clerks by communities employed in the Medical Department, North Western Railway, in 1928 and in 1933, showing separately the number by communities at the Head Office, Lahore, and sub-offices at out-stations, and specifying those permanent or temporary ?

(b) Is it a fact that the number of Muslims in the Chief Medical Officer's office is progressively decreasing, and is it the intention of the authorities concerned to weed out the Muslim element from this office ?

Mr. P. R. Rau : (a) The available information is contained in Mr. Hassan's report, copies of which are in the Library.

(b) Government have no information as to the exact position in this particular office, but I can assure the Honourable Member that it is not the intention of Government to weed out any community from any office. A copy of this question and the answer given has been sent to the Agent, North Western Railway, for any action necessary.

VICTIMISATION OF MUSLIMS IN THE OFFICE OF THE CHIEF MEDICAL OFFICER, NORTH WESTERN RAILWAY.

42. Seth Haji Abdoola Haroon : (a) Is it a fact that all the Hindu permanent clerks in the Chief Medical Officer's office have been given one, two and even three out of the way and accelerated grade promotions as for example :

- (i) Pt. Ram Rakha, from Grade II to Grade V, *in about three years ;*
- (ii) Pt. Suraj Prakash, from Grade I to Grade II, *in barely seven days ;*
- (iii) L. Roshan Lal, from Grade III to Grade V, and for some time officiating in Grade VI, *in about two years ;*
- (iv) S. Dharam Singh, from Grade I to Grade III, *within a year, etc., etc. ?*

(b) Is it also a fact that in contra-distinction to part (a) above, there is not a single Muslim clerk in the Chief Medical Officer's office, who has not at one time or other in his service been either reverted to a lower grade, demoted or superseded by a junior non-Muslim or had his promotion stopped for alleged irregularities ?

(c) Are Government aware that the Office Superintendent gets the Hindu Head Clerks to write out, or some times even dictates to them himself, reports against their Muslim subordinates in order to make these the basis of their victimisation at a future date ?

(d) Is it a fact that L. Ram Narain, formerly Head Clerk of the Medical Section of the Chief Medical Officer's office, particularly mentioned that he had been, against the dictates of his conscience, forced to write an

adverse report against a Muslim clerk working under him, which was subsequently made the basis of the latter's chastisement ?

(e) If replies to parts (b), (c) and (d) above be in the affirmative, do Government agree that the communalistic tendencies of the Office Superintendent and his Hindu upper subordinates are responsible for the victimisation of Muslims ? If so, what action do Government propose to take in the matter ?

Mr. P. R. Rau : Government have no information, but are enquiring into the matter.

DISMISSAL OF ONE B. GHULAM MUHAMMAD, A CLERK IN THE OFFICE OF THE CHIEF MEDICAL OFFICER, NORTH WESTERN RAILWAY.

43. **Seth Haji Abdoola Haroon :** (a) Is it a fact that B. Ghulam Muhammad, a clerk in the Chief Medical Officer's office, was dismissed for delaying disposal of certain letters and travelling allowance bills ?

(b) Is it a fact that disposal of certain letters and travelling allowance bills was similarly delayed by a temporary Hindu clerk, but he was lightly let off ?

(c) Is it a fact that a relative of the Office Superintendent also delayed disposal of certain important letters while working under the Medical Officer, Multan, who strongly reported the matter against him, but no other action beyond that of transferring the clerk concerned under the protection of the Office Superintendent himself was taken against him ?

(d) If the replies to parts (a), (b) and (c) above, be in the affirmative, will Government please state the reasons for this differential treatment ?

Mr. P. R. Rau : Government have no information but I have sent a copy of the question to the Agent, North Western Railway, for any action necessary.

DEPUTATION OF A MEDICAL MAN FOR A CLERICAL JOB IN THE OFFICE OF THE MEDICAL OFFICER, LAHORE.

44. **Seth Haji Abdoola Haroon :** (a) Is it a fact that a Sub-Assistant Surgeon is working merely as a clerk in the office of the Medical Officer, Lahore ? If so,

(i) what is the reason for deputing a medical man for a clerical job and consequently having to pay him a higher salary than that paid to a clerk ; and

(ii) are Government prepared in the interest of economy to replace him by an ordinary clerk ? If not, will Government please state the nature of any medical work actually done by him during the last year ?

(b) Is it a fact that this Sub-Assistant Surgeon is being paid Rs. 25 as consolidated conveyance allowance for his supposed visits to the Mayo Gardens to attend to servants of officers ? If so, will Government please state the number of any such visits actually paid by him ?

(c) Are Government prepared to consider the advisability of discontinuing or drastically cutting down this allowance if it is found that

no such visits are or have ever been paid, or that the number of the visits is meagre ?

Mr. P. R. Rau : I have called for the necessary information and will place a reply on the table in due course.

MISUSE OF PRIVILEGE PASSES BY CERTAIN EMPLOYEES OF THE NORTH WESTERN RAILWAY.

45. Seth Haji Abdoola Haroon : (a) Is it a fact that the Office Superintendent, Chief Medical Officer's office, North Western Railway, admittedly misused a Privilege Pass issued in his favour, but was lightly let off, although according to clear Pass rules he should have been summarily dismissed or at least severely punished ?

(b) Is it a fact that for similar offences Mr. B. K. Sood, Assistant Controller of Stores, and Mr. Ashwood, Office Superintendent, Divisional Superintendent's Office, Delhi, were summarily dismissed ?

(c) If the replies to parts (a) and (b) be in the affirmative, will Government please state the reasons for the differential treatment ?

Mr. P. R. Rau : I am making enquiries and I shall lay a reply on the table in due course.

COMMUNAL COMPOSITION OF THE STAFF RECRUITED BY THE CHIEF MEDICAL OFFICER, NORTH WESTERN RAILWAY.

46. Mr. M. Maswood Ahmad : Will Government be pleased to state the number of vacancies that were filled by the Chief Medical Officer, North-Western Railway, in 1933, and what was the communal composition of the staff recruited and the source from which they were recruited ?

Mr. P. R. Rau : I am making enquiries and I shall lay a reply on the table in due course.

SUPERSESSIONS ON THE NORTH WESTERN RAILWAY.

47. Mr. M. Maswood Ahmad : (a) Is it a fact that the Agent, North Western Railway, vide his letter No. E.C.188-W. (Con.), dated the 29th March, 1933, admitted certain supersessions and ordered redressal of the same at an early date ?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state what action has been taken to give effect to these orders of the Agent, by the respective Heads of Department ?

Mr. P. R. Rau : Government have no information.

MUSLIM SUB-ASSISTANT SURGEONS AND ASSISTANT SURGEONS ON THE EAST INDIAN RAILWAY.

48. Mr. M. Maswood Ahmad : Will Government be pleased to state the number of Muslim Sub-Assistant Surgeons and Assistant Surgeons on the East Indian Railway ?

Mr. P. R. Rau : There are seven Muslim Sub-Assistant Surgeons and one Assistant Surgeon on the East Indian Railway.

RECRUITMENT OF MUSLIM EMPLOYEES IN THE GOVERNMENT FORMS PRESS, ALIGARH.

49. Kunwar Hajee Ismail Ali Khan : (a) Is it a fact that the Government have fixed a ratio for the recruitment of the Muslim employees in the Government Forms Press, Aligarh ?

(b) When was that order enforced ? What is the present representation of Muslim employees in the Government Forms Press, Aligarh, in the clerical branch ?

(c) How many Muslims against Hindus have been employed in the clerical branch in the above Press since that order was enforced ?

(d) Are Government aware that Muslim claims have been ignored with regard to the representations in the Press ?

(e) Do Government propose to issue instructions to the Manager, Government Forms Press, to redress their grievances ?

The Honourable Sir Frank Noyce : (a) and (d). No.

(b) No such order was given ? Seven posts in the clerical branch were held by Muslims in 1932 which is the latest year for which I have information.

(c) and (e). Do not arise.

INCOME OF THE ACCOUNTANT, GOVERNMENT FORMS PRESS, ALIGARH.

50. Kunwar Hajee Ismail Ali Khan : (a) What is the present pay of B. Bhawani Charan, Accountant, in the Government Forms Press, Aligarh ?

(b) Are Government aware that he runs a press and makes Government press employees work in his press free of all charges ?

The Honourable Sir Frank Noyce : (a) The present pay of the Accountant in the Aligarh Press is Rs. 110.

(b) Government have no information, but the Controller is being asked to make enquiries.

CONTRACTS FOR BUILDING AND SUPPLYING GOODS, ETC., IN THE GOVERNMENT FORMS PRESS, ALIGARH.

51. Kunwar Hajee Ismail Ali Khan : (a) Is it a fact that contracts for building and supplying goods and waste paper are always held by Hindus in the Aligarh Government Forms Press ?

(b) Is it a fact that the tenders are not invited by the Manager, and applications submitted by Muhammadan contractors for considering their rates are turned down ?

The Honourable Sir Frank Noyce : (a) and (b). The answer is in the negative.

ALLEGATIONS AGAINST THE HEAD CLERK, GOVERNMENT FORMS PRESS, ALIGARH.

52. Kunwar Hajee Ismail Ali Khan : (a) Is it a fact that the Head Clerk, Government Forms Press, Aligarh, owns a press at Simla which is called the Victoria Press ?

(b) Do Government permit their servants to carry on private business ?

(c) How many months leave has the Head Clerk taken since he was posted at Aligarh ?

(d) Are Government aware that the leave availed of by him was utilised in looking after his private press ?

(e) Are Government aware that the Head Clerk is not in a good financial condition ?

(f) Is it a fact that he has borrowed a large sum of money from one of his subordinate's relations, named Misri Lal contractor in Aligarh workshop ?

(g) Do Government encourage such dealings ? If not, do Government propose to order an inquiry and take necessary action against him ?

The Honourable Sir Frank Noyce : (a), (c) and (d). I am not in possession of the facts but shall make inquiries.

(b) and (e). No.

(f) Government have no information.

(g) The answer to the first part is in the negative and to the second part in the affirmative.

DIM-LIT STREETS OF NEW DELHI.

53. Mr. S. C. Mitra : (a) Has the attention of Government been drawn to the letter which appeared in the *Hindustan Times* of the 2nd July, 1933, under the caption "Dim-lit Streets of New Delhi" ?

(b) If so, do Government propose to inquire into the matter and to remove the grievance complained of ?

Mr. G. S. Bajpai : (a) Yes.

(b) No reduction in the usual summer scale of lighting has been made this year. The lighting of roads in New Delhi is reduced every summer on grounds of economy and because it is considered that at that season, when the traffic and population of the area are reduced to a minimum, there is no need for the illumination on the scale required in the winter months. The summer scale of road lighting is under consideration and such improvements as may be found possible will be effected.

INSANITARY CONDITIONS NEAR SAMRU PLACE AND LUMSDEN SQUARE, NEW DELHI.

54. Mr. S. C. Mitra : (a) Will Government please refer to the reply given on 8th March, 1933, to my unstarred question No. 60 regarding insanitary conditions near Samru Place and Lumsden Square, New Delhi and say whether "suitable action" has been taken in the matter ?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state the nature of the action taken ?

Mr. G. S. Bajpai : (a) Yes.

(b) The *gwalas* who were responsible for the insanitary conditions were prosecuted and this has had satisfactory results.

MOTION FOR ADJOURNMENT.

EXPULSION ORDER PASSED BY THE COMMISSIONER ON SOME RESIDENTS OF PHULRA STATE.

Mr. President (The Honourable Sir Shanmukham Chetty) : Order, order : I have received a notice from Maulvi Muhammad Shafee Daoodi that he proposes to ask for leave to make a motion for the adjournment of the business of the House today for the purpose of discussing definite matter of urgent public importance as follows :

“ The expulsion order passed by the Commissioner on or about the 5th instant on some residents of Phulra State within seven days from the order.”

Before I ask if any Honourable Member has any objection to this motion, I must point out that my attention has been drawn to the Notification of the Government of India, No. 498-F., dated the 5th September, 1933. This Notification relates to the territory in the North-West Frontier Province known as Upper Tanawal. I have to ask from the Political Secretary whether the Phulra State referred to in this motion is within the territory of Upper Tanawal ?

Mr. B. J. Glancy (Political Secretary) : Yes, Sir, it is.

Mr. President (The Honourable Sir Shanmukham Chetty) : On the 5th September, 1933, the Government of India in the Foreign Department have issued a Notification to this effect :

“ In exercise of the powers conferred by sub-section (2) of section 52A of the Government of India Act, the Governor General in Council is pleased to declare the territory in the North-West Frontier Province known as Upper Tanawal to be a backward tract, and is further pleased, with the sanction of His Majesty which has been signified by the Secretary of State for India in Council, to direct that the said Act in its application to the said territory shall be subject to the exceptions and modifications specified in the Schedule hereto annexed.”

The relevant portion of the Schedule with which we are concerned is paragraph 3 of the Schedule which runs as follows :

“ In lieu of the provisions of the said Act (i.e., the Government of India Act), which enable rules to be made for prohibiting or regulating in either chamber of the Indian Legislature the asking of questions on, and the discussion of, any subject specified in the rules, there shall be substituted a provision prohibiting the asking of questions on, and the discussion of, any subject relating to this territory.”

Now, in the light of this Notification, I would like to know from the Honourable the Mover how is his motion in order ?

Maulvi Muhammad Shafee Daoodi (Tirhut Division : Muhammad-an) : Sir, I received the telegram on the 5th September, and, I believe, on the 6th, I gave notice of a short notice question to the Secretary of this House. I wanted to know what the real facts about this case were. I was told that the Member in charge was not prepared to accept the short notice and that my question would be answered in the normal course of the business of the House. I thought that the seven days will expire before the turn of the question came and, therefore, I could not do anything else except to put in an adjournment motion, so that the Government may be compelled to express their views on the point and give us the information available. Now, I find that they have placed before you, Sir, a Notification of the Government of India, dated the 5th September which was certainly in their possession on that day. So, they treated us very badly by not telling us directly on that very day that there

[Maulvi Muhammad Shafee Daoodi.]

was a Notification of that description and that, under that Notification, orders have been passed by the Commissioner. If they have got the discretion in refusing to take notice of a short notice question, they should not exercise it in accordance with their whims. They must proceed in a reasonable manner. If they had told us the facts they have now brought to your notice, I would have considered the matter and taken some other course of action. But, as it is, I repeat that I have been treated very badly by the Honourable Member in charge of the Department. I wanted to move the adjournment of the House, because the Member in charge had used the discretion in a manner which is not worthy of the House. I was told by the Secretary that I could not do it and, therefore, I had to frame my motion for adjournment in that form.

Mr. President (The Honourable Sir Shanmukham Chetty) : I want to know from the Honourable Member what he has to say in the light of the Notification that I have read out as to the admissibility of his motion. With regard to the observations which the Honourable the Mover has made as to the refusal of the Political Secretary to answer the short notice question, I propose to ask him to make any observations he may choose to make.

Mr. B. J. Glancy : May I say, Sir, that at the time when notice was given, this Notification had not been brought to my attention. All that I asked for was time to study the case so that, if the question was allowed, it might be properly answered.

Maulvi Muhammad Shafee Daoodi : It is not that the time was asked by the Honourable Member, but he said that he would not accept notice of a short notice question. If it had been a question of time, that would have been a different matter altogether.

