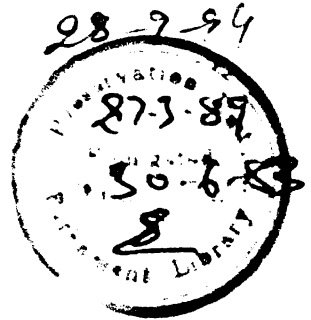


THE  
LEGISLATIVE ASSEMBLY DEBATES  
(OFFICIAL REPORT)

Vol. VIII, 1933

*(20th November to 9th December, 1933)*

SIXTH SESSION  
OF THE  
FOURTH LEGISLATIVE ASSEMBLY  
1933.



# Legislative Assembly.

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*Deputy President :*

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

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

**MESSLAD**

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# LEGISLATIVE ASSEMBLY.

Monday, 27th November, 1933.

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

## QUESTIONS AND ANSWERS.

### GIVING OF TRUSTEE STATUS TO CENTRAL MORTGAGE BANK DEBENTURES.

1157. \***Mr. F. E. James:** With reference to the deputation which waited on the Honourable the Finance Member in April last in connection with the proposal to give trustee status to Central Mortgage Bank Debentures, will Government be pleased to state:

- (a) whether they have received an assurance from the Madras Government that they are prepared to guarantee both the principal and the interest of the Land Mortgage Bank Debentures; and
- (b) if so, whether legislation to effect the necessary amendment of the Indian Trust Act of 1882, is proposed to be undertaken at an early date?

**The Honourable Sir George Schuster:** We are still in correspondence with the Madras Government on this matter and I am not at present in a position to make a statement about it. If the Honourable Member and any other Honourable Member who is interested in the matter would like to speak to me afterwards, I will explain exactly how the position stands.

**Mr. F. E. James:** May I ask the Honourable Member if he would take advantage of the presence in New Delhi of the Minister from Madras who is concerned with this department, and have a discussion with him?

**The Honourable Sir George Schuster:** I might state here and now that I have already been approached by one Honourable Member from Madras on this matter, and I informed him that I am prepared to see any Members who are interested in this in my room as soon as the Assembly rises this evening.

**Dr. Ziauddin Ahmad:** On a point of order, Sir. I think answers to questions are public property and should be given on the floor of the House, so that Members may ask supplementary questions on points which are obscure in the original reply.

**The Honourable Sir George Schuster:** My Honourable friend may rest assured that anything that is done will be fully discussed in this House. But I wish to discuss privately with the Members, who are interested in this matter—and my Honourable friend will be very welcome if he likes to come himself—I wish to discuss with them the exact points of our correspondence with the Government of Madras.

**Mr. B. Das:** If such principles are recognised and certain facilities are given to the people of Madras, will such facilities be extended to other provinces which will open land mortgage banks?

**The Honourable Sir George Schuster:** My Honourable friend may rest assured that anything that is done in this case in regard to the Madras Government will constitute a precedent which will have to be followed in the case of other Provincial Governments.

**Mr. B. Sitaramaraju:** Is it not a fact that the recognition of these as trustee securities was recommended by the Royal Commission on Agriculture and also the Central Banking Inquiry Committee?

**The Honourable Sir George Schuster:** I am quite prepared to take that fact from my Honourable friend and to say that that recommendation will be given due weight.

**Dr. Ziauddin Ahmad:** I have not got a reply to my point of order.

**Mr. President** (The Honourable Sir Shanmukham Chetty): A point of order cannot be addressed to an Honourable Member on the Government Benches, but should be addressed to the Chair.

**Dr. Ziauddin Ahmad:** I am asking the Chair. I said that it was the right of the House to get replies to questions in the House itself and that the reply was public property. But the Honourable gentleman was introducing a new innovation in asking the Honourable Member to go to his private room and talk to him privately. I wish to know whether that is a reply to the question.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair has understood the Honourable the Finance Member to have given the reply to this question on the floor of the House and it is public property. The reply that he has given is that on this subject he proposes to discuss the matter with the representatives of Madras, and, later on, it is open to any Honourable Member to put down a question and ask what was the result of that discussion.

#### NON-TREATMENT OF HEAD MASTERS OF THE EAST INDIAN RAILWAY INDIAN HIGH SCHOOLS AS GAZETTED OFFICERS.

1158. **\*Pandit Satyendra Nath Sen:** (a) With reference to Mr. Rau's answer to part (c) of my question No. 275 of the 31st August, 1933, that the latest orders of Government are to the effect that the Head Masters of the East Indian Railway Indian High Schools should be treated as first class officers if the Head Masters of the Provincial Government High Schools, with whose pay their pay is assimilated, are so treated, will

Government be pleased to state if these orders relate to the treatment of the Head Masters of the East Indian Railway Indian High Schools in all matters affecting them?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state whether the said Head Masters are being so treated in all matters? If not, why not? Do Government propose to issue instructions to the Agent that they should be so treated in all matters?