Mr. President (The Honourable Sir Shanmukham Chetty) : Whatever it is, in the light of this Notification, even the short notice question of the Honourable Member would be out of order, because this Notification, read with the existing rules, debars this Assembly's jurisdiction from asking any question or moving any Resolutions relating to that territory.

Maulvi Muhammad Shafee Daoodi : Now that the Notification has been read out to the House, I shall have to consider over the matter and take steps that I may think necessary in the matter.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member, therefore, does not adduce any argument to show that his motion is in order in the light of this Notification. Therefore, in the light of the Notification that has just been read to the House by me read with Rule 23 and Rule 12 (5), I rule that the adjournment motion is not in order.

STATEMENTS LAID ON THE TABLE.

Mr. G. R. F. Tottenham (Army Secretary) : Sir, I lay on the table the information promised in reply to starred questions Nos. 628 to 632 asked by Bhai Parma Nand on the 3rd March, 1933.

PAY OF CLERKS OF THE INDIAN ARMY SERVICE CORPS.

*628. (a) Yes.

(b) (i) and (ii). Yes.

(iii) The maximum pay of Rs. 375 can be earned only by those who are appointed or promoted to the Upper Division before they are 31 years of age.

PAY OF CLERKS OF THE INDIAN ARMY SERVICE CORPS.

*629. (a) (i). Yes, but the increase of Rs. 60 was sanctioned only as a temporary measure on account of the increase in the cost of living.

(ii) Only two cases can be recalled in which a clerk reached a position entitling him to pay and allowances at the rate of Rs. 360 a month.

(iii) No option was given, but clerks whose pay on the 1st September, 1923 (inclusive of the temporary increase in pay and local allowance) exceeded the emoluments admissible under the new scale, were granted the difference as a personal allowance which was absorbed in subsequent increments.

(iv) Yes. On the introduction of the revised rates of pay in 1923, all local allowances, except those in Burma, Aden and Gilgit, and all officiating allowances, were discontinued.

(b) The maximum pay admissible under the old rates was Rs. 300 a month, whereas the maximum now is Rs. 375. The new scale of pay as a whole is more attractive inasmuch as Upper Division clerks are now eligible for annual increments of Rs. 10 until they reach the Rs. 325 stage and thereafter biennial increments of Rs. 25, whereas under the old rates the increments were much smaller and only head assistants were allowed increments of Rs. 10. The minimum of the present time-scale of pay is also higher than that of the old scale.

PAY OF CLERKS OF THE INDIAN ARMY SERVICE CORPS.

*630. (a) and (b). Government are aware that there is some discontent in certain quarters and the suitability of the existing scales is being examined. No proposal, however, which involves an increase of expenditure is likely to receive consideration at the present time; and the existing rates will probably be reduced for future entrants.

(c) The alteration of grading asked for by the personnel concerned would involve extra expenditure.

GRANT OF PENSION TO CHECKERS OF THE INDIAN ARMY SERVICE CORPS.

*631. The answer is in the negative.

PAY OF STORE-KEEPERS OF THE INDIAN ARMY SERVICE CORPS.

*632. (a) About 14 per cent. of the serving Upper Division storekeepers and those Lower Division storekeepers who may be promoted to the Upper Division before the age of 29, will normally attain the maximum pay of Rs. 140 before retirement.

(b) Yes. The difference is due to the nature of their duties. The retention and advancement of men in the Mechanical Transport Branch are subject to their passing searching technical tests which are not applicable to the Supply Branch.

(c) Yes.

(d) No.

ELECTION OF MEMBERS TO THE SALT INDUSTRY COMMITTEE.

The Honourable Sir George Schuster (Finance Member) : Sir, I beg to move :

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three Members to sit on the Salt Industry Committee of the

[Sir George Schuster.]

Legislative Assembly in place of Mr. S. C. Shahani, deceased, and the Honourable Sir Shanmukham Chetty and Mr. L. V. Heathcote who have ceased to be members of the Committee."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty) : I may inform Honourable Members that nominations for the purpose of election of three Members for the Salt Industry Committee will be received in the Assembly Office upto 12 noon on Wednesday, the 13th September, and that the election, if necessary, will be held on Friday, the 15th September, 1933. It is proposed to adopt the same procedure for holding the election for this Committee as has been observed in connection with the Standing Committees for the Departments of Commerce and Industries and Labour. Honourable Members have already been informed of this procedure in the Legislative Assembly Circular No. XLIV, dated the 28th August, 1933. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

The Honourable Sir George Schuster (Finance Member) : Sir, I move for leave to introduce a Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes. Sir, the objects and reasons for this Bill are so fully set out in the statement that I need say nothing more in explanation on this occasion. I would only like to remind the House that this Bill is very closely connected with, and indeed is consequential on, the Bill to set up a Reserve Bank for India, and that, following the procedure which was adopted on the last occasion, we consider it desirable that the two Bills should be considered together and we hope that the House will agree that the Imperial Bank of India (Amendment) Bill should be referred to the same Committee which will consider the Reserve Bank Bill. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That leave be granted to introduce a Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes."

The motion was adopted.

The Honourable Sir George Schuster (Finance Member) : Sir, I introduce the Bill.

THE INDIAN LAC CESS (AMENDMENT) BILL.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands) : Sir, I move for leave to introduce a Bill to amend the Indian Lac Cess Act, 1930, for certain purposes.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That leave be granted to introduce a Bill to amend the Indian Lac Cess Act, 1930, for certain purposes."

The motion was adopted.

Mr. G. S. Bajpai : Sir, I introduce the Bill.

THE RESERVE BANK OF INDIA BILL.

The Honourable Sir George Schuster (Finance Member) : Sir, I beg to move :

“ That this Assembly do recommend to the Council of State that the Bill to constitute a Reserve Bank of India be referred to a Joint Committee of this Assembly and of the Council of State with instructions to report on or before the 20th November, 1933, and that the Joint Committee do consist of 24 members.”

Sir, I desire to avoid making a long speech on this occasion. I imagine that there is practically complete agreement in this House on the main purpose of the Reserve Bank Bill, the main and primary purpose being, as I should describe it, to set up a Reserve Bank free from political influence. That, Sir, is the main principle of this Bill and, at this stage, it is not appropriate or indeed permissible to enter into any long discussion of details. We are now moving for reference to a Joint Committee, and as I am making that motion, I want to explain to the House as shortly as I can what are our reasons for having proposed this procedure and what is the nature of the business which that Committee would have to undertake. As regards our reasons for proposing this procedure, we have been mainly influenced by the fact that it was followed on the last occasion. We thought that as it had been adopted after very careful consideration on that occasion, and that as a precedent has been set up, that precedent, in the absence of very strong reasons to the contrary, should be followed.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran : Non-Muhammadan) : What was the result of that precedent last time ?

The Honourable Sir George Schuster : The result of that precedent was at any rate a full discussion of that measure, but I trust that, on the present occasion, such discussion will lead to some more fruit-bearing results than on the last occasion.

Mr. B. Das (Orissa Division : Non-Muhammadan) : The Bill will be thrown out on clause 8.

The Honourable Sir George Schuster : The procedure,—whatever my Honourable friends may think of the nature of the measure,—the procedure at any rate was acceptable on the last occasion to this Assembly and, as I say, unless there were very strong reasons to the contrary which we do not see, we felt it desirable to follow that procedure, because it seems to us not only to be an established precedent, but also to have a great deal to commend itself to us.

Then, I turn to another point as regards the procedure. Before the Committee sits, there will be ample time for all those sections of the public, that are interested in this measure, to study it and to put forward their opinions, and we should be very glad to receive opinions which can be laid before the Joint Committee—if this House approves the proposal to set up such a Committee. The matters for discussion being also of a highly technical nature, it would be our idea, if it is approved by the Committee, to arrange for certain individuals in this country who have expert experience on matters under discussion to attend the meetings of the Committee and give the Committee the benefit of their evidence and advice. (Hear, hear.) That, Sir, I think, is all I need say as regards the procedure.

[Sir George Schuster.]

I want next to say something as regards the nature of the business which the Committee will have to conduct, as I think it is important that the House, before it considers this motion, should clearly visualise what that Committee has got to do. The nature of the task is highly technical. There are three classes of questions which will have to be considered. First of all, there are the provisions of the original Bill which are being repeated without alteration in the present Bill. Then, there are those provisions in the present Bill where we have endeavoured to incorporate, as exactly as we can interpret them, the recommendations of the London Committee, —provisions where the present Bill differs from the original Bill. Lastly, there are those matters where the London Committee recommended that they should be the subject of further consideration in India.

Now, Sir, I need say nothing about the first class of questions that I have mentioned, the provisions of the present Bill which remain unaltered. As to the second class, the provisions, where important alterations have been made, I would just like to run over some of the main points so that the House may be reminded of them. There is the question of the denomination of shares, there is the question of voting rights—and here, I would remind the House that one important change in the present Bill is that there is no limit for maximum holding of shares by any individual, but there is a limitation on the voting rights that can be exercised by a single individual. Then, there is the question of the distribution of shares among the various areas in India as to which, I would remind the House that the areas have been somewhat differently defined in the present Bill. I would also like to call attention to one feature which, I hope, all Honourable Members will regard as satisfactory and that is, that, whereas in the former Bill all the Indian States would have been concentrated in the Delhi area and on the Delhi register, now the recommendation is—it is a recommendation which was supported by all the States representatives on the Committee—the recommendation is that the States shall be grouped where they geographically lie and that no distinction should be made between British India and the Indian States. That, Sir, I think, is a significant move towards the conception of a United India where there is no distinction, at any rate, for the purpose of ordinary life between British India and the Indian States. Then there is the provision as regards allotment of shares; there is a special direction in the present Bill that the Board, in allotting the shares, shall do so on the basis that they consider equitable in order to secure the widest possible distribution of shares. In the former Bill the provision was that after allotting one share to each applicant, the balance should be distributed by lot. We think that the present provision is a more satisfactory provision. Then there is the question of the Board of Directors. The present Bill contemplates a much smaller board, 16 instead of 24. Then there are the very important new provisions as regards the method of electing Directors. They are to be elected by local elective boards instead of by electoral colleges and these local boards will have a definite function and we hope that they will become a definite reality and not bodies just merely set up for the purpose of carrying out elections.

I next come to certain more technical matters. There is the question of the assets and liabilities of the Bank. On the liability side, there is one very important change. According to the present proposals, the Bank has to carry no liability for the redemption of silver rupees on return from

circulation. Therefore, we propose no rupee redemption funds as was formerly considered to be necessary. The Government, according to our present proposals, will only ask the Bank to take over the stock of rupees which is considered sufficient for its own normal purposes, that is to say, 50 crores ; and the liability for redeeming rupees in excess of that which may be returned from circulation and also the whole responsibility for disposing of the Government's present surplus stock of silver in excess of 50 crores of rupees will remain with the Government of India. Then, on the asset side, there is, of course, the important change that the whole question of gold is now on a different basis. But the Committee has recommended that although gold at present is worth 50 per cent. more than its nominal value according to the old parity, nevertheless gold in the reserves shall be valued at the old parity. I would remind Honourable Members that that means, if that provision is adopted, that the Bank would in present circumstances start with a hidden reserve of about 22 crores. Then there is the question of the proportion of gold to be held, the proportion of gold to the other reserves, which was the subject of very considerable discussion in London and which, I am sure, the Committee of this Legislature will want to consider in detail.

Another point is that the opening of a London Branch is in the present Bill made optional and various considerations as regards that are mentioned in the report. Then the last point that I would mention among the definite changes in the Bill is the question of the dividend on the shares. That was dealt with in the old Bill in clause 46 and in Schedule III and is dealt with in clause 44 and Schedule IV of the new Bill. Formerly the provision was that dividends should be 5 per cent. rising to a maximum of 7 per cent., and the proposal in the present Bill is that the fixed minimum dividend should be at a rate to be fixed by the Governor General in Council, so that it may be fixed at a rate appropriate to the conditions when the shares have been issued and that the maximum rate shall be 6 per cent. Whereas formerly it was 5 to 7 per cent., now it is up to 6 per cent. And, in mentioning that point, I would like to emphasise to the House that when there is a good deal of talk of handing over a very profitable enterprise to private shareholders, I would remind Honourable Members that according to these proposals the private shareholders cannot get more than a maximum of 6 per cent. dividend on their shares and that all surplus profits will still go to the Government.

Mr. B. Das : Why not a State Bank ? Why a shareholders' bank ?

The Honourable Sir George Schuster : Then, Sir, I return to the third class of points which I mentioned, points which have to be further considered in India. As regards those points, Honourable Members may have noticed that the Committee, in its report on certain occasions, recommended that a point should be further considered in India and on other occasions recommended that it should be further considered by the Government of India. I would also remind them that some of the points will be points for legislation and others will be points to be dealt with either in subsidiary agreements or merely in the form of laying down Government policy. But although there is that distinction between these different classes of points, I want to make it clear that we regard them all as intimately connected with the policy which is being put before the House in this Bill, and that we desire to have an opportunity of getting the opinions of representatives in this Legislature by discussion in Select

[Sir George Schuster.]

Committee. Now, Sir, these points are in the main all technical points. There is the question of the nature of Government securities that the Bank should be allowed to purchase, clause 17, sub-clauses (7) and (8). The Committee held that the restrictions might be unduly restrictive and that point has got to be considered in Committee. Then there is clause 18, a clause dealing with the Bank's power to take part in open market operations in discounting bills. There, again, the Committee held that the old provision may be interpreted in too restrictive a way. That is another point for consideration. Then there is the question of the size of the initial reserves, how much ought to be held in the form of gold and sterling securities before it is safe to set the Bank up. The Committee adopted the old provision that the Bank should be started off with 50 per cent. of the reserves of that type, but has recommended that as the reserve provision has in a sense been reduced by the elimination of the rupee redemption fund, it should be considered whether that 50 per cent. ought not perhaps to be a bit higher. That is a very important point.

Then there is another question, the question of how the proceeds of sales of surplus silver by the Government are to be disposed of, because, with the altered arrangements which we now propose, the proceeds of those silver sales will not automatically go to the currency reserves. That is a question affecting the policy of Government and certainly demands most careful consideration. Then another point is the proportion of Government of India securities to be held in the currency reserves,—clause 31 of the old Bill and clause 33 of the new Bill. The Committee say that the limit proposed in the old Bill of 50 crores or one-quarter of the reserves, whichever is less, might unduly restrict the open market operations of the Bank. That, again, is a point which will require careful consideration. Then there is the point arising from what I have just said, of the valuation of gold reserves. If the gold reserves are to be valued at their existing parity, there is a chance of great profit being made either on the sale of a portion of those gold reserves or on a revaluation of the gold if at any time a different monetary system were to be adopted. The question of how such a profit, if it arose, should be disposed of is one which requires most careful consideration and has been referred by the London Committee for further consideration in India. Then there are the provisions as regards the Scheduled Banks; that matter again is being referred for further consideration here, and that is a very important question, for it raises the whole question of the relations between the ordinary banks and the Reserve Bank. Then, lastly, there is that very important head, the question of the relations between the Reserve Bank and the Imperial Bank. The Committee recommended that a new agreement should be made with the Imperial Bank on the lines suggested in the case of the old Bill. So far as we are concerned, up to the present, we have merely inserted again in the Bill the old provisions, but we recognise that they require reconsideration. There is the question of the period for which the agreement should be made, and the terms on which the Imperial Bank should act as Agents for the Reserve Bank and the sort of remuneration which they should get for maintaining a number of branch offices. Lastly, there is the possibility of the question of some sort of compensation to the Imperial Bank on the occasion of this change. All those are matters which must be dealt with

in the first place by negotiation between the Executive Government and the Directors of the Imperial Bank, but they are all matters on which we must consult the representatives of this Legislature in the Committee which has got to be set up.

Now, I have only selected some of the more important points which the Committee will have to consider ; but I think after hearing my list, Honourable Members will realise that what I said in the beginning is true, that this is going to be a very technical business, on which we want to have the assistance, as far as possible, of all those in the House who are qualified to speak on technical matters of this kind. I have dealt with the main features of the Bill and what it does ; and I just want to say that there is one thing which the Bill does not do. It does not purport to be a Bill for setting up a new monetary or currency system for India. It is merely a Bill to set up certain machinery for working the existing monetary system whatever that may be. The question of whether the existing monetary system should be changed is a matter which would have to be dealt with differently and separately.

Before I conclude, I think it might be of interest to the House if I said something as regards the practical possibilities of setting up the Bank in the near future. When this matter has been discussed before, there has always been an apprehension that the provision of currency reserves in the form of external securities, gold and sterling securities, might be a matter of great practical difficulty, and that delay in accumulating those reserves might lead to delay in setting up the Bank. If we look at the present position, I think at least there is reason for some satisfaction on that particular score. I do not say that we have already reached the necessary level, but we are very near it ; and, if things go well, we should certainly attain to that position in the very near future. In fact it would be actually within our power to attain that position at the present moment. The position is as follows. I am giving the figures as on 31st August, 1933. The liabilities on the note issue were Rs. 179½ crores ; and, if we say, that there should be 50 per cent. of that available in gold and sterling securities, that means there ought to be Rs. 89.88 crores. On the 31st August, there was in the form of gold in the Paper Currency Reserve and the Gold Standard Reserve a sum of Rs. 44.49 crores and in sterling securities Rs. 38.16 crores or a total of Rs. 82.65 crores, against the fifty per cent. requirement of Rs. 89.88 crores. Therefore, there is only an actual shortage of Rs. 7.23 crores. On the same date the Treasury Balances in London were £13 millions sterling and there was still £3,870,000 to come in the form of final payment on the last loan. That means we had resources available in London of very nearly £17 millions. As against that, we have to consider that there is a liability of £10 millions to meet on the repayment of the £10 million 6 per cent. loan on the 15th December. Allowing for that liability we have £7 millions in hand. And a further transfer of £6 millions, providing for Rs. 8 crores, would be more than enough to fill the actual gap in the currency reserve. Lastly, one must consider, together with that, the fact to which I have already called attention that our gold is valued at the old parity and that at present prices there is a hidden reserve of unrealised profit of Rs. 22 crores on that gold holding.

I think if all those facts are considered together, one may say that the present situation is not an unsatisfactory one. What it will be when

[Sir George Schuster.]

the time comes when we are administratively ready to set up the Reserve Bank is another matter, that depends on how things go in the interval. I would say nothing more than this, that when we bring forward this measure on the present occasion, we can say that we have at least reasonable ground for hoping that difficulty in providing currency reserves will not be a factor which will hold up the bringing into fruition of this scheme. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty) : Motion moved :

“ That this Assembly do recommend to the Council of State that the Bill to constitute a Reserve Bank of India be referred to a Joint Committee of this Assembly and of the Council of State with instructions to report on or before the 20th November, 1933, and that the Joint Committee do consist of 24 members. ”

There are two amendments down on the paper, one in the name of Mr. Vidya Sagar Pandya and the other in the name of Mr. S. C. Mitra. I propose to call on these Honourable Members to move their amendments and to throw open the discussion on the original motion together with the two amendments.

Mr. Vidya Sagar Pandya (Madras : Indian Commerce) : Sir, I beg to rise to speak on the motion and also to move my amendment of which I have given notice :

“ That the Bill to constitute a Reserve Bank for India be circulated for the purpose of eliciting opinion thereon by the 31st December, 1933. ”

But, before I proceed, let me first of all congratulate the Honourable the Finance Member on the good fortune he has in bringing a Bill of such importance during the tenure of his office. Now, you know the Honourable the Finance Member went to England to consult the authorities there and also took with him a party of gentlemen from this House, and it was something like a bridal party that went there, and we expected that we would get a very fine fairy of a Reserve Bank of India of which we will all be proud. But when he came back, our disappointment was of the kind expressed in an Indian proverb :

*“ Bahu āyi Bahu āyi merē man chāō
Dolē mēn sē nikalā Ghogad Belāō ”*

which translated into English, means this :

“ Lo ! The bride has come, the bride has come and we were overjoyed ; but when the palanquin, bearing the bride, was opened, we found a Tom Cat ! ”

Well, Sir, I do not wish to tire the House by giving a detailed history of the last Gold Standard and the Reserve Bank of India Bills of 1927 and 1928. I may, however, refer to one part of the procedure then adopted to show how the time of the House was wasted and how the Select Committee was appointed of 24 stout Knights and how they made a Report and how the whole thing was thrown into the waste paper basket on receipt of a confidential letter from the Secretary of State to the then Finance Member. I do not wish to re-open all that old story. I do not think that the public outside or this House, except the Members who had gone with the bridal party, to have had sufficient time to consider all aspects of the case, and that is why it is

very necessary that the Bill should be referred for public opinion. The Honourable the Finance Member, in his speech, has told us of only one part of the procedure that was adopted. He said that the Select Committee was previously appointed, and how it held its meetings. May I remind him, Sir, that the real procedure adopted on the previous occasion was this—first the Bill was formally introduced, then it was circulated for public opinion and then referred to a Joint Select Committee. But, on this occasion, that part of the procedure to circulate for public opinion has been omitted and the matter is being rushed through by the Honourable the Finance Member, and he wants us to believe that he is giving us ample time for the consideration of the various points involved, but, in my opinion, Sir, it is not possible to obtain public opinion within such a short time on such a very important subject as this. It is hardly necessary for me to impress on this House the importance of this Bill. I, therefore, have to press my amendment in the matter and, in doing so, I may quote the very words of the Honourable the Finance Member in support of my amendment. When introducing the Bill the Finance Member has himself said :

“ In framing and passing this Bill, we shall be doing something to shape the destinies of new India of the future under the new constitution.”

Then, again, he said :

“ On this Bill will depend the security and stability of Indian finances in the future ”,

and that :

“ the setting up of the Bank is an important step towards the new Constitution ”.

In his words :

“ this is a matter which is attracting wide attention outside India and the eyes of many countries are on it ”.

In fact, the credit of India in the other countries will depend upon how the Reserve Bank of India is not only constituted, but also actually worked. We need not in future, if our Bank is a success, depend entirely on England for our loans, and to the extent we are able to inspire confidence by the constitution and working of the Bank and the stability and soundness of our currency policy and finance, we can hope to raise money from other countries at more reasonable and cheaper rates than we get from England and also relieve England from the responsibility and burden of providing money to us when they themselves have to meet heavy war dues. In fact, our solvency will depend upon the solvency of the Bank and the way in which it is constituted and is worked. Again, in the words of the Honourable the Finance Member :

“ The country ought to have ample time to ruminate and deliberate, and there should be no disposition to rush through the Bill or attempt unwisely in a few weeks to push through a measure on which the future destiny of India so much depends.”

The Honourable Sir George Schuster : The Honourable Member is quoting, as my own words, words which I put in the mouth of my critics. What the Honourable Member has just quoted is what I said that my critics have been saying in the press.

Mr. Vidya Sagar Pandya : I hope the Honourable the Finance Member will agree to all the other portions of what I have quoted from

[Mr. Vidya Sagar Pandya.]

his speech though I may have misquoted one sentence. He has given sufficient reasons himself as to why the Bill should not be rushed through and sufficient time should be given to the public. I quite appreciate the anxiety of the Honourable the Finance Member to bestow this boon of the Reserve Bank of India as early as possible, but we must gauge public opinion and see whether the public are prepared to accept the boon in the present form and the manner in which it is proposed to be given to them. The Honourable the Finance Member has tried to convince us that the method he is adopting of referring the Bill to a Joint Select Committee of the Assembly and the Council of State and placing it before the House for passing it in November next is a correct procedure, and he thinks that the intervening period is quite enough for the public to examine the provisions of the Bill minutely. I quite appreciate the desire of the Honourable the Finance Member to give India a Reserve Bank. But, Sir, we have to consider whether the new Bank will be a change from "King Log" to "King Stork".

My Honourable friend, the Finance Member, has spoken of the time table and also of the occasion which he has chosen. The time table is very brief. The Report of the London Committee was published in part in the press on the 16th August, and supplied to the Members of the House late on the 18th August, last. A copy of the Bill was made available only on the 8th instant. Unless the Bill was available, it was not possible to know which of the recommendations of the London Committee, on which Indians in general and the Indian Legislature in particular were so represented as declared by the Finance Member, were accepted. It is a travesty of facts to say that the London Committee was representative of either this House or of the larger public outside. It was rather constituted contrary to the original programme of the Secretary of State for India. In the report of the Financial Safeguards Committee of the Third Round Table Conference, it is placed on record that :

"the Secretary of State undertook that representative Indian opinion would be consulted in the preparation of proposals for the establishment of a Reserve Bank including those relating to the reserves".

The Committee which sat in London and which has reported is not at all representative of Indian public opinion. It was, as usual, a *packed committee* of Government nominees and the members appointed thereon were not even elected by the Indian Central Legislature. The Government did not ask even the Central Legislature to elect them, nor the various Chambers or representative public bodies. I do not know what was the qualification and practical experience of some of the members who were picked up from the Assembly and the Council of State to deal with the question of a Reserve Bank. Several of them had open minds, that is, blank minds, ignorant of the subject. They were no doubt good and eminent men in their own way, but whether they were competent to deal with the subjects which have been described by the Honourable Member as so technical—whether they were competent to give their opinion on those matters is a different question. The Committee, therefore, merely said "ditto" to the old Bill of 1928. If the Secretary of State really desires representative Indian public opinion, the Bill must be circulated and then brought

up before this House. The Indian press, the Indian Chambers and the public have all denounced the Report of the so-called representative London Committee.

Now, coming back to the time table of the Finance Member, the Honourable Member introduced the Bill at 11 A.M. on the 8th instant. The House sat the whole of that day, half of the next day, and there was besides a sitting of some Select Committee. Thus, practically one day only was allowed to the Members to "ruminate and deliberate", to use the words of the Finance Member. Honourable Members opposite have a large battalion of well trained Secretaries and clerks and library of literature, and it may not even then be possible for them to go through the Bill in such a short time. But Members on this side who have not got the same facilities found it difficult to go through the Bill and consider it carefully within a period of 24 hours. The time given is too short even to discuss the principles. The task before Members on this side is to go carefully first, through the original Bill of 1927, then the modified Bill of the last Joint Select Committee, then the notorious Bill of 1928, fourthly, the recommendations of the Hilton-Young Commission, fifthly, the Central Banking Inquiry Committee's report and the discussions with the Foreign experts; they have also to compare the Bill with the statutes of other countries who have recently gone off the gold standard and see whether the Bill, as it has been submitted to us, is really acceptable to this House or to the general public outside. I confess it is practically impossible for a Member to make a study of all these things in a day. There is no time even to consult one's own constituency like mine which is spread over 26 districts. The Indian commercial constituency of the Madras Presidency which I have the honour to represent in this House has the largest stake in the country and I have no time to consult them. I have forwarded copies of the Bill to several Chambers in the Madras Presidency, but they will get them only after the discussion in the House accepting the principle of this Bill is over.

The Joint Select Committee will meet in October, and, according to the motion of the Finance Member, the Committee is to report on or before the 20th November, by which time, according to the speech of His Excellency the Viceroy, the Bill will be placed before the House for passing it. Where is the time for the country to express its opinion on the Bill or as passed by the Joint Select Committee? Even on the admission of the Finance Member, he "should have welcomed more time", and, according to his own words, "only a short time has elapsed since the publication of the London Committee's report" and, though the Committee made certain definite proposals, they recommended that "several important points on which it was unable to make final recommendations should receive further consideration in India". The Finance Member again said:

"As regards the definite proposals, we have endeavoured to incorporate those as exactly as we can interpret them in the Bill. As regards the points which were to receive further consideration in India, (and these include some of the points which are not subject to legislation by a Bill, but which will have to be dealt with in subsidiary agreements), I have not had time since my return to give the full consideration they deserve. We desire to consider them in consultation with the Legislature before we commit ourselves finally to definite proposals."

The Finance Member would not, in his anxiety to place the Reserve Bank on the Statute, give enough time to the public to express their views on the present Bill, nor are these subsidiary agreements placed before the

[Mr. Vidya Sagar Pandya.]

House. Unless we consider them also, it is not possible to fully understand the full significance of the Bill and the implications of the agreements.

He has said that the public is already familiar with the 1928 Bill. But the three Bills,—the Bill of 1927, that of the Joint Select Committee of 1927, and that of 1928,—have confused the public. The original Bill of 1927 was circulated by the Government for opinion. Then it went to the Joint Select Committee and there was thus enough time given to the public. Why not follow that procedure? The Bill of 1928 fell through. Six or seven years have passed and the heavens have not fallen for want of a Reserve Bank, as it was then thought when the Bill was rejected. So, when we have waited for the last six or seven years, a little more time, say six or eight months more would not matter very much.

Now, coming to the occasion which he has chosen, in his own way it is no doubt an excellent one. Government can get any Bill passed in any shape and in any manner. They have got a majority and if they bring a proposition, that the sun rises in the west, it will be passed by this House. The Government have got a clear majority. The confusion among the parties, the absence of a large number of Members, the scramble for a seat on the Joint Select Committee (Hear, hear), the anticipation of occupying a seat by some of us in the House on the new Bank are very good opportunity for the Government. Why should they not take advantage of it?

An Honourable Member : Make hay while the sun shines !

Mr. Vidya Sagar Pandya : The Honourable the Finance Member says :

“ We did not think it fair to risk that delay and uncertainty in getting the legislation and it is important that steps should be taken in advance of the inauguration of the new constitution.”

As such, they do not want to take the risk of the Bill being rejected by the new body which may come hereafter, and they wish to take full advantage of the present situation. I would ask whether it is a fair thing for the Government to do. The proper time for the Bill would have been after the new Assembly is constituted and the monetary chaos is over. The Bill itself says :

“ Whereas in the present disorganisation of the monetary systems of the world it is not possible to determine what will be suitable as a permanent basis of the Indian monetary system ” ;

and it further says :

“ But whereas it is expedient to make temporary provision on the basis of the existing monetary system, and to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures.”

Why not take some breathing time and consult the country and pass the Bill with their support.

I now come to the Bill itself. As in the case of the Bill of 1928, the Reserve Bank is to be a 'Shareholders' bank. The Bill proposes that it shall relieve the Secretary of State for India and the Government of India of some of the administrative functions relating to Indian Finance and Currency. After a century of administration by the notorious East India

Company, the British Parliament decided to transfer the administration to the British Crown and it would be regrettable if, after another 75 years only, they were to take the retrograde step of retransferring one of the most important branches of the administration to a private company—another East India Company. In theory, the advocates of the establishment of a shareholders' bank may have some good reasons and some examples in other countries on their side but, in practice, I believe it would not subserve the best interests of India. The Reserve Bank's business should be to encourage Gold Currency and to provide India with Gold Reserves, but it will be run by men who are not prepared to encourage the getting of gold for fear of disturbing the European money markets. They feel that their first duty is to the London money market and the need of India is only a secondary consideration. The Reserve Bank, unless it be a national body, representing all Indian interests, has no right to be constituted or designated as the Reserve Bank of India to manage Indian finance and currency. By experience Indians find that the full benefit of similar institutions, ostensibly started for India, do not reach further than the White Community in India. It is not possible for a sectarian bank with an alien control to approach finances from an Indian standpoint. When once a particular community gets hold of a certain advantage, it naturally tries to retain it.