(c) Is it intended by or implied in the said orders that the Head Masters of the East Indian Railway Indian High Schools should be treated as second class officers of the gazetted rank, if the Head Masters of the Provincial Government High Schools are so treated?

(d) Is the present position as stated by Mr. Rau in answer to part (e) of the question referred to in part (a) above? How do Government reconcile the same with Mr. Rau's answer to part (c) of the said question No. 275, that "the matter is under consideration on its merits"?

(e) If the question was then under consideration on its merits as stated, will Government be pleased to state if they have come to any decision in the matter? If so, what is the decision? If not, will they be pleased to state when a decision may be expected?

**Mr. P. R. Rau:** (a) No. In my reply, I said that the decision was for purposes of travelling allowance which my Honourable friend who is usually accurate in his quotations has unaccountably overlooked.

(b) Does not arise.

(c) All that is implied is that if officers of the Local Government in receipt of the same rate of pay are treated as officers of the second grade for purposes of travelling allowance, these officers would be entitled to second class passes.

(d) and (e). Government have carefully considered the question on its merits and decided not to treat these officers as gazetted officers.

#### NON-TREATMENT OF HEAD MASTERS OF THE EAST INDIAN RAILWAY INDIAN HIGH SCHOOLS AS GAZETTED OFFICERS.

1159. **\*Pandit Satyendra Nath Sen:** With reference to Mr. Rau's answer to part (g) of my question No. 275, dated the 31st August, 1933, regarding the non-treatment of Head Masters of the East Indian Railway Indian High Schools as gazetted officers, that the letter of the 17th March, was superseded because it failed to convey accurately the intentions of the Railway Board, will Government be pleased to state what were the intentions of the Board in the matter which the letter failed to convey?

**Mr. P. R. Rau:** The intention was explained by me in reply to part (e) of the same question

#### NON-TREATMENT OF HEAD MASTERS OF THE EAST INDIAN RAILWAY INDIAN HIGH SCHOOLS AS GAZETTED OFFICERS.

1160. **\*Pandit Satyendra Nath Sen:** (a) With reference to Mr. P. R. Rau's answer to part (c) of my question No. 275, of the 31st August, 1933, that Government saw no reason to follow the classification of officers by the Provincial Governments, will Government be pleased to state if it is an accepted and well established principle of the Government of India and the

Provincial Governments that similar officers on similar scales of pay serving under different administrations in India should all be treated alike? If so, what is the reason for the departure from this principle in the case of Head Masters in the schools under the Railway Board?

(b) Will Government be pleased to state if there are Government High Schools in the centrally administered areas for which the Government of India are responsible?

(c) If the answer to part (b) is in the affirmative, will Government be pleased to state what classification is adopted by the Central Government with regard to the Head Masters in the Government schools in those areas under the central administration?

(d) Is it a fact that there are Government High Schools at Delli and Ajmere in the centrally administered areas?

(e) Is it a fact that the Head Masters of the Delhi and Ajmere Government High Schools under the central administration are treated as gazetted officers and that their scale of pay is only Rs. 200—25—500?

(f) If the answer to part (e) be in the affirmative, why do Government treat the Head Masters of the East Indian Railway Indian High Schools as only subordinates? Is it a fact that they are on higher scales of pay than the Head Masters of the Delhi and Ajmere Government High Schools, and that both the classes of schools are under the Government of India?

(g) Are Government prepared to issue instructions so that the Head Masters of the East Indian Railway Indian High Schools may be given the same status as has been given to other Head Masters under the Government of India as also to the Head Masters of the Provincial Government High Schools with whose pay their pay has been assimilated?

**Mr. P. R. Rau:** (a) I am not aware of any such rigid principle. The question whether a particular officer should be treated as gazetted or not is one for decision by each Local Government on the merits of each particular case.

(b) Yes.

(c) I have already given the information required in reply to my Honorable friend's starred question No. 275 in the last Session.

(d) Yes.

(e) These officers are treated as gazetted officers, but their pay is not the same.

(f) and (g). I have already explained that Government see no reason to adopt the same classification on railways as in Government schools either under provincial administrations or in centrally administered areas. Railways must consider the question of status of Head Masters in railway schools with reference to the status of other railway servants, and not with that of other Government servants.

#### STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

1161. **\*Pandit Satyendra Nath Sen:** (a) With reference to Mr. Rau's answer to parts (j), (k) and (l) of my question No. 274, dated the 31st August, 1933, regarding the status of teachers of the East Indian Railway Indian Schools, will Government be pleased to state if information has been obtained from the Agent of the Railway as to whether a ruling was given

by him to the Income-tax Department that the teachers in the East Indian Railway European and Indian Schools are not Railway servants like the other employees?

(b) If the reply to part (a) be in the affirmative, why was such a ruling given in view of the declarations of Government, referred to in parts (b), (c), (d), (e), (f) and (g) of the same question?

(c) What did the Agent mean by the said ruling?

**Mr. P. R. Rau:** The Agent, East Indian Railway, reports as follows:

"In connection with assessment of Income-tax, the Commissioner of Income-tax, Bengal, recently pointed out that as these employees are paid by the Local Committees from the funds at their disposal and not by the Chief Accounts Officer of this railway, that officer was not in a position nor could he legally be required to submit annual returns in respect of these teachers nor be held responsible for deduction of tax at source. The effect of this was to take them out of item 10 of paragraph 24 of the Schedule, page 165 of the Income-tax Manual and they would normally be assessed by the Income-tax Officers of the area in which they reside instead of by the special Railway Salaries Circle Officer. To this contention the Agent agreed, after consultation with the Chief Accounts Officer, that these teachers are employees of the local committees and not of the Railway Administration as such for the purpose of income-tax only."

#### USE OF SERVICE STAMPS BY THE EAST INDIAN RAILWAY OAKGROVE EUROPEAN SCHOOL.

1162. **\*Pandit Satyendra Nath Sen:** (a) Will Government be pleased to state if the information asked for regarding the use of service stamps by the East Indian Railway, Oakgrove European School has been obtained, and, if so, will they be pleased to lay it on the table?

(b) Is it a fact that service stamps are used by the Oakgrove European School? If so, are Government prepared to issue instructions so that the East Indian Railway Indian High Schools may also be allowed the same privilege, if they so desire?

**Mr. P. R. Rau:** (a) Government are informed that service stamps are used in Oakgrove European School but the school accounts are debited with the cost of such service stamps. The differentiation is due to the fact that the expenses of that school are met from railway revenues direct and the accounts kept by the Chief Accounts Officer, East Indian Railway, whereas the other East Indian Railway schools are financed by definite grants by the East Indian Railway and by the Local Government and their accounts kept by the Managing Committee.

(b) Government cannot see what advantage can be gained by following the suggestion.

#### IMPROVEMENT OF THE BURDWAN-ARAMBAGH ROAD.

1163. **\*Mr. Amar Nath Dutt:** (a) Is it a fact that Rs. 5,00,000 have been allotted for the improvement of the Burdwan-Arambagh Road from the money allotted to Bengal by the Road Board?

(b) Is it a fact that the allotment was made some years ago, and that the work has not commenced as yet? If so, what is the reason for the delay?

(c) Are Government aware that the road is of inter-provincial importance, connecting Puri in Orissa and Ganjam in the Madras Presidency with Bengal?

(d) Are Government aware that the road is a historic one, and is mentioned in the ancient literature of Bengal? Are Government aware that Moghul and Mahratta armies used to pass over this road and mention of it has been made in *Sair-e-Mutakhirin* and other historical works?

(e) Do Government propose to allot money for the construction of a bridge on this road over the Damodar river to enable motor cars from Calcutta and other places to pass without any trouble and delay? If so, has any scheme been prepared for the same?

**The Honourable Sir Frank Noyce:** (a) Construction and re-construction on the Burdwan-Arambagh road at an estimated cost of Rs. 5 lakhs was one of the schemes proposed by the Local Government and approved by the Government of India in 1930 in the programme of schemes to be financed from the share of the Government of Bengal in the Road Development Account.

(b) So far as the Government of India are aware, the work has not been commenced. The order of commencement of schemes in the approved programme rests with the Local Government and the Government of India presume that the Local Government have deemed other schemes to be of greater urgency.

(c) The Government of India doubt whether the road could be so described.

(d) Government have no reason to doubt the accuracy of the Honourable Member's statement.

(e) No proposal for the construction of this bridge has been received from the Local Government; the question of an allotment from the road development fund does not therefore at present arise.

**Mr. B. Das:** With reference to the reply to part (c) of the question, may I remind the Honourable Member that the independent army of the Orissa kings conquered Bengal and marched by this road up to Burdwan?

**The Honourable Sir Frank Noyce:** I am glad to have that information from the Honourable Member. (Laughter.)

**Mr. Amar Nath Dutt:** If the question had been put to me, I could have given a more fitting reply. It is not a fact that the army of Orissa kings ever came to Bengal, but Bengal was raided by the Mahrattas who were known as *bargis*; they never conquered Bengal and certainly the Oriyas could never dream of conquest of Bengal.

**Mr. B. Das:** Is it not a fact of history that the Oriya people conquered Burdwan and went as far as Katwa?

**Mr. Amar Nath Dutt:** No, never. (Laughter.)

**Dr. Ziauddin Ahmad:** May I ask a question? Is it within the province of the Government of India to see that the money given to Local Governments is spent for the purpose for which it is given and not misused?