From the facts and figures given in a recent letter of one of the leading Indian Chambers, the Southern India Chamber of Commerce, Madras, addressed to the Honourable the Finance Member only last month, it will be clear that in the three old Presidency Banks and the present Imperial Bank of India the European element largely predominates and in the new Reserve Bank of India also, looking into the complicated constitution contained in the Bill, the European element will predominate and the Indian interests will be subordinated. I am afraid that owing to the conflicting interests of multifarious communities covering such a large continent as India, it is difficult to constitute a shareholders' institution to look after the interests of India. Local influence is likely to be in the ascendent and other parts of the country are likely to be neglected as has happened in the case of the Imperial Bank of India, and we find some indication of it in the Bill. The representation, for instance, of the Madras Presidency has been curtailed. In the original Bill, the meetings were to be held in Madras also, but now there will be no meetings at Madras and there is fear of the interests of other parts of India being neglected. Bombay and Calcutta will have a lion's share and, as such, the question of the establishment of the head office of the Bank will also have to be considered, just as the Government of India felt that it was not safe for them to remain in Calcutta and they transferred the capital and came to Delhi.

I will now read some portions of the letter of the Southern India Chamber of Commerce which will clearly show how the European interests predominate. In the past, the Bank of Madras did not contain a single Madrasi from 1843 to 1917. In the Bank of Bengal, there was not a single Bengali and it is only in the case of Bombay they had two Indians on the Board. They took them because it was absolutely necessary in the interests of the Bank and the Bank could not get on without them. Otherwise, they would not have had them. The Imperial Bank of India is no doubt in a sense imperial. They have got a lot of Europeans on it, both in the local Boards as well as on the Central Board. This letter

[Mr. Vidya Sagar Pandya.]

clearly proves that the management of a bank of shareholders is a fraud on the public. The Secretary of the responsible Chamber writes :

“(1) I am directed by my Committee to address the Government of India on the question of the practical working of the Imperial Bank of India Act XLVI of 1920 in the three head offices at Calcutta, Bombay and Madras and in the Central Board and request you to be good enough to introduce necessary amendments of the Act at an early date. You will no doubt recognise that the experience of the working of the Imperial Bank of India Act during the last 12 years ought to give a timely warning to the Government of India so that the defects of this statute might not be mechanically repeated in the new Reserve Bank of India Bill and my Committee are anxious for a further reason that the Government of India should closely examine just at this time the drawbacks of this legislation because the establishment of a Reserve Bank would necessitate an amendment of the Imperial Bank of India Act and the Government are probably already drafting an amending Bill for the purpose.

(2) *Traditions of the old Presidency Banks.*—The Act of 1920 dubbed the Imperial Bank of India as the successor of the three old Presidency Banks and like a true successor the former has been carrying out its rich heritage of the history and traditions of the Presidency Banks with redoubled vigour and enthusiasm. By an omnibus provision in section 27 of the Act, the several persons who were the directors of the three Presidency Banks constituted the first Local Boards of the Imperial Bank of India at Calcutta, Bombay and Madras respectively and the persons who were then President, Vice-President and Secretary, respectively, of the Presidency Banks filled the same offices in the respective local boards of the Imperial Bank of India.

(3) My Committee find the present position of the Calcutta Head Office of the Imperial Bank an exact reflex of what the ‘Capital’, the leading Anglo-Indian Commercial journal of the country, described of it a few years before the amalgamation of the Presidency Banks.”

Now come the trenchant remarks of the *Capital*, the representative organ of the Anglo-Indian community in India :

“The Directorate of the Bank of Bengal has always been a very close borough, confined to certain favoured firms, some sixteen in number : of those firms three went bankrupt, one having its certificate suspended and six have closed up their business, so that only seven remain to draw directors from—Messrs. Jardine, Skinner and Company, and Gillanders, Arbuthnot and Company, have had a member of their firm a director during the past half century at least. They evidently have a freehold tenure of this position.

Of the present Board Messrs. Geo. Handerson and Company, came on the scene in 1873, Messrs. Begg, Dunlop and Company in 1888 and Messrs. Turner, Morrison and Company in 1893.”

One or the other of the partners of these firms always managed to be there. Even if a Director goes on leave or furlough, a junior or other partner gets in. Sometimes it so happens that they do not find even a junior partner of that particular firm and then they keep the seat vacant and warm for this partner of the same firm to fill it up later :

“The defunct firms are : Colvin, Cowie and Company, Gisborne and Company, Crooke, Rome and Company, who came on prior to 1860, Mackillop, Stewart and Company, 1861, Shand, Fairlie and Company, 1863, Lyall, Rennie and Company, 1866, Ashburner and Company and Carlisle Nephews, 1871, John Elliot and Company, 1885.

Messrs. Kettlewell, Bullen and Company, who were in the first batch of firms, dropped out for some time, and then reappeared with the advent of Mr. Aitkin only to disappear. Messrs. Hoare, Miller and Company, who entered an appearance in 1862, seem out of favour now, Messrs. Begg, Dunlop and Company, in whose firm the late Secretary's brother was a partner, were admitted in 1888, but their Mr. J. F. Macnair having, it is said, been too independent, their firm, when he resigned in 1893, languished under the cold shade of the Secretary's displeasure, and their contempt was not brought to notice until a few years ago.”

Mr. President (The Honourable Sir Shanmukham Chetty) : The House now stands adjourned till Half Past Two.

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. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. Vidya Sagar Pandya : When the House adjourned for Lunch, I was reading an extract from the *Capital* and, with your permission, I shall read the remaining portion now. The writer says :

“ Now, I am not sure that this arrangement, under which a seat on the direction of the Bank of Bengal becomes apparently an asset in the partnerships of certain firms, is an absolutely wise and prudent one. The firms in question are undoubtedly of the highest standing ; but firms, even of the highest standing do not possess a monopoly of all those requisites which go to make an ideal bank director. It is common knowledge that the partners of these firms have not always been men of outstanding ability.”

I wish to draw the special attention of the House to what I am going to read further :

“ The aim of the Bank should be to secure the very best men, not to have the partners in certain firms running in and out of the Board room with their qualifying scrip like dogs at a fair. Firms like Apear and Company, Balmer Lawrie and Company, Duncan Brothers and Finlay Muir and Company, etc.”

I omit other names given by the journal :

“ could all have furnished able Directors and brought business which is an important item. But the man in the street, rightly or wrongly, has an idea that the Directors have no independence and are simply dummies or pawns for the Secretary to play with. The present is a convenient time to change all this.”

Now, I come back to the letter written by the Southern India Chamber of Commerce on the working of the Imperial Bank of India during the last 12 years. The state of affairs mentioned in the article of the *Capital* is practically repeated in the Imperial Bank of India. The Secretary of the Chamber says :

“ I enclose statement No. I which contains the names of the Local Board Members from 1921 to 1932 on the Imperial Bank of India at Calcutta compiled from the published half yearly reports. From this it will be clear that the present Board of Directors at Calcutta head office have been ‘ a very close borough ’ practically confined to seven favoured firms during all these years except for an occasional isolated departure. Messrs. Turner Morrison and Company, James Findlay and Company, Bird and Company, Gillander Arbuthnot and Company, George Henderson and Company, Jardine Skinner and Company, and Prankissen Law and Company, all these had a freehold tenure of the Calcutta Board, some Director or partner of which Companies or firms always being able to secure a seat on the Board from year to year. When it so happened in any year, a suitable partner or Director from the caucus of firms and companies was not available, the Board has gone the length of keeping the vacancy unfilled in direct contravention of Regulation No. 45 (1) of Schedule II of the Act which says that ‘ any vacancy.....shall be filled up by the remaining members.....’. Adding the number of years the partners and Directors of some of those concerns had occupied a seat on the Board of the Bank of Bengal, it will be found that certain firms have had the privilege of a reserved seat on the management of the institution for a period of 40 to 80 years. The above statement also makes it clear how a seat on the direction of the Imperial Bank of India has become apparently an asset in the partnership of these firms.”

They have sent in support of this a statement No. I in which on the one side we have got each half year from 1921 to 1932, and, on the other side, the names of the firms whose partners have been on the directorate.

[Mr. Vidya Sagar Pandya.]

The firm of Messrs. Turner Morrison and Co. has had Mr. Smith, M.L.C. on the directorate. Then their partner Sir Robert Watson Smyth for three half years. Their partners Mr. Edmundson, and Mr. T. V. Dowding, then Mr. Edmundson who continued for five half years. Then, again, came Mr. Dowding for a half year, then Mr. Edmundson again and Mr. Cunningham. Again Mr. Dowding followed by Mr. Cunningham. Now, in 1932, they have got no seat.

Similarly, in the table of directors, of Messrs. James Findlay and Co., Ltd., Mr. Langford James continued for four half years, Mr. Tessi for another four half years, then Mr. Reid Kay, then again Mr. Tessi came, for five half years, then Mr. Reid Kay. Again Mr. Tessi and Mr. J. Reid Kay, all these partners of the same firm.

As for Messrs. Bird and Co., Mr. Carey continued for a number of years till Mr. Benthall came and he continued till 1932.

Then, from the firm of Messrs. Prankissén, Raja Rishi Case Law began in 1921 and continued till June 1932 when after him the partner of Messrs. Prem Chand Janaki Das Sitanath Roy came, that is Mr. J. N. Roy took his place. I may inform the House that Raja Rishi Case Law is about 90 years of age.

Similarly in the case of Messrs. Gillanders Arbuthnot and Co., the partner Mr. Eddis came for a year, then Mr. Ad'A. Willis who continued for 4 half years, then Mr. Eddis for 3 half years, then Mr. Kellock came and then Mr. Gladstone and so all their partners have been coming for years together on the directorate and they have been getting a warm welcome.

As regards Messrs. George Henderson and Co., their partners served for 50 years on the Bank of Bengal and this continued for another 12 years on the Imperial Bank. Their partners have been Mr. Meares, Mr. Mackenzie, Mr. Will, and again Mr. Mackenzie.

Similarly the partners of Jardine Skinner came, first Sir Alexander Murray, and he continued for about five years, then Mr. Austin came in and then again Sir Alexander Murray for three half years. Then Mr. Austin entered and continued for about four half years. Once Mr. Hunter also occupied the seat for 6 months. Then, Mr. Austin continued for 5 half years till December, 1932.

Now, Sir, recently on the representation made by the Southern India Chamber of Commerce and when they drew the attention of the Honourable the Finance Member, he was kind enough to put another Indian ; till now there was only one Indian and then in 1930, they invited Rai Badri Das Goenkar Bahadur to join the directorate and he has been continuing.

This is the story of the Imperial Bank Board, Calcutta, and now we come to the Imperial Bank Board at Bombay. The Committee of the Chamber says :

“ My Committee note with regret that the conditions in Bombay have been very similar. It is found that the partners or Directors of seven firms or companies have had a practical monopoly of the seats of the Bombay Local Board. The firms and companies which have been enjoying this unrestricted privilege of determining the conduct and administration of the Bombay Head Office of the Imperial Bank of India have been,—Messrs. Bombay Company, Limited, David Sassoon and Company, Limited, KJillick Nixon and Company, Forbes, Forbes, Campbell and Company, Limited, Currimbhoy Ibrahim and Company, and Narandas Rajaram and Company. Besides

those firms and companies one or two individuals also have had the good fortune to become a permanent fixture of the Bombay Local Board. The Bombay Board has even improved upon the Bengal Board in this. While in Bengal the partners of the favoured firms have been running in and out of the Board rooms with their qualifying scrips, in Bombay the self-same partners or Directors have been driven by an inexorable fate to hold the position from year to year for 8 years in the case of one firm and for 10 years in the case of 5 other firms. Moreover, two of the firms have been simultaneously represented either on the Calcutta Board or on the Madras Board."

I will read the statement later on.

Now, coming to my own province, they say :

"In the case of Madras it will be found from Statement (3) that just as in the cases of Bengal and Bombay the Board of Directors has been more or less a monopoly of five firms, viz., Messrs. Parry and Company, Gordon Woodroffe and Company, Bombay Company, Limited, Best and Company, Limited, as well as a solicitors' firm now known as Moresby and Thomas but which has thrice renovated itself by change of name and partnership. The partners or Directors of these firms and companies have practically had an assured career on the Local Board of the Imperial Bank ever since its commencement and they used to hold a seat on the Board of the old Bank of Madras. Some of the Directors had to vacate their seats when their firms were closed or when they died. It will be seen from the same Statement that the individuals now sitting on the Board have seen long years in the appointment."

In support of that we have got the statement of Bombay. It is interesting to note how the Directors come into the Board and it has even been suggested that the shares are held by the firm and not by the Directors. So, as soon as one partner wants to go in, the shares are transferred to him and, if other partners want to go, the shares are transferred to them ; and so it goes on.

Now, coming to the Bombay Circle, we have got the Bombay Company from 1921-1932. We find Mr. Gillum and then Mr. Goodall, again Mr. Gillum and again Mr. Goodall, and so on, till 1927, then Mr. Macdonell, again Mr. Goodall and again Mr. Macdonell again, there after Mr. Moore and Mr. Macdonell.

Then, in the case of Currimbhoy Ibrahim and Co., we find that Sir Fazulbhoy Currimbhoy continues from 1921 to 1932 and, in the case of David Sassoon and Co. also, Mr. Sawyer continues from 1921 to June 1932.

Then, in the case of Messrs. Killick Nixon and Co., we get Sir Thomas Birkett, then Mr. Hebbelthwaite, then Mr. Annesley. Again, Mr. Hebbelthwaite and, then, again, Mr. Annesley for about 8 years and then Mr. Reid.

Then we come to Sir Jamsetjee Jeejeebhoy who was Director from 1921 to December 1930. Then we come to Messrs. Forbes, Forbes, Campbell and Co. There was Mr. Bunbury up to December, 1923, and then partner Mr. Grantham and, again, Mr. Bunbury for 5 half years, then Mr. Fox and, again, Mr. Bunbury for 8 half years with Mr. Fox in the interval.

Then we come to Messrs. Narandas Rajaram & Co., where we find Sir Purshottamdas Thakurdas who entered in 1922 and still continues either as President or Vice-President alternately from 1924—1932, which is against the Imperial Bank of India Act. And then some other people also come in now and then probably to relieve the monotony.

Then we come to the Madras Board. There we find under Parry & Co., their partner Mr. Buchanan, then Mr. Wood for some years and then Mr. Wright, and then Mr. Wood and Mr. Wright changing alternately from 1924 to 1932.

Then the partners of Brightwell and Moresby, first Mr. Brightwell, then Mr. Moresby, then Mr. Taylor, then, again, Mr. Moresby, then Mr. Small and then Mr. Thomas.

[Mr. Vidya Sagar Pandya.]

Then, coming to Messrs. Gordon Woodroffe & Co., we find Sir James Simpson and then Mr. Strouts, and these two gentlemen carry on alternately from 1921 to 1932.