**The Honourable Sir Frank Noyce:** Certainly, Sir, and that is done.

**Dr. Ziauddin Ahmad:** May I just remind him that the money allotted for the road funds is very much misused by the District Boards practically everywhere in the United Provinces? Have the Government of India ever made any inquiry about it?

**The Honourable Sir Frank Noyce:** I have no information on that point: if the Honourable Member can give me details, I shall be glad to make enquiries.

**Mr. Gaya Prasad Singh:** Are not these District Boards run mostly by non-officials?

**REPORT OF THE INDIAN DELEGATION TO THE LEAGUE OF NATIONS LED BY SIR BROJENDRA MITTER.**

1164. **\*Dr. Ziauddin Ahmad:** (a) Is the report of the Indian Delegation to the League of Nations headed by Sir Brojendra Mitter in the year 1933 printed?

(b) Do Government propose to circulate a copy of such report among the members of this House?

(c) Do Government propose to give an opportunity to this House to discuss that report?

**The Honourable Sir Brojendra Mitter:** (a) and (b). The Report of the Delegates of India to the 14th (Ordinary) Session of the League of Nations in 1933 has not yet been made. Copies of the Report will as usual be supplied to Members of the Indian Legislature in due course. I may add for the information of the House that, since this reply was prepared, the Draft Report has been approved by me and by my colleagues: it has not yet been formally made.

(c) Government do not anticipate that there will be any occasion for them to arrange for the discussion of the Report as a whole or of any part thereof, but it will be open to any Honourable Member to give notice of a motion relating to any part of the Report which he desires to be discussed.

**Mr. B. Das:** Is it not a fact that the Honourable the Leader of the House as a delegate from India was very much dissatisfied with the working of the League of Nations and that, on his return to India, he gave a Press interview wherein he expressed that dissatisfaction?

**The Honourable Sir Brojendra Mitter:** That question cannot be answered in a word or two. There may be dissatisfaction in some respects: there was supreme satisfaction in other respects.

**Mr. D. K. Lahiri Chaudhury:** Will the Honourable Member make a statement to the effect that it was satisfactory or unsatisfactory?

**The Honourable Sir Brojendra Mitter:** I cannot.

**Diwan Sahadur A. Ramaswami Mudaliar:** In view of the feeling about the work of the Indian Delegation, particularly this year, will the Honourable the Leader of the House consider the advisability of giving the House an opportunity for discussion of the Report by the House?

**The Honourable Sir Brojendra Mitter:** I have answered that question: the Report covers scores of subjects, and I do not think it is desirable that the Report as a whole should be discussed: but any particular matter covered by the Report may be the subject-matter of useful discussion if a proper motion for the purpose be tabled.

**Sir Cowasji Jehangir:** Will Government give facilities for such a motion?

**The Honourable Sir Brojendra Mitter:** Is it hardly possible this Session; but we shall certainly consider whether facilities can be given next Session.

**Sir Cowasji Jehangir:** "Consider" means an assurance, I expect.

**Dr. Ziauddin Ahmad:** Will it be possible for us to receive a copy of the Report sometimes before we disperse this Session?

**The Honourable Sir Brojendra Mitter:** As I said, the Draft Report has just been approved; it will have to be printed in England, and when we get copies, we shall have them duplicated here.

#### REPORT OF THE INDIAN DELEGATION TO THE LEAGUE OF NATIONS LED BY SIR MUHAMMAD HABIBULLAH.

1165. **\*Dr. Ziauddin Ahmad:** (a) What action, if any, was taken by Government on the report of the Indian Delegation to the League of Nations led by Sir Muhammad Habibullah, the then Education Member of the Government of India?

(b) Have Government considered the recommendation of the Delegation that a permanent Indian Delegation be appointed at Geneva?

**The Honourable Sir Brojendra Mitter:** (a) and (b). The Honourable Member is referred to my speech on the Resolution moved by the Honourable Sir Phiroze Sethna in the Council of State on the 14th July, 1930. I should request the Honourable Member to await the Report of the last Delegation.

#### INDIANS EMPLOYED IN THE SECRETARIAT OF THE LEAGUE OF NATIONS.

1166. **\*Dr. Ziauddin Ahmad:** (a) What is the number of Indians employed in the Secretariat of the League of Nations?

(b) Are Government aware that the number is inadequate?

(c) What steps, if any, have Government taken to increase the number of Indians in the staff of the Secretariat of the League of Nations?

**The Honourable Sir Brojendra Mitter:** (a) and (b). The number is nine. I must leave the Honourable Member to form his own opinion as to its adequacy but I would invite his attention to the reflections contained in paragraph 60 of the report of the Delegates of India to the thirteenth (Ordinary) Session of the Assembly of the League of Nations in 1932.

(c) I would refer the Honourable Member to the reply in the Council of State to part (b) of question No. 87 of the 4th March, 1929.

**Mr. B. Das:** Is it not a fact that Sir Homi Mehta, who was a colleague of the Honourable the Leader of the House at the last Conference, made



a speech at the League of Nations that Indians should be employed in larger numbers in the League of Nations, and that those nationals who do not pay such heavy amount as India pays should be excluded from the services of the League of Nations?

**The Honourable Sir Brojendra Mitter:** My Honourable friend's information is substantially correct.

**Dr. Ziauddin Ahmad:** Have the Government ever pressed the League of Nations, on behalf of this House, that it is our desire that Indians ought to be employed in larger numbers in the League of Nations, for two reasons, first, we should have our due share of the payment which we make, and, secondly, it gives opportunity for Indians to be trained in international politics?

**The Honourable Sir Brojendra Mitter:** Government are always anxious to find larger employment for Indian nationals in the Secretariat of the League of Nations, and, so far as I know, every Delegation for the last few years has pressed that point upon the Secretary General, but the Government as a government can do nothing in the matter, because all appointments are in the hands of the Secretariat General uncontrolled by any nation.

**Dr. Ziauddin Ahmad.** It is within the purview of this House to refuse the grant to the League of Nations, and we will refuse unless they agree that they would give us a fair share in the services of the Secretariat of the League.

**The Honourable Sir Brojendra Mitter:** Undoubtedly, Sir: it is votable.

#### CONTRIBUTIONS MADE BY INDIA AND CHINA TO THE LEAGUE OF NATIONS.

1167. **\*Dr. Ziauddin Ahmad:** (a) Are Government aware that the League of Nations sent an Education Commission to China at its own expense?

(b) Are Government aware that the League of Nations sent a Commission for the co-ordination of communications in China at its own expense? Have Government seen its report?

(c) What is the contribution of China to the League of Nations? What is the contribution of India to the League of Nations?

**The Honourable Sir Brojendra Mitter:** (a) Yes.

(b) The Honourable Member is referred to the paragraph headed "Collaboration between the Chinese National Government and the Communications and Transit Organisation" on page 88 of the Report on the work of the League since the 18th Session of the Assembly, a copy of which is in the Library. The Government of India have not seen the report referred to therein, i.e., in the other report.

(c) China	1,518,755.63 gold francs.
India	1,848,919.89 gold francs.

**Dr. Ziauddin Ahmad:** Is it not a fact that India contributes more than China does to the League of Nations? May I further ask, if we ever asked the League of Nations to help us in the solution of our problems as China has done?

**The Honourable Sir Brojendra Mitter:** I am not in a position to give an answer to the second part of the Honourable Member's question straight-away. But, I do know that Sir Arthur Salter once came out here on behalf of the League and he produced a valuable report, and it may be within the recollection of Honourable Members that the League sent out a Malaria Commission to India at the League of Nations' expense. On what other occasions the League of Nations helped us I cannot say now: with regard to the first part of my Honourable friend's question as to who is the bigger contributor, India or China, my learned friend as a mathematician will find his own answer: I have given him the figures.

**Dr. Ziauddin Ahmad:** I have myself seen the Report, and I think it is a very valuable contribution to education, and I wish that we invite the League of Nations to make a similar Report on our education: I think it will be very useful if the Honourable Member sees his way to invite the League of Nations to help us in this problem.

#### SOLUTION OF THE PROBLEM OF MALARIA WITH THE HELP OF THE LEAGUE OF NATIONS.

1168. **\*Dr. Ziauddin Ahmad:** (a) In what countries to the knowledge of Government has the problem of malaria been successfully solved?

(b) Did Government ever contemplate seeking the advice of the League of Nations to help India in the solution of this problem?

**Mr. G. S. Bajpai:** (a) Malaria presents an infinite variety of problems each of which has to be considered on its merits and solved with reference to the particular features which it displays. Although success has been achieved in individual anti-malaria projects in more than one country including India, I would hesitate to say that any country had successfully solved all its malaria problems.

(b) On the invitation of the Government of India the Malaria Commission of the Health Committee of the League of Nations visited India in 1929 to study our methods of anti-malarial investigation and research. A copy of the Commission's report will be found in the Library of the House.

**Dr. Ziauddin Ahmad:** Will the Honourable Member say whether it is not a fact that the problem of malaria is better solved in some other countries, like Italy, and will it not be possible for the Government to invite the League of Nations again to send out another Committee to investigate the problem in India?

**Mr. G. S. Bajpai:** No, Sir. The Government of India have got a malaria survey of their own which is functioning very successfully, and the Local Governments, in whose province the public administration of this subject falls, are at liberty to take advantage of that as also of the recommendations made by the Health Committee of the League of Nations.