Then, coming to the Directors of the Bombay Co., Ltd., we find Mr. Rae, then Mr. Hearson alternately till 1927, then Mr. Moore and, again, Mr. Hearson from 1928 to 1932.

Then, coming to the Best & Co., we find Sir Thomas Ross, then Sir Gordon Fraser, then Mr. Mackenzie Ross again and then the Director of the Taylor & Co.

Then we have the firm of the South Indian Industrials, Ltd., and its Director Mr. Haji Muhammad Ibrahim Sait, and then he went away when the South Indian Industrials went into liquidation, and Rao Bahadur V. T. Chetty came in.

Then, we have got some others and then the partners of Walker and Co. Then, we have got Raja Sir Annamalai Chettiyar for five full years and Mr. I. V. Ramaswamy Mudaliar for about 14 to 15 half years. But, in justice to the Imperial Bank in Madras, I must say that they had temporarily four Indians on the Board for three or four weeks and only three Europeans. It was more to bring out in prominence what they were doing otherwise in the past. Now I have read the three lists of the three circles.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Did the Bank crash, because there were four Indians ?

Mr. Vidya Sagar Pandya : No : it did not. Then I come to the local boards. See what the Chamber says :

"General view of the Local Boards.—The three statements mentioned above make quite clear certain broad features common to them all as to members of the same family. The Directors are confined to certain favoured firms and companies within a charmed circle, whose boundaries are very jealously guarded. They evidently have a freehold tenure of the direction of the bankers of the Government of India."

These are not my words but the words of the Chamber, a responsible body. Again it says :

"It may be admitted that this is apparently due to the apathy on the part of the shareholders who for some reason or other have not succeeded in taking interest in the elections at the Annual Meetings. There is no doubt that one chief reason for this apathy is the fact that the management hold in their pockets a large block of proxies to thwart any attempt to elect anybody outside the caucus....."

Sir Cowasji Jehangir : Whose are the proxies ? Are they of Indians or of Europeans ?

Mr. Vidya Sagar Pandya : Of Europeans.

Sir Cowasji Jehangir : Are you sure of your facts ?

Mr. Vidya Sagar Pandya : Yes. For example when one of the Indians wanted to be an auditor of the Imperial Bank, one of the Secretaries threatened him with dire penalties ; that gentleman then went to Bombay.....

Sir Cowasji Jehangir : I am asking a question as to how many Indians there are among the shareholders in the Imperial Bank who give proxies.

Mr. Vidya Sagar Pandya : I do not know the exact number. But this much I can say. There are some members who are specially called

on that day to attend the meeting to thank the directors for their little mercies, and so forth.

Now to take up the letter :

“ In order to show you at a glance the nature of attendance at the meetings of the shareholders ”—(*the letter says*)—“ I am directed to attach hereto statements 4 and 5 setting out the number of shareholders of the Imperial Bank of India present in person and by proxy at the General Meetings as well as at the local General Meetings at Calcutta, Bombay and Madras. They indicate what an abnormal number of proxies are whipped up each time to decide the election of the Directors and Auditors. It is clear that at the latter meetings not more than a dozen shareholders attend ordinarily at Calcutta and Madras and less than two dozen at Bombay. The members usually present consist of Directors, *ex*-Directors, officers of the bank and their brokers. There have been occasions when only Directors are left to elect themselves or their successors which must be a matter of a couple of minutes only—you will notice, for instance, that in the year 1926 there were only 4 members present at the Madras meeting. Thus the shareholders have practically no say in the matter and exercise absolutely no control.”

I will read those statements which will give a somewhat clear idea and answer also to my leader, Sir Cowasji Jehangir's question. This statement is about General Meetings of the Shareholders. In 1921, at Calcutta, the number present in person was 11, while the proxies were 665. In 1922, at Bombay, 33 were present in person, while the proxies were 881. In 1923, at Madras, 41 were present in person, while the proxies were 1,621. Here I want to say this. There was a little tussle between an Indian auditor and one of the Secretaries of the Bank, and the Secretary said “ You dare not enter this charmed circle and I will teach you a lesson ”. Then the auditor went to Bombay and, with the help of some of his friends there, was able to get about a thousand proxies, while the Bank had only 600 ; and the result was that the Bank came down on its knees and begged him not to propose some other Indians in the place of the other two European auditors and then a compromise was reached and that is why 41 were present in person on this occasion. On this occasion, as I have said, 1,621 proxies were collected by both the parties. In 1924, at Calcutta, 16 were present in person while the proxies were 908. In 1925, at Bombay, 34 were present in person and the proxies were 841. In 1926, in Madras, only 13 were present in person while the proxies were 788. In 1927, in Calcutta, 36 were present, while the proxies were 807. Then there was a special meeting which we need not take into consideration. But there also it was 37 and 815, respectively, when the question of establishing a Reserve Bank came up. In 1928, at Bombay, 32 were present in person and by proxies 812. In 1929, in Madras, the numbers were 22 and 788 ; in 1930, in Calcutta, 12 were present and 740 were proxies. In 1931, in Bombay, 176 were present and 954 were proxies. That was the year when there was a trouble and walk-out and apologies in the meeting. In 1932, in Madras, 19 were present with 1,198 proxies.

I now come to the Local General Meetings and the number of shareholders present in person and by proxy. The numbers present in person in the Calcutta meetings are 7, 8, 9, 11, 8, 10, 15, 8, 10, 10, 21, and 18 respectively from 1921 to 1932 : of course these consist of the directors, the secretaries and *ex*-directors and their friends. The number of proxies for the years from 1922 to 1932 are 255, 268, 276, 264, 232, 285, 280, 266, 255, 315, and 422. This goes to confirm the idea that they have got practically permanent proxies also. The numbers present in Bombay for the same period, that is 1921 to 1932, are 32, 18, 25, 20, 16, 18, 17, 13, 19, 21, 97, 43 and 47 in person, and in Madras for the same period there were 11, 7, 15, 10, 10, 4, 9, 14, 12, 13, 11, and 13 : while the number of proxies were,

[Mr. Vidya Sagar Pandya.]

as regards Bombay, 494, 553, 550, 538, 494, 483, 478, 477, 466, 437, 845, 870, and 583 : while the figures for Madras proxies are 54, 70, 111, 88, 87, 69, 63, 57, 46, 42, 75 and 127.

I now come back to the letter. It goes on to say :

“ As a result of such manipulation at meetings, it has been found that, as shown in Statement No. 6, the election of auditors also goes in stereotyped lines, partners of the same four firms being repeatedly elected. It is hardly fair to the public who as shareholders, as depositors and as taxpayers are deeply interested in the bank's affairs, to elect the same persons repeatedly to do this work which involves great responsibility to the public. The auditors have further made a domestic affair of this responsible work by segregating the work of each one, which is quite contrary to the intentions of the Act and of the shareholders. Regulation 52 evidently implies that all the auditors are to examine all the accounts jointly and be responsible for the work as a whole.

(8) *Ex-officio members of the Central Board.*—The statements indicate the names of the Presidents and Vice-Presidents as well as the Secretaries of the several Local Boards who have been *ex-officio* Governors of the Central Board. In Calcutta the President has been for a decade only a European, and the Vice-President has also been so, except for the fact that Rajah Reshee Case Law was permitted to be a Vice-President on two occasions. In this manner as large a representation of Europeans on the Central Board as is statutorily possible has been successively secured. In Bombay one of the Directors had been alternately holding the President's and Vice-President's office continuously for over 7 or 8 years, which appears to be in direct contravention of the letter and spirit of Proviso to 44 (1) which requires that no person shall be chosen to be President or Vice-President 'twice in succession'. There are some cases where proviso to section 44 (1) has been broken out. It may be said to the credit of the Bombay Board, however, that two Indians were given reasonable chances of being President and Vice-President. In Madras it was only after a serious protest was made by this Chamber in 1929 that any Indian was occasionally given the supreme privilege of entering the *sanctum sanctorum*. But no Indian has yet been found fit to be elected President in the Madras Local Board and no Indian has yet adorned that place except perhaps in a stop-gap arrangement when the permanent incumbent was out of India on leave.

(9) A Central Board so peculiarly constituted mostly of *ex-officio* European members can hardly pretend to give fair play to the needs of Indian merchants or manufacturers.”

Here I may stop for a moment to give an explanation. The Board of the Imperial Bank is constituted of a President, Vice President and Secretary being *ex-officio* Members of the Central Board. The result is that they always succeed in getting a majority of nine Europeans on the Central Board of the Imperial Bank.

The Honourable Sir George Schuster : May I remind my Honourable friend that we are discussing a Reserve Bank Bill and not the Imperial Bank. There is a Bill dealing with the Imperial Bank, but I fail to see how the constitution of the present Board of the Imperial Bank is relevant to the proposals in this Bill. The Reserve Bank will have a Board constituted on an entirely different basis. I may also remind my friend that he himself complained that sufficient time was not given to consider the provisions of this Bill, and I suggest that he himself will not be giving very much help to the House by considering the provisions of a Bill which is not before the House.

Mr. Vidya Sagar Pandya : I am alluding to this point merely because to show to the House how the shareholders of the Bank similarly constituted could not control, how in the case of Bank of Bengal, Madras and Bombay the shareholders were totally helpless or took no care to control, and I may add that in the year 1866, in spite of the shareholders' Bank

and with a Government Director nominated on it the Bank went to dogs. That was in 1866. Then in the case of the Imperial Bank, the scheme is practically the same. I want to make it clear whether the shareholders control the Directors and whether they have any effective hand in the management or not. All that the Directors do is they go on re-nominating themselves over and over again and things go on merrily for the Directors. (Laughter.) The same history may be repeated here.

Now, Sir, coming to the Central Board, as the Secretary says :

“ I enclose a statement No. 9 which sets out the names of the four Governors nominated by the Government of India under section 28 (1) in each year in succession.”

I want Honourable Members to kindly listen carefully to this part, and see how the Government nominates members in such cases, and what is the effect of their nomination :

“ My Committee very much regret to note that the Government of India in making the nominations have put into the shade all the Local Boards. It will be observed that the Honourable Sir Dinshaw Wacha, aged 89 years (born on the 22nd August, 1844) has been nominated continuously from 1921 to 1932 in spite of the bad state of his health so well known. Similarly, Sir R. N. Mukharjee, aged 80 (born on the 23rd June, 1853) has been on the Board continuously except for a break of one year, i.e., 1923. The Honourable Sir Maneckjee Dadabhoy, aged 68 (born on the 30th July, 1865) was continuously nominated until when the Government could not do so owing to his election as the President of the Council of State. The nomination of the 4th Governor has shown some show of refreshing contrast though it has its own peculiar and interesting features. In re-nominating, the same person over and over again the Government have overlooked the physical disabilities of age, the claims of the different provinces and the needs of the institution for liberalising and broadbasing the banking policy of the country. Indian interests of Bengal and Madras go practically without any *ex-officio* representative on the Central Board, although there are 9 *ex-officio* seats allotted on the Central Board. It is so constituted that there is an assured majority of 11 or 12 Europeans against 4 Indians and such a Board can hardly be expected to deal fairly with Indian interests even if it is supposed that the 4 Indian Governors bestir themselves to voice Indian interests.”

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : What about the other parts of India ?

Mr. Vidya Sagar Pandya : They are nowhere in the geography of the Bank. I may also add here that the Directors sometimes meet in Bombay, sometimes in Calcutta and sometimes in Madras, and on very rare occasions that the same persons are present at a meeting. Then the letter says further on :

“ (10) I am also to enclose a statement of Secretaries and Managing Governors of the Imperial Bank which shows that Mr. Murray (now Sir Norman) was *ex-officio* Governor for seven years as Secretary and then as Managing Governor. Similarly, Sir K. M. Macdonald has been *ex-officio* Governor for 5 years either as Secretary or as Managing Governor. Sir Osborne Smith has been similarly a Managing Governor for about 7 years now. Ordinarily, even the Viceroy, Governors of Provinces and Members of the Executive Councils are allowed to remain in office only for 5 years, though there is a tendency to secure extensions in transition periods. But there is no limit to the number of years a person may be a Director, a Secretary or a Managing Governor of the Imperial Bank of India, nor is there any age-limit for any of them.

(11) *Liabilities of Directors*.—I am further to draw your attention to the fact that the Imperial Bank Act does not require that the Balance Sheet of the Bank should indicate the nature and amount of the liabilities owed to the Bank by the Directors or the business concerns with which they are connected. It is believed that some or several of the Directors are heavily indebted to the Bank directly or indirectly”, and how much portion of their loan they will be able to repay God alone knows. In the circumstances, it is extremely unfair that the Balance

[Mr. Vidya Sagar Pandya.]

Sheets of the Imperial Bank of India should not indicate this position while, in the case of ordinary Banks of the country, it is a statutory obligation under the Indian Companies Act, 1913.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions : Non-Muham-madan Rural) : What is the inference ? Do they borrow largely ?

Mr. Vidya Sagar Pandya : I can't say anything about it, but it is for the general public to draw their own inference.

Then, they make a suggestion as to how the Imperial Bank Act requires to be amended at an early date, and the recommendations are :

“(1) That no firm or company shall be represented on any Local Board or any Central Board of Directors of the Bank for more than five years under any circumstances.

(2) That no single partner or Director of any firm or company shall be a Director of the Bank for two terms in succession. Similarly for the Auditors' firms.

(3) That either the President or Vice-President in any Local Board shall be an Indian in any year, and none shall be either a President or Vice-President for two years in succession.

(4) That no Local Board Member or Governor on the Central Board or Secretary or the Auditor shall be more than 60 or 65 years old.

(5) That no Director or Officer of the Bank shall act as proxy for any shareholder or canvass for proxies and that the system of granting permanent proxies shall be abolished.

(6) That no single person shall be proxy for more than three shareholders and that no shareholder should have more than 12 votes.”

Under the present Imperial Bank of India Act, it is open to one single man to sit with a number of proxies and carry on the meeting :

“That the liabilities of the Directors of Firms or Companies with which they are connected, to the Bank will be disclosed in the half-yearly Balance Sheets as required by other Banks under the Indian Companies Act.”

I have finished with the letter of the Southern India Chamber of Commerce. The Chamber have collected the information very carefully and the defects indicated by them ought to be a lesson to us for our future guidance.

Thus, I have conclusively proved that even under the best drawn scheme for a shareholders Bank the Directors are practically left to pass the accounts submitted by themselves, to re-elect themselves or their successors, or to appoint Auditors of their own choice to audit their accounts. Owing to the apathy of the shareholders the Directors comply with just the formalities required by law to issue the report and a balance sheet. Thus, the control and direction of the Bank is vested in a group of men responsible to nobody but themselves without any effective supervision by the Government. Under clauses 8 to 16 of the Bill the Governor and the Deputy Governor will have the Bank in their pockets. The Directorates of the Reserve Bank Board as well as the Local Boards will be closed boroughs confined to certain favoured firms and the Directors will practically be mutes. The Directors even by election under the scheme will have no independence but will be simply dummies or pawns for the Governors and the local agents to play with, as is the case with the Imperial Bank of India. Whenever any information is sought about the Bank or Indianisation is pressed, the Government will say the Bank is a private body and they cannot give any information and must leave it to the Directors to do as they like. The question is whether the Indian currency and banking is to be handed over to

one or two Great Moghuls of the Reserve Bank of India under the Constitution as contained in the Bill. The election of the Directors will be in the hands of the Executive by whipping up proxies through the influence of those who are indebted to them or their agencies.

Mr. B. Das : Do you mean to say that the Directors are indebted to the Imperial Bank ?

Mr. Vidya Sagar Pandya : That is a question for the Imperial Bank of India to answer.

I have taken so much time of the House in giving these necessary details so that they may fully understand the implications of the Shareholders' Bank. The country has unmistakably expressed that the Reserve Bank should be a State Bank. The last Bills were lost on account of that. The London Committee sitting at a distance of 6,000 miles had simply adopted the Bill of 1928 with certain modifications. It is no use dismissing the constitution of a State Bank only on a mere phrase of " political influence ". Why should not the Government ask the country what they want ? The Government which is the biggest political party in the country chooses to call the Directors elected by the Legislatures as politicians. The Government nominate five Directors and in the beginning still more. They would represent the Government politics. Yet the kettle calls the pot black !

Another reason for my asking the Bill to be circulated for public opinion is that the country does not want to be tied to the coat tail of England. England is establishing a chain of Central Banks throughout the Empire and naturally requires the formation of a Reserve Bank of India so that the Bank may be an annexe of the Bank of England to carry out its pre-arranged policy. The country should be given an opportunity to express whether they want a real and honest Gold Standard or only Paper Sterling Standard and an independent Bank. Under the provisions of the Bill the currency notes are not convertible in gold. You may take silver coins or sterling. As I had to tell the House once before that if this Bill is to be put on the Statute-book I shall have to use an epigram which was in vogue in the time of Pitt :

" Of Augustus and Rome,

The poets still warble.

How he found it of brick,

And left it of marble."

" So, of Schuster and Ind

Men may say without vapour,

That he found it of gold,

And left it of paper." (Laughter.)

The idea, I believe, of the British Government has been to give India a real Gold Standard with Gold Currency, but owing to the peculiar circumstances over which England had no control she had to go off the Gold Standard. I do not see why they should drag India to follow their fall. It was open to the Finance Member to secure all the distressed gold which has gone out of India and create a sufficient Gold Reserve to keep India on Gold basis instead of tying the Rupee to the Sterling which has so heavily depreciated in terms of Gold. Formerly, an ounce of gold could be secured for £3-17-6. The depreciated Sterling or paper of the face value of over £6 has to be paid to secure an ounce of gold, and even that is difficult to procure.

[Mr. Vidya Sagar Pandya.]

Talking on the Bill, the constitution of the Central Board and the Local Boards is such that the best men in the country may not care to stand for the seats on the Boards. The sale and purchase of gold and silver is gone. The control is practically vested in the Governor and the Deputy Governor. The Bill is shorn of all its glory by the removal of the powers of the Bank to buy and sell gold. In all countries, the natural born, the nationals have got the control of the Bank. Here there is every loophole to allow aliens to secure the control of the Bank.

Now, I shall offer a few remarks on the provisions of the Bill. Clause 4 --Share Capital. To give proper representation to all provinces it may be necessary to increase the amount of share capital from 5 crores to a much larger amount so that all the provinces may be better represented. Three-fourths of the capital must be held by natural born Indians and when this proportion is disturbed the Directors should stop transfer of shares to aliens. Similarly, transfer from one provincial register to another should be so arranged that the election of Directors in any province does not become a farce.

Then I come to clause 8, sub-clause 1, c iv. Madras is not given the proper representation according to its population and importance. Here I will have to go more deeply into the constitution of the Board under this Bill and see how it compares with the Boards under previous Bills. I have got with me here so to say the horoscope of the four Bills. According to the original Bill of 1927 the constitution was as follows : (a) A governor and a deputy governor who shall be appointed by the Governor General in Council for a period of 5 years and shall devote their whole time to the affairs of the bank and shall receive such salaries and allowances, etc. (b) Then, 9 directors elected by the shareholders, each of whom shall be a registered holder in his own right of not less than 20,000 unencumbered shares, of whom two shall represent interests in Calcutta, two shall represent interests in Bombay and one the business interests of Madras, two to represent business interests in British India, exclusive of Bombay and Calcutta, (c) three directors to be nominated by the Governor General in Council to represent the interests of commerce and industry and agriculture, respectively, and (d) one officer of Government appointed by the Governor General. Under that scheme the number of Indian directors that could be secured at the utmost would have been for 9 out of 15. Now, this is very important. I would request those members who will constitute the Joint Select Committee to listen to this very carefully and whoever may be the members of that committee will have to do their duty by the country.

Under the Joint Select Committee Bill, the Board consisted of (a) a governor and a deputy governor of whom one was to be an Indian, (b) two directors who will be Indians, nominated by the Governor General in Council, (c) four directors of whom two shall be elected by the Associated Chamber of Commerce and two by the Federation of the Indian Chambers of Commerce, (d) one director to be elected by the provincial co-operative societies, (e) three directors to be elected by the elected members of the Indian legislature of whom one shall be elected to represent the interests of commerce and industry, (f) three directors to be elected by the elected members of the legislature of the Governors' provinces of whom two shall be elected to represent the interests of agriculture and one to represent the interests of com-

merce and industry, then (g) one officer of the Government nominated. Thus, under this scheme, out of 16 Directors we could secure 10 Indians.

Then, we come to the Bill of 1928, which has been followed by our friends in London : (a) the Governor and two Deputy Governors, to be appointed by the Governor General in Council after consideration of any recommendation made by the Board in that behalf, and (b) four Directors to be nominated by the Governor General, (c) two Directors to be elected by the Associated Chamber of Commerce, (d) two Directors elected by the Federation of Indian Chambers of Commerce and then (e) one Director representing the interests of agriculture by Provincial Co-operative Banks and (f) eleven Directors to be elected on behalf of the shareholders, etc. Now, under this Bill of 1928, you could secure 14 Indians out of 24 Directors. Under the present Bill, (a) the Governor and one or two Deputy Governors are to be appointed by the Governor General in Council after consideration of the recommendation of the Board in that behalf. That means three Europeans, (b) four Directors to be nominated by the Governor General in Council. I hope they will not repeat the story of the Imperial Bank by appointing men of 80 or 90 years of age. Then (c) eight Directors to be elected on behalf of the shareholders and (d) one Government officer nominated by the Governor General. We have practically only 8 or 9 Indians out of a Board of 15 or 16 Directors. Under the Bill the Governor General can nominate eight aliens besides the aliens coming through the election by the shareholders. Is there any other country in the world where so much opportunity is given to aliens ? There is no guarantee that the natural born Indians or national Indians shall be in majority on the Board. The Government of India is a great political party by itself. It can have political influence, but the shareholders cannot elect any member of any Legislature or a Banker. There was a good chance under the scheme of the Joint Select Committee of there being a majority of Indians. Is there any Reserve Bank anywhere in the world where the aliens have any seat on a Reserve Bank. Here aliens can be in a majority. If the Reserve Bank of India is to be free of political interference the politicians in their turn must be equally free from any restriction of finance imposed upon them by the policy of the Bank. If not its establishment merely transfers the ultimate destiny of India from democratic rule to the autocracy of an institution similar to the Bank of England working its will in Parliament through the agency of the British treasury.

Then I come to clause 13 (1). As I have said, the meetings at Madras have been omitted. So, their interests will be neglected.

Under clause 24, there is no restriction on issuing of small notes of Rs. 2 and Re. 1. I think we must be careful about that.

Clause 28. I hope the discussion of August 31st will be taken into consideration and the rules will be liberal for the refund of money on cut or mutilated or lost notes. I hope the Honourable the Finance Member will kindly appoint the expert committee to look into the claims of the parties in the past.

Clause 41 requires Scheduled Banks to keep with the Reserve Bank not less than $7\frac{1}{2}$ per cent. of the daily average on demand and 2½ per cent. of the daily average of time liabilities. I do think this a heavy

[Mr. Vidya Sagar Pandya.]

burden on the banks and I do not think they will get sufficient compensation for the sacrifices they are called upon to make. In the light of my experience all over India I think this will penalise Bombay more than any other province. The Banks in Bombay will have to keep larger balances with the Reserve Bank than the banks in other parts of India.

Under clause 42 (7), I do not see any reason why the banks having over three lakhs capital should be penalised and all other institutions allowed to go scot-free. The five big banks of England have got capital of 8 to 1 millions but their deposits are about 300 to 400 millions. It would be for the Select Committee to go carefully into this matter in order to fix the contribution on the basis of capital or deposits.

Clause 44.—The dividend of 5 per cent. is enough and they should not by giving hopes of larger dividends encourage speculation in the market in these shares. Sub-clause (c) should be deleted.

Clauses 46—48.—I suggest similar alterations as have been suggested by the Chamber, i.e., the same auditor should not be re-nominated more than twice.

Clause 49.—The Bank should issue quarterly reports of accounts and the annual report should be issued not only in English but also in important vernacular languages. It is no use expecting the whole of India to read English reports. Then, the reports and accounts should be submitted to both the Houses of the Legislature and the salaries of the Governors and Deputy Governors and the emoluments of the Directors may be made a votable item, so that we may know how they are running the show and their work may be properly reviewed in this House.

Clause 52.—This clause gives power to the Board to make a number of regulations. Well, I do not think any regulation should be passed by them unless and until it has been approved and confirmed by Legislature. Similarly, no alterations or changes should be made without the permission of the Legislature otherwise it gives lot of discretionary power to the Directors to do as they like or may think best. Similarly, there has been a complaint that the registers of the shareholders are not so easily available and therefore we must take steps to see that every shareholder will have a right to look into the registers without unnecessary restrictions of taking copies or notes from them.

Now, Sir, I wish to sum up briefly what I have said so far and I do not wish to tire the House for too long. First of all, we must take into consideration the control of the Bank. Leaving aside the question of the State-owned or private-owned capital, the constitution should be such as to secure complete public and national control and prevent undue sectional influence. That should be avoided. Non-nationals should not hold shares or occupy seats on the Board. Three-fourths of the capital and the seats on the Board should be reserved for natural born Indians. The Governor General should nominate only natural born Indians not at his own pleasure but on the advice of the Finance Member. So, also the Governor and the Deputy Governors should be appointed on the advice of the popular minister.

Exchange and ratio.—Rupee should not be linked to Sterling but gold standard and gold currency should be aimed at and all efforts should be made to accumulate Reserves.

Now, I come to the agreement or arrangement between Imperial Bank of India and the Reserve Bank. The Imperial Bank, which is dominated by non-Indian interests, should not be the sole agent of the Reserve Bank. Remuneration for agency is too high and in some countries such services to the public are being rendered free. Public Debt account is also maintained without any change. The Imperial Bank should no longer have the prestige and privileges of Government connection, otherwise they will be a formidable rival to Indian Joint Stock Banks. It has been a Central Bank but playing the role of trusteeship of wolf over lambs.

Now, I come to the question of compensation. They have no moral claim for compensation in respect of the so-called "disappointed expectations", as they have been cancelled by realised advantages and unexpected windfalls and benefits. Thus, the recommendation of the London Committee must not only be ignored but the Bank authorities, if I may say so, should be impeached for the disservice they have done to the Indian interests. I agree that there may be a London Branch but the work should not be entrusted to the Bank of England. The Reserve Bank should not work under the poisonous influence of any other Bank. It should be a training ground for future Indian Governors and Deputy Governors to be in touch with the foreign money markets. Sir, I think, I have already tired the patience of the House and specially of the Honourable the Finance Member and, Honourable Mr. President, with your permission, I will now close my speech.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amend-ment moved :

"That the Bill to constitute a Reserve Bank for India be circulated for the purpose of eliciting opinion thereon by the 31st December, 1933."

Dr. Ziauddin Ahmad : Sir, I would like to restrict myself to a few general observations today and would not like to go into the details of the Bill. The points that I would like to take up for discussion are, (1) whether it should be a State Bank or a Shareholders Bank ; (2) the question of exchange ; (3) should rupee be linked up with the sterling or gold or with nothing ; (4) the ratio question, whether it should be 1s. 4d. or 1s. 6d. I quite agree that Nos. 3 and 4, as the Finance Member suggested, may be discussed as distinct problems. But the London Committee in their report have distinctly said that at every stage of the discussion of the Reserve Bank Bill it is impossible to avoid their discussions. The fifth point which I would like to take up would be the reserve of the Bank.

[At this stage Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

That is the proportion of gold and other forms and reserve in our Reserve Bank. The sixth question I will take up will be the relation with our Imperial Bank, and then the last question which I will take up, if unfortunately it is decided by a majority that it should be a Shareholders' Bank, is the restrictions and the safeguards of income-tax payers in the country.

An Honourable Member : Agriculturists.

Dr. Ziauddin Ahmad : Yes, most of whom are agriculturists. These are the points which I will take in turn. I now take my first point.

In 1926, it was agreed that the Reserve Bank would be a State Bank. Opinions changed in 1927 and the Bill laid before the Assembly in 1928 contemplated that it should be a Shareholders' Bank but, on account of strong opposition from the then Members of the Assembly and for other reasons, the Government withdrew that Bill. The present Bill is contemplated to be a Shareholders' Bank, but no arguments are given in favour of the Shareholders' Bank, either in the report or in the speech of the Honourable the Finance Member except one point that it ought to be free from political influence. I would read clause 3 of the Report which says :

"We fully accept the principle that the Reserve Bank should be free from any political influence. The best device which the practical experience of other countries has evolved for achieving this object is that the capital of the Bank should be held by private shareholders and we recommend that this plan should be adopted in the case of India."

I request you to mark the words "capital should be held by private shareholders" which I will discuss later on. May I ask, Sir, the Honourable the Finance Member whether the Reserve Bank will discuss any philosophical questions, whether it will discuss the theory of relativity or questions of that kind for which it is necessary that the Reserve Bank should be free from political influence. I submit that politics does not only mean "non-co-operation" or its reverse. Politics includes the maintenance of the credit of the country, control of currency, stabilisation of exchange. All these are fundamental political problems. If you demand today that the Reserve Bank should be free from political influence, you may as well demand that the Universities in India should be free from academic influence. (Laughter.) You deal with fundamental political problems and then, afterwards, say that they should be free from political influence. You are just acting, as the Persian Poet said :

"Darmiyāne qāare daryā takhtā bandam kardāi

Baz mi goi keh dāman tar mākun hushyār bāsh."

It means, "you have bound my hand and feet in the middle of the river and then say, 'be careful, do not make your clothes wet'." It is just what you are doing. You are making a Reserve Bank to deal with political issues and yet you demand that it should be free from political influence, and this is a position that I cannot understand. There is one point to which I should like to draw the special attention of the House. It is assumed in the report that the Indian Minister will mean political influence, but the Secretary of State for India will not mean political influence. We assume that the present Members on the Treasury Benches do not represent politics, the Viceroy does not represent politics, the Secretary of State for India does not represent politics, but the only unfortunate person, the future Finance Minister, when and if he comes into existence, will represent politics. I say, adopt one uniform principle. Either you admit that the Bank should be free from political influence, and since Ministers, Members of the Executive Council, Members of the Legislature and the Secretary of State are all politics, therefore the administration of the Bank should be left to the capitalists of the country

alone. But if the politicians do come into existence and if the Viceroy and his Executive Council exercise their influence, then, I do not see why the future Minister, when and if he is appointed, should be left out of consideration altogether. Either both the Secretary of State and Indian Minister should be excluded or they both come in.