**Dr. Ziauddin Ahmad:** I am glad to hear that they are functioning very satisfactorily. May I then understand that there will be no malaria at all from next year?

**Mr. G. S. Bajpai:** I shall be very happy to learn from my Honourable friend whether even in Italy there is no malaria?

**Dr. Ziauddin Ahmad:** That I am not in a position to state, but from the statement of the Honourable Member that the problem is being successfully solved, I thought that the Government of India were perfectly certain that they would be able to tackle the problem of malaria with their own resources, and in that case I have nothing more to add, but if they find that they cannot successfully deal with the question of malaria, then it is not in any way derogatory to invite the League of Nations to send out some experts to India to investigate the matter again . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): What is the question?

**Dr. Ziauddin Ahmad:** My question is, that after the statement which the Honourable Member has made, will he be good enough to take the initiative in the matter and invite the League of Nations to send out a Commission to India to study the problem of malaria in this country?

**Mr. G. S. Bajpai:** Sir, the League of Nations were invited to send out a Malaria Commission in 1929. That Commission has been to India, has examined the conditions, and submitted a Report. The Government of India do not think it to be necessary to ask them to send out a Commission again.

**Mr. M. Maswood Ahmad:** Are Government aware that malaria cases are very common in the Delhi Province nowadays?

**Mr. G. S. Bajpai:** I do not think that it is a problem which is peculiar to the Delhi Province only. It is common to all parts of India.

**Mr. Muhammad Yamin Khan:** What did the last Malaria Commission cost, may I know?

**Mr. G. S. Bajpai:** The Commission came out at the expense of the League of Nations.

**Mr. M. Maswood Ahmad:** May I take it that the Government methods which have been adopted to check malaria are not successful in the Delhi Province at least?

**Mr. G. S. Bajpai:** The one method of which I am aware is quininisation, and that has been successful.

**Kunwar Hajee Ismail Ali Khan:** May I know if malaria is increasing or decreasing every year?

**Mr. G. S. Bajpai:** The incidence of malaria varies from year to year.

**Mr. B. Das:** Is it not a fact, Sir, that the problem of malaria is inter-connected with the drainage problem of the country which Italy has solved, and is it not a fact that the large mortality, not only in Delhi, but also in Orissa, is due to the recent floods, because there is a lack of proper drainage?

**Mr. G. S. Bajpai:** I am very glad that my Honourable friend has mentioned one aspect of the problem, and that is drainage, but I can assure him, there are many others.

**Mr. B. Das:** Have Government taken any steps to solve them in Orissa?

**Mr. G. S. Bajpai:** I should be very happy if my friend would address that question to the proper authority, which is the Government of Bihar and Orissa.

**Mr. B. Das:** What about Delhi?

**Dr. Ziauddin Ahmad:** In view of the fact that the incidence of malaria varies from year to year, is it not the duty of the Government of India to appoint an expert Inquiry Committee to find out this law of variation of incidence of malaria so that the problem of malaria may be tackled satisfactorily?

**Mr. G. S. Bajpai:** No, Sir; because the causes of the incidence of malaria and the scientific principles dealing with it are fairly well known. The real difficulty is that there is no money forthcoming from the provincial purse for giving effect to these principles.

**Dr. Ziauddin Ahmad:** You have just answered my question. If the Government of India or the Provincial Governments have no money, why don't you invite the League of Nations on our behalf to send out a Commission to India to examine the position?

**Mr. G. S. Bajpai:** I doubt very much whether even the resources of the League of Nations will be equal to meeting the cost of eliminating malaria from India.

**Dr. Ziauddin Ahmad:** If the League of Nations refuse to send out an expert Inquiry Commission, we will consider whether we should continue the payment of our grant to them.

#### INDIA'S MEMBERSHIP OF THE COUNCIL OF THE LEAGUE OF NATIONS.

1169. **\*Dr. Ziauddin Ahmad:** (a) Is India a permanent member of the Council of the League of Nations? If not, why not?

(b) Have Government ever taken any action to secure a permanent place in the Council of the League of Nations?

**The Honourable Sir Brojendra Mitter:** (a) The Honourable Member is referred to Article 4 of the Covenant of the League of Nations.

(b) No.

**Dr. Ziauddin Ahmad:** In view of the last contribution by the Government of India to the League of Nations, will the Government take proper steps to secure a permanent place for India in the League of Nations?

**The Honourable Sir Brojendra Mitter:** It is not possible to do anything, because permanent seats are provided for in the Covenant of the League of Nations, unless you amend the Covenant, nothing can be done.

**Dr. Ziauddin Ahmad:** Then I would ask the Government of India to get the Covenant amended. Now there are vacancies, two Nations have gone out, and there is no reason why the Covenant should not be changed so that India may have a permanent place in the League of Nations?

**The Honourable Sir Brojendra Mitter:** The Government of India do not as a rule undertake impossibilities. They cannot amend the Covenant.

**Mr. T. N. Ramakrishna Reddi:** In view of the fact that the contribution, which India is giving to the League of Nations, is a great strain on the revenues of India, and in view of the fact that the Government of India is not receiving any benefits for its money's worth, will Government seriously consider the advisability of withdrawing from the League of Nations?

**The Honourable Sir Brojendra Mitter:** No, Sir; there is no desire on the part of the Government of India to withdraw from the League of Nations.

**Mr. Lalchand Navalrai:** May I know whether India is really benefiting by our contributions and association with the League?

**Mr. President** (The Honourable Sir Shanmukham Chetty): That is asking for an expression of opinion.

**Dr. Ziauddin Ahmad:** My question does not relate so much to our contribution, but I want that a permanent place should be found for India in the League of Nations.

#### RADIO TRANSMITTING STATIONS IN INDIA.

1170. **\*Dr. Ziauddin Ahmad:** (a) What is the total number of radio transmitting stations in India?

(b) Is it not a fact that about half of the energy is wasted on the sea on account of the transmitting stations being situated near the sea-coast?

(c) Is it not a fact that Sir Frank Noyce on behalf of Government admitted the necessity of establishing a transmitting centre at Delhi?

(d) Have Government drawn up a scheme for establishing such a centre? Has any scheme been submitted to the Finance Department?

(e) What is the estimated cost of erecting five kilowatt transmitting stations at Delhi?

**The Honourable Sir Frank Noyce:** (a) The number of broadcasting stations of the Indian State Broadcasting Service (to which the question presumably refers) is 2, namely, at Bombay and Calcutta. There are in addition small stations licensed on a temporary basis at Lahore and Madras.

(b) This is more or less correct in the case of Bombay, but Bombay is nevertheless obviously the right place for a station. If the Bombay station were moved inland the service in the populous area in and near Bombay would be impaired and difficulties in respect of programmes would also arise.

(c) I have no recollection of committing myself to anything more definite than a statement that it was desirable that the number of broadcasting stations should be increased but Government agree that a broadcasting station will probably be required eventually at Delhi.

(d) No.

(e) The cost of erecting a station of 5 kilowatts arial power would be of the order of 2 lakhs of rupees.

**Dr. Ziauddin Ahmad:** Is the Honourable Member aware that radio messages are not quite correct after a certain distance? You may sometimes hear very distinctly, but you cannot rely upon them. 300 miles is practically the outside maximum and within which it is always possible to hear. In view of this fact, will it not be desirable to take early steps in the interests of the people of Northern India to have a radio transmitting centre at Delhi?

**The Honourable Sir Frank Noyce:** I think, Sir, that first necessity is to improve the stations at Bombay and Calcutta. As soon as that has been done, and if funds are available, Government will consider the advisability, —I have admitted the desirability—of establishing a station at Delhi.

**Sir Cowasji Jehangir:** Is it always possible to catch Bombay from Delhi?

**The Honourable Sir Frank Noyce:** I think not. I am not an expert in these matters, but as far as I know, the reception from the Bombay station at Delhi is very imperfect, if not impossible.

**Mr. F. E. James:** Has the Honourable Member given further consideration to the suggestion made at the last Session in the debate that there should be a conference of those engaged in broadcasting activities with a view to co-ordinating their efforts in this direction so as to eliminate as much waste as possible?

**The Honourable Sir Frank Noyce:** I do not think that there is any waste at the present moment. I need hardly say that the suggestion which has been put forward by my Honourable friend is engaging my attention, and that as soon as a conference appears likely to be useful, it will be summoned.

#### WITHDRAWALS FROM THE LEAGUE OF NATIONS.

1171. **\*Mr. K. C. Neogy** (on behalf of Sardar Sant Singh): (a) Are Government in a position to state the names of the countries that have given notice of withdrawal from the League of Nations? How many countries now constitute the League?

(b) What were the contributions of the countries which have withdrawn?

(c) What countries have not paid their annual contributions and what is the total amount standing against them?

(d) In view of the inability of the League of Nations to use coercive measures against the defaulting countries, are Government prepared to stop the contributions of India till arrears have been realised?

**The Honourable Sir Brojendra Mitter:** (a) Mexico, Japan and Germany have given notice of withdrawal but continue to be members pending the expiration of the period of notice. 57 countries are now members of the League.

(b) Mexico	.	.	.	.	.	462,229·97	gold francs.
Japan	.	.	.	.	.	1,980,985·60	gold francs.
Germany	.	.	.	.	.	2,608,297·71	gold francs.

(c) The Honourable Member will find the latest published information on page 196 of Special Supplement No. 107 to the Official Journal of the League of Nations, for 1932.

(d) No.