If you permit me, Sir, I should like to introduce a little confusion of thought and take my second point and come back again to this issue ; and my justification for introducing this confusion of thought is that the conclusion which I will draw from that will throw light on the problem which I am now discussing. So I take up the question of " Exchange ", which is really my second point. Sir, I quoted, two years ago, on the floor of this House, a preliminary note from Professor Gregory's book that " there is only one person who understands the conundrum of exchange and that man is in the lunatic asylum ". My apology for introducing it is that we are all M. L. A.'s. Speaking more seriously, the exchange of every country is worked by the demand and supply of currencies. This thing again is based on three factors, first is what we call visible balance of trade, that is the balance of trade of merchandise, or the difference of import and export of goods. Then the second item to be considered is what is called the invisible balance of trade, which includes the services, the expenses of the tourists, and the interests on long investments and other things. The third item is the movement of long term capital from one country to another. These three items, taken together, really determine the problem of exchange. If these three items balance in any year, then the exchange stands on the even key. If the balance of trade taking all these three points together—to use my pet phraseology—if the balance of trade of visible and invisible negotiations is equal to zero, then the exchange balances, but if it is against us, then we should be prepared to part with our gold. That is to say, an uneven balance is always met by the export of gold from the country. In addition to these three important factors, there is a new factor which has come into existence in recent years, and that is called the short term capital and it is popularly known as " ready money ". Now, this ready money or short term capital has been estimated by the Bank of International Settlement in 1931 to be 10 billion dollars. Now, this amount is the same as the value of the monetary gold in the whole world. This huge mass of perfectly liquid capital is concentrated in a few financial centres and it is in a comparatively few hands and it belongs mainly to a few banks and to some financial houses and to a few rich men. It can be moved easily and without notice. The movements of this ready money are sudden, violent and overwhelming and incalculable, and they break down the exchanges. The movement of this capital was the cause of the collapse of British currency in 1931 and of America three months ago. I would refer the persons, who are interested in it, to the beautiful article in the *Times of London*, dated the 31st July, 1933. The holders of this ready money collapsed sterling which at one time was thought to be the most stable currency in the world. The World Economic Conference made useless efforts to solve the questions of war debts, tariff walls and monetary problems, but these remedies, even if solved, would not solve the world economic problem till this fluid capital of 10 billion dollars has found a home where it can safely be locked up and will not be allowed to move about, freely without notice from one country to another. We are now demanding a Reserve Bank where we can carry on operations in the open market and I have a great apprehension that we will put our

[Dr. Ziauddin Ahmad.]

necks in the hands of these capitalists and our currency may be broken down in the manner in which the currencies of other countries have been broken down, by the movement of this large fluid amount of 10 billion dollars from one place to another. It is not unknown that the amount now standing in the accounts of the English people in the Banks of the United Kingdom and which can be invested at a moment's notice, is in the neighbourhood of one billion sterling.

Now, Sir, do we really believe that our capitalists here in this country who will be the Directors of our Shareholders' Reserve Bank would be able to face this huge amount of capital, whose mouth may be directed to India and break up our currency. Here Government alone can give relief. We have got the example of Germany before us. Can any one think that the Reich Bank of Germany would have been able to control the exchange of Germany had not the Government come forward to their assistance and controlled the movement of capital from Germany to outside countries? So, in this case, I say that if we want really to stabilise and protect ourselves from this huge fluid capital, then we will have to give predominating powers in the hands of the Government, for the Government alone can protect us. The shareholders who are advised to go in the open market will never be able to protect us.

Sir, the object of the Reserve Bank is not to secure large profits for capitalists, but to safeguard the interests of the country. Who are the people who are most competent to safeguard the interests of the country? Are they the politicians or the capitalists? Here, I believe, I join issue with the Honourable the Finance Member. He will probably say that the capitalists are best qualified to safeguard the interests of the tax-payers of India and I think that those who are the elected representatives of the people will guard the interests of the people more efficiently and more effectively than the capitalists can possibly do. Sir, I come back again to my first point. We want a Shareholders' Bank only on the ground that it would be free from political influence. Sir Henry Strakotch, for whom I have great respect and whose opinions I highly value, said on one occasion that the political influence in the case of a Shareholders' Bank was greater than in the case of a Government Bank. The action of the Minister will be exposed in the Assembly by the political opponent, but your capitalist Directors will take shelter behind statutory responsibility. Besides, the politicians will have no axe of their own to grind, but the Directors, who will be capitalists, may get some advantage for themselves from the secret knowledge which they may get from the Reserve Bank. I would request the Finance Member or any one who is a supporter of the Shareholders' Bank to give on the floor of the House some definite illustrations of the way by which the Minister can practically break up the Reserve Bank if it happened to be a Government Bank. Now, if your Minister happened to have enormous influence with the House and an enormous influence in the country, then I can assure him that he can influence the shareholders much more easily than he can influence his opponents in the Assembly.

Now, Sir, I will take up my third point, as to whether the rupee should be linked with gold, sterling or dollar or with nothing. In this matter, Sir, I differ from the opinion which is expressed by my distinguished friend who moved the amendment for circulation. The Hilton-Young

Commission recommended that the rupee should be linked with gold sterling and said that if, by chance, England went off the gold standard, then the time would come to consider the separation. When England went off the gold standard on the 21st September, 1931, the first instinct of the Honourable the Finance Member was to do away with that provision. But, on second consideration, he changed his mind and he brought a second Ordinance. The Assembly, however, stuck to its guns, and we passed a Resolution under the leadership of Mr. President (then Mr. Deputy President) insisting that the rupee should no longer be linked with paper sterling. I always had the same opinion, but a minute consideration of the world economic conditions led me to change my opinion, and I honestly believe that it is for the advantage of both England and India that the rupee should continue to be linked with sterling. To link up our rupee with gold will, in my opinion, be a reactionary policy, because, in that case, the rupee will become very expensive, and our export will enormously be affected. There exist at present weighty opinions in favour of making the rupee cheaper and its linking with gold will be the reverse process. If we do not connect it with gold, then are you going to connect it with the dollar, or with the currency of any other country? Are you going to connect it with anything? I say that we are at present in the deluge of economic confusion and the boats of the currencies of many countries have been cut off from the shore of gold. It is always beneficial for loosely floating boats to bind themselves together to get out of this present deluge. Therefore, if we really unite together with sterling, and all those countries, who have disconnected themselves from gold, unite together, then there are greater chances of our coming to the shore. Now, England adopted the right policy at Ottawa to meet the present commotion. She attempted to unite together, in the first instance, all the countries forming part of the British Empire, and then increase their fold. The policy initiated at Ottawa was really the right policy, and had that policy been pursued, then we would have got by this time in our fold a large number of other countries. But, unfortunately, England adopted the opposite policy this year at the Economic Conference. Instead of making efforts to unite together, in the first instance, only those countries which have already disconnected themselves from gold, she began to ask the gold countries to disconnect themselves, and the result was that all the economic enemies of England joined together under the leadership of France, and the chances of all the countries uniting together have become more remote. Therefore, I am not going to pursue this question further just now, but I will discuss when we come to review the Ottawa Agreement,—and I hope the Leader of the House will give us an opportunity to discuss the Ottawa Agreement as he promised,—then we will discuss what action we have taken and what action England and India ought to take in future.

Whether we like it or not, the most advantageous course open to us is to keep the rupee linked with sterling.

I come now to the fourth point, the question of the "Ratio," i.e., whether rupee should be equal to 1s. 6d. or 1s. 4d. Here I do not propose to bring before the Assembly the entire discussions that we had since 1926. I myself moved a motion about it two years ago, but I would like to draw the attention only to one point in connection with this matter. Till recently, our exchange has been on an even keel. We had a favourable balance of visible trade, that is the difference of export over import in merchandise amounted to about 75 or 80 crores of rupees. Out of this

[Dr. Ziauddin Ahmad.]

visible balance of trade, we paid for the invisible balance of trade, including commitments of 50 crores ; and, in the end, something was left to our credit and we got the balance in the shape of precious metals. This has been the position of India for some time. But, now, the process has changed on account of world conditions which I need not discuss here, our visible balance of trade has been continually diminishing. We are not now in a position to pay up all our commitments which amount to 50 crores and the other invisible balance of trade by export of our raw materials. Since England went off the gold standard, we have been paying for this balance of trade by the export of gold. Had gold not been exported from this country, our currency would have been broken to pieces, our credit would have gone down, and we do not know what would have been the value of the rupee in the world market : but the exchange was really kept up not by the means of export of merchandise as we have been doing in the past, but by the export of gold. The Government of India did not have a very large reserve of gold to maintain this unfortunate position. We know very well that, in these days of adversity, only those firms could stand who had a reserve in cash. This is applicable not only to business firms, but also to Governments and only those Governments have come out successful from economic troubles who had a strong balance of gold in reserve. Fortunately for India, the people of this country are accustomed to keep their savings not in banks, but in precious metals and, on account of this habit of the people, on account of the very good reserves which they had, the Indian exchange was well maintained ; but this process cannot be continued for a very long time. The balance of invisible trade, that is, our commitments, cannot for a long time be paid out of the gold which the people have collected to meet their own emergency needs. Even if they can do it, I think it is wrong policy to draw continuously year after year on our reserves ; but we should try to create a situation by means of which we can pay up all our commitments by means of our visible favourable balance of trade. This can only happen if we increase our exports. There is no other way of doing it. Now, everybody knows that our export has enormously fallen, because other countries have now come up in competition, and it is our duty and the duty of every person interested in the currency of the country to see that we should increase the exports of our country and that is the only method by means of which we can maintain our exchange without exporting gold from India. We have been pressing the Government that there should be an embargo on gold, but such attacks are useless. In the first place, Government will not do it ; and even if the Government did it, it would result in the breakdown of our currency ; and the only way in which we can maintain it is that we should have a favourable balance of trade and we must increase the quantity of exports in order to pay up our commitments.

Now, I make one suggestion, and I ask the Honourable the Finance Member or any other person who is opposed to my opinion to give me another method of increasing our exports. One method is that we should make our rupee cheaper in the world market and then our exports are bound to increase. This was tried by two countries—New Zealand and Sweden ; and, in both cases, they tried it with great success. They had a devaluation of their currency : they diminished the value of their currency in the world markets and their exports went up ; and I would

like to press the same thing today, namely, that with the object of increasing our exports it is essential that we must lower the value of our rupee in the world market : in other words, the value of the rupee, instead of being at 1s. 6d., ought to be 1s. 4d. and that is the only way in which we can maintain our exchange on an even keel : I believe it will be very unfortunate for the future Reserve Bank if we are to establish it with a ratio of 1s. 6d., because it will be impossible for the Bank to maintain exchange on an even keel with this ratio, that is, always pay the invisible balance of trade by means of the reserve of gold. If the people of India do not come forward and part with their private savings, then it will have to be paid by the Reserve Bank from its reserve gold, and it will be a very great strain on the Bank to do it. Therefore, I think we must seriously consider, not in the light of political conditions, but purely from the point of view of increasing our exports, whether we should not consider the devaluation of the rupee and reduce it from 1s. 6d. to 1s. 4d.

I take up the next question and that is the Bank Reserve. In considering the amount of reserve, we should not only consider our credit outside the country, but also the credit inside the country and we must see that the people have confidence in the currency ; and the confidence of the people of this country is much more important than the confidence of the people outside India. We know that the currency note is a kind of promise and people accept it, because they believe in the stability of the Indian Government. The credit of currency notes at present does not depend on gold reserve, but the credit of their notes depends upon their power of taxation, and upon the stability of the Government, and gold reserve is really built up with the primary consideration of the credit abroad. But if it is going to be a private bank, then the position would be reversed. In that case, we will have to consider the confidence of the people inside the country which is much more important than the question of confidence abroad. This private bank has to satisfy the people that it has got sufficient money to honour the notes which it would issue.

Sir, in determining the amount of the reserve, we have to consider three very important factors : (1) the credit inside the country ; (2) the credit outside the country ; (3) the emergency that may arise by a change in the monetary condition of the world, such as England returning to the gold standard again.

Nobody can say at present what would be the monetary position a few years hence in the world. It is possible that England may return to gold standard and we may have to follow. In that case, the amount of reserve, that we should have, must be substantially greater than when England is off the gold standard. These three considerations ought to determine the total amount of the gold reserve in the Reserve Bank. Unfortunately we have taken into consideration only one important factor, and that is the credit outside the country ; but the other two important factors, namely, the confidence of the people inside the country and the emergency factor have not been given proper consideration which they deserved. Sir, the amount under the head "Emergency" ought to be sufficiently large, so that we may be able to meet all possible contingencies. In this case the question would arise, and it is not possible to discuss it in detail here just now, what should be the ratio of gold reserve to the total liabilities of the bank. In this connection, I would like to give the House certain figures from various countries. In France, the gold reserve is 35 per cent. of the total of its notes and current accounts.

[Dr. Ziauddin Ahmad.]

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

In Belgium, it is 40 per cent. of the gold and foreign credits payable in gold out of which 30 per cent. must be physical gold. In Copenhagen, 50 per cent. must be in metallic reserve ; in Netherlands, 40 per cent. of the Bank notes in gold bullion and gold coins, and, in South Africa, 40 per cent. in gold, U. S. A. 35 per cent. to notes. Any one, who is interested in these figures, is referred to a very important book written by Mr. Kisch. Though it is some years old, still it is a very important contribution, and you will find in it the ratio of gold reserve to the total paper notes and also to total liabilities :

Countries.	Manner of quotation.	Notes.	Deposits.	Sum of notes and deposits.	Ratio of gold to notes.	Ratio of gold to notes and deposits.
England	Million Sterling.	356	108	464	44.4	34.1
France	Million Francs.	73,007	15,425	88,505	59.9	49.5
Belgium	Million Francs.	2,909	144	3,053	41.3	39.3
Japan	Million Yens.	1,186	753	1,939	73.4	44.9
South Africa .. ..	.. ..	9	7	16	81.1	45.3
U. S. A.	Million dollars.	1,489	2,434	3,925	20.4	77.21

In our case we have provided only 20 per cent. of the note issue. Here we should not consider only the paper notes that we issue, but also the other liabilities, Treasury Bills and Cash Certificates.....

The Honourable Sir George Schuster : They will not be the liabilities of the Bank. They will be liabilities of the Government.

Dr. Ziauddin Ahmad : We would take into consideration the entire liabilities of the Bank in determining the amount of reserve. We should consider two items together, that is, deposits and the notes which they issue. These are the two items which we must consider ; we should fix up the amount of gold reserve, not by considering the amount of paper issue only, but also the amount of the deposits, and then we should fix up some ratio. Now, I suggest the following proportion. Of course, this is only tentative, and the exact proportion might be discussed later. I think the gold should be 30 per cent. of the note issue and deposits ; then sterling or gold securities should be 20 per cent., the Indian Government securities 15 per cent., and rupees only 20 per cent. We all admit that the rupees are not good form of reserve. Rupee in itself is a token coin just as much as bank notes are. The notes are printed on paper and the rupees are printed on silver, and both of them are token coins, and so silver rupees are really not a good form of reserve. This is a point which ought to be discussed in detail in Select Committee. In the Bill, we have provided 35 crores of rupees for gold reserve, which, to my mind, is not

sufficiently large. Considering the three purposes for which gold reserve is built up, I think we should increase this amount to at least 50 crores, and say either 50 crores or 25 per cent. of the total liabilities whichever may be the maximum, that is, 50 crores should be the minimum, and it should go up to 25 per cent. of the total liabilities.