**Diwan Bahadur A. Ramaswami Mudaliar:** In view of the fact that a large number of countries have defaulted in making their annual payments, has the Indian Delegation suggested any steps whereby they could be recovered?

**The Honourable Sir Brojendra Mitter:** Yes. The Indian Delegation did, and the suggestions of the Indian Delegation were received very favourably by the majority of the nations which were on the Fourth Committee of the League. On the assurance of the Secretary General and of the Supervisory Commission of the League resolutions embodying those suggestions were withdrawn. The Secretary General as well as the Supervisory Commission assured the Fourth Committee that our suggestions as far as possible would be carried out next year.

**Diwan Bahadur A. Ramaswami Mudaliar:** Was it one of the suggestions of the Indian Delegation that the defaulting member should not be permitted to vote for the non-permanent members of the Council of the League?

**The Honourable Sir Brojendra Mitter:** So far as my recollection goes, that was not one of the suggestions, but one of the suggestions was that nationals of defaulting countries should not occupy any office.

#### WITHDRAWAL OF INDIA FROM THE LEAGUE OF NATIONS.

1172. **\*Mr. K. O. Neogy** (on behalf of Sardar Sant Singh): (a) Is it a fact that the League of Nations has failed to enforce its will on the nations refusing to submit to its decisions?

(b) Do Government propose to withdraw from the League of Nations, and thus save the Indian tax-payer from a heavy annual contribution?

**The Honourable Sir Brojendra Mitter:** (a) I must leave the Honourable Member to form his own opinion on a question which appears to be inspired by a misconception of the nature of the League's functions.

(b) The answer is in the negative.

#### FLUCTUATION IN THE PRICE OF PETROL IN DELHI.

1173. **\*Mr. K. O. Neogy** (on behalf of Sardar Sant Singh): (a) Are Government aware that petrol prices in Delhi are reduced by the Burmah Oil, Shell and other companies when the Russian petrol reaches here and are raised when the supply of the Russian petrol is exhausted? If so, are Government prepared to investigate into the alleged combination of these companies to exploit the motor-owners?

(b) Are Government aware that secret instructions have been issued to the police to harass the taxi-owners who use Russian petrol?

(c) Is it a fact that no pump or stand for Russian petrol has so far been allowed to be put up in Delhi? If so, why?

**The Honourable Sir Joseph Shore:** Enquiries are being made and the result will be communicated to the House as soon as possible.

**Mr. Lalchand Navalrai:** Is it not a fact that this petrol is selling here dearer than in England?

**The Honourable Sir Joseph Bhoré:** I have no information, Sir, as to the price at which petrol is selling at present in England.

**Mr. Lalchand Navalrai:** Will the Honourable Member make enquiries about it?

**The Honourable Sir Joseph Bhoré:** Certainly, Sir, if my Honourable friend is desirous of having information on that point.

**Dr. Ziauddin Ahmad:** Assuming that the Honourable Member himself is a consumer of petrol and has got a car, is it not a fact that, whenever Russian oil comes into Delhi, the price of petrol falls to Rs. 1-5-0, and, when it is out of stock, the price of petrol goes up to Rs. 1-11-6?

**The Honourable Sir Joseph Bhoré:** I cannot say what the cause is, but I have certainly noted very great variations in the price of petrol.

**Mr. R. S. Sarma:** Instead of troubling the Honourable the Commerce Member to get information as to the price of petrol in England, could we not get the same information from some of the members of the Reserve Bank Committee and the Statutory Railway Committee; they might have purchased petrol in England and paid for it themselves if somebody else did not do so?

**Dr. Ziauddin Ahmad:** I say, the price is cheaper in England than in India. May I say that the Honourable the Commerce Member has not got sufficient curiosity to find out the reasons for this sudden rise and fall in prices?

**The Honourable Sir Joseph Bhoré:** I am thankful for small mercies, and I purchase as much petrol as I possibly can when the price is low. (Laughter.)

**Dr. Ziauddin Ahmad:** May I assume that the Honourable Member by some methods practically knows beforehand at what time the price will be lower and at what time it will be higher? Will he communicate them to other Members of the House so that they may also save some money?

**The Honourable Sir Joseph Bhoré:** I only wish I did.

#### DENIAL OF RAILWAY FACILITIES TO THE IMPORT OF RUSSIAN PETROL.

1174. **\*Mr. K. O. Neogy** (on behalf of Sardar Sant Singh): Is it a fact that railway facilities are denied to the import of Russian petrol?

**Mr. P. B. Rau:** If my Honourable friend will let me know what railway facilities he is referring to and on which railway he is informed they have been denied to the import of Russian petrol, I shall make enquiries; but it is impossible for me to believe what the question rather implies that any railway has refused to carry such petrol.



**DISCHARGE OF ONE MR. M. R. KHOSLA, A CHARGEMAN ELECTRICIAN IN THE MOGHULPURA