As regards the percentage of other forms of liabilities, this is a point which we should consider carefully. I may also mention here by the way, that gold should be calculated not according to the present parity, but according to old parity. If any time, the Bank changes the gold into other forms of reserve, then the profits accrued by sale of gold should come to us and they should not go to the bank, because it is Government property, and given by Government at old parity.

Then I come to the question of our relation with the Imperial Bank. I wanted to discuss the question more exhaustively, but we already had a long discourse by the Mover of the amendment, Mr. Pandya, and he has very much lightened my task. Sir, it was proposed that the Imperial Bank should be transformed into a Reserve Bank. It was also proposed that the shareholders of the Imperial Bank should be transformed into the shareholders of the Reserve Bank. Then, again, these suggestions were whittled down to the demand that there should be some intimate relationship between the Imperial Bank and the Reserve Bank. In discussing our relation with the Imperial Bank, we must consider the following points. The first point is the existence of clique system. This was exhaustively illustrated by my friend, Mr. Pandya. He described in detail the manner in which the Directorship is transferred from one generation to another generation, and he has exposed the process clearly on the floor of this House, and I think if we ever form a Shareholders' Bank, we ought to take a lesson and we should not allow this kind of thing to be repeated. The second point is that these directors, while evaluating the prices of various articles in order to determine the amount of the loan to be advanced, do not evaluate the prices correctly and impartially; they evaluate the prices highly in the case of a few favoured merchants and undervalue the prices in the case of merchants who are not favourites, but, I hope, that the appointment of these Local Boards, if they are properly appointed, may, to a certain extent, mitigate this partiality. Then the third is the question of appointments. Mr. Pandya pointed out very clearly that there were very few Indians in the service of the Bank, and if I draw the attention of my Muslim friends, they will notice that the number of Muslims is still more limited. Not only this, Sir. If you draw the attention of the authorities, then, instead of hearing with patience or trying to redress the wrongs, they lose their temper. I am myself a shareholder of the Imperial Bank, I hold not only one share, but I hold several shares, but from the speech of my distinguished friend and from the additional facts which I propose to lay before the House presently, I am quite willing to lose my shares if the Imperial Bank is allowed to cease to exist.

Sir, we have been hearing a good deal about the special facilities which the Imperial Bank has provided for Indian trade and commerce. I should like to examine some of these facilities. Here, if you take a cheque for Rs. 10 on the Imperial Bank to any of its branches, the branch will at once charge you eight annas discount. The discount is four annas per cent., with a minimum discount of eight annas. If you cash a cheque for Rs. 10, you will only get Rs. 9-8-0. Most of us are familiar

[Dr. Ziauddin Ahmad.]

with the banking system in Europe, and I ask you whether you have to pay this discount anywhere in London? You take a cheque to any bank and cash it at par and **no discount has to be paid.** Then **why** should we pay **discount** in India? I call this swindling, though you may call it **facility**. The second thing is they say they provided banking facilities in smaller places where those facilities do not exist. Yes, but in smaller places people are engaged in agriculture. If the Imperial Bank makes advances on the security of landed property, then it will be doing a service, but the Imperial Bank does not advance money on the security of landed property.

An Honourable Member : Not directly, but indirectly it does.

Dr. Ziauddin Ahmad : What is the result? The result is that the local rates of interest remain where they were before. The Bank rate has been diminished from 7 per cent. to $3\frac{1}{2}$ per cent., but the local rates of interest charged by the *mahajans* and local bankers remain exactly in the same position, because they are the persons who advance money on the security of landed property. If the Imperial Bank desired to do service to the country, then it ought to have made it the first rule that it would advance money at the bank rate on the security of landed property.

The Honourable Sir George Schuster : May I point out to my Honourable friend that they are precluded by law from doing so.

Dr. Ziauddin Ahmad : I am merely narrating the facts as they are. They may be due to law made by the Legislature before we came into existence, or may have been made by the Directors, but the facts remain. It is immaterial how the Act was first framed. We could have changed it, had we been required to do so. But the fact remains that the lower rate of interest of the Imperial Bank has not lowered the rate of interest in the case of local banks and absolutely no good has been done to the landed proprietors and agriculturists who form the bulk of the population of this country and they are exactly in the same position as they were before. Recently, the Imperial Bank of India has introduced a new rule that you must keep a sufficient amount of money in the Bank, whose interest may cover the expenditure on keeping the accounts. This is a recent rule. This is not under the Act, and this rule has been made by the Directors. This rule does not help the banking system of this country. It rather frightens away people from keeping their money in the banks. These are the actions which the Imperial Bank have taken and they are not very encouraging so far as the landed interests are concerned. The Bank may have proved to be useful, which is very doubtful, to a few firms in big towns like Bombay, Calcutta, and possibly Madras.

Sir, I do not like to enlarge on this topic, but I should very much emphasise that our relations with all the banks should be uniform, that is, that no bank should be placed in an advantageous position. One thing more I should like to say in this connection. Though I am not unwilling to extend these privileges to foreign banks, but I would like to put down one condition before their names are entered in the Second Schedule of this Bill. That is, that each of these foreign banks should keep the accounts of the Indian branch quite separately and they should

be in a position to submit their audited balance sheets to the proper quarters in the same manner as the other Indian banks are doing.... (An Honourable Member : " And publish them also. ").....and publish them too. This ought to be a condition before we can recognise any of the branches of any foreign bank.

I leave the question of the Imperial Bank, and I take up the last point. If unfortunately it is decided that this Reserve Bank of ours should be a Shareholders' Bank, then what action should be taken to safeguard the interests of poor taxpayers like myself ? Before I deal with it, I desire to relate one more story. There was a person who did not like to eat *laddus* from a particular shop. One person brought 300 *laddus* for him and told him that he purchased them from that particular shop. Then he could not take them. What did the other person do ? He bought five *laddus* from another shop and mixed them with the 300 *laddus*. He took out the first *laddu* and said in his mind ; " This may not be the *laddu* from that particular shop " ; and so saying he ate the first *laddu*. He repeated the process till he ate all the 305 *laddus*. He ate all the 305 *laddus* under the pretence of what lawyers call " the benefit of doubt ". By using the catchword, he conscientiously ate all the 305 *laddus*. This is exactly what we are doing here. We are going to hand over the question of Indian credit and finance to these private persons. These private individuals are going to bring in five crores of rupees, and we are going to hand over to them the whole of the financial credit of India which at one time was valued at Rs. 300 crores. These capitalists will really take possession with their five crores of rupees, Rs. 300 crores belonging to Indian taxpayers. Thus we are handing over, under another catchword, the catchword of " political influence ", our 300 crores to persons who brought in 5 crores..

My Honourable friend, Mr. Vidya Sagar Pandya, has mentioned certain restrictions which he would like to impose upon the Reserve Bank if, unfortunately, it is a Shareholders' Bank. I would also like to add a few more restrictions. I would like to put down, like the Assembly election, one man one vote. The votes should not be determined by the number of shares a person holds ; but one man should have only one vote. In the Assembly election a person may possess several qualifications, but he has only one vote. And, in order to avoid one person buying shares in the name of minor sons and daughters, etc., I would like to add one more condition and that is that only persons above the age of 18 should exercise the right of voting and nobody else. The guardian should not be able to exercise the right of voting. Another condition, I would like to have, is that no person should have more than ten shares. This is really a very liberal account. Shares should not be monopolised by a few capitalists. The next condition is that a person, who is a shareholder in one particular province or locality, should not be allowed to purchase shares in another locality. If purchasers are not available, then Government, for the time being, may buy those shares and sell them as soon as the buyers are available. Now, the other thing is that we have set up an indirect election for the Directors. They are to be elected by local boards. I do not seriously object to this indirect election though I would prefer myself a direct election. I do not seriously object to it, but the number of persons who are

[Dr. Ziauddin Ahmad.]

going to elect the Directors is too small. That is, the number in the electoral colleges are very few. Therefore, it is very desirable that their number should be increased, so that we might have a true representative and I think we cannot have an indirect election in which the number of persons in the electoral college are so few. The next thing which was pointed out also by my friend, Mr. Pandya, is that, even if it be a Shareholders' Bank, there ought to be annual reports which ought to be published and the two Houses of the Legislature should have a right to criticise the report and pass Resolutions on it. Though it may be a private Shareholders' Bank, we must remember that these shareholders have brought only five crores of rupees, and really the bulk of the capital belongs to the Indian taxpayers, and we must also remember that the losses of this Reserve Bank will be borne by the Indian taxpayers and, therefore, we are intimately interested in the whole problem. The next thing is that we should not show favour to any particular bank. All the banks should be placed on the same footing and no favour should be shown to one bank, which may be unfair to the general banking problem of the whole country. If we place one particular bank in a more favourable position, then naturally the other banks would suffer. The next thing is, we ought not to make the Reserve Bank a new concern for profiteering purposes. We know that the Imperial Bank has long been paying an interest of 18 per cent. Now, they have recently reduced it from 18 to 12. Even 12 per cent. is rather high. The bank rate is only $3\frac{1}{2}$. Therefore, I am quite willing to give a slightly higher per cent., one per cent. higher than the bank rate and, in any case, it should not be more than 6 per cent. I would like to put down explicitly that these shareholders are not entitled to have any dividend more than one per cent. above the bank rate. I think we might discuss these and similar other restrictions when we come to a discussion of the details. I will sum up my remarks. I am very strongly in favour of establishing a Reserve Bank. I suppose that is the principle of the Bill, that a Reserve Bank should be established and I give my heartiest support to it. We hope it will be left to the Select Committee to consider whether it should be a Government Bank or a Shareholders' Bank, but if the Select Committee is precluded from discussing whether it should be a State Bank or a Shareholders' Bank, then I would rather like that this Bill should be circulated to elicit public opinion; but if we could discuss this particular thing also in the Select Committee, then we would not mind going to Select Committee and discuss face to face with the opposite opinions and come to some conclusions which may be advantageous to the taxpayers of this country and which may not put our neck in the hands of the capitalists of this country or abroad.

Mr. Gaya Prasad Singh : Sir, Never before, perhaps, in the history of legislative business in this House was a more far reaching measure introduced than the one which we are discussing today; but, Sir, I have to utter a note of regret that the time which has elapsed between the introduction of the Bill and its discussion on the floor of the House today has not been more ample than has been given to us by the

Government. A Bill of this nature requires to be studied from all points of view, but I must take things as they are, and proceed with some general observations on the Bill as they occur to me today.

We have before us two motions down on the Agenda Paper. One is for the reference of the Bill to a Joint Committee of both Houses, and another is for the circulation of the Bill for the purposes of eliciting opinions thereon. Now, I must say, Sir, that if the House accepts the motion for the Select Committee, it would have accepted the principle of the Bill. That leads me to try and discover what is the main principle of the Bill. My Honourable friend, the Finance Member, in his Statement of Objects and Reasons says: "The object of this Bill is to set up a Reserve Bank for India." Now, with regard to this, I think there will be a unanimity of opinion both in this House as well as in the country outside that a Reserve Bank on approved lines ought to be established in this country; but the difficulty arises as to what sort of Reserve Bank it is to be, its constitution and the handling of the finances of the country, and the control over the Reserve Bank. These are some of the questions that must be carefully looked into before we commit ourselves to the principle of the Bill. My Honourable friend, the Finance Member, in the course of his speech this morning reiterated that he wanted to keep the Reserve Bank free from political influences. I should like to inquire in this connection whether the Bill in its present form is free from another sort of political influence or not. I find that most of the powers have been designed to be concentrated in the hands of the Governor General. If the Governor General does not represent the largest political party in this country, I should like to know what else does he represent. The Governor General is responsible to the Secretary of State, and the Secretary of State, as we all know, in these financial matters, is more or less influenced by the financial magnates of the City of London, and of the interests of England, than of this country. Therefore, Sir, under the scheme propounded in this Bill, I take it that the political influence will play upon it though of a character quite different from the one which we contemplate. Powerful City interests in London will have a voice in the actual working of this Bank, and that will be an influence which will not be in accord with the interests of the masses of this country. In this connection I should like to refer to the Despatch of the Government of India on Constitutional Reforms in 1930. In the course of that Despatch they said:

"It would be possible to convince Indian opinion of the desirability that such a Bank should work in close co-operation with and on lines approved by the Bank of England."

That gives away the whole case. The Reserve Bank which is sought to be established will be a sort of appendage to the Bank of England. This feature of the proposal before the House is open to serious objection from the point of view of the larger interests of the country.

I will next refer to the proposal that this Bank should be a Shareholders' Bank. Opinion in the country is practically unanimous that, instead of having a Shareholders' Bank, the Bank should be a State Bank. I am glad that at least one member of the London Committee, Rai Bahadur Lala Ram Saran Das, did dissent from the view of the majority of the members of that Committee, and appended a note that it should be a State Bank rather than a Shareholders' Bank. When a Bill

[Mr. Gaya Prasad Singh.]

of a somewhat similar character was before the House a few years ago, Sir Basil Blackett agreed afterwards to a State Bank, but powerful influences were brought to bear upon him by the Secretary of State, and he resiled from the position which he then took up and the whole scheme was knocked on the head. To entrust currency and exchange to big capitalists and exploiters of the masses of the people is not the sort of arrangement which will commend itself to some of us on this side of the House. Clause 17 of the Bill sets out in some detail the business which this Bank will be called upon to transact. Some of these items are as follows : The accepting of money on deposit without interest and the collection of money for the Secretary of State in Council, the Governor General in Council, Local Governments, States in India, Banks and other persons : purchase, sale and re-discount on bills of exchange and promissory notes. I am not going to read out all the different items in this list, but I will refer only to a few of them in order to show the important nature of the work which this Bank will be called upon to transact : Gold coin or bullion or documents of title to the same ; promissory notes of any scheduled bank ; the making of advances to the Governor General in Council ; the issue of demand drafts, and the making, issue and circulation of bank post bills ; the purchase and sale of securities ; the custody of monies, securities and other articles of value ; the sale and realisation of all property, whether movable or immovable, which may in any way come into the possession of the Bank ; the acting as agent for the Secretary of State in Council, the Governor General in Council or any Local Government or State in India ; the purchase and sale of gold or silver ; the purchase, sale, transfer and custody of bills of exchange, securities or shares in any company ; the collection of the proceeds, whether principal, interest or dividends, of any securities or shares ; the management of public debt ; the issue of notes ; the purchase and sale of gold coin and bullion, and so on.

It will, therefore, be seen that the business which this Bank will be called upon to transact will be of enormous importance, and it will be rather dangerous to entrust the affairs of the Bank to private shareholders whose interests may not always coincide with the interests of the people of this country generally. Sir, it will be found that the shareholders generally are hankering more after their personal profits and gains, and they are not always solicitous about the interests of the people of the country. My Honourable friend, Mr. Vidya Sagar Pandya, has referred in some detail to the manner in which the Imperial Bank of India is being carried on. I am afraid that, if this Bank is established as a Shareholders Bank, it may also fall into the same error in which the Imperial Bank has fallen. Now, in other countries also there are instances of State Banks, as, for instance, Australia. Another feature to which objection is to be taken in connection with the proposals of the Government is the *total absence* of any reference to the nationality of the shareholders. In the best interests of this country, there ought to be a restriction to the sale of shares only to the nationals of this country.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member will resume his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 12th September, 1933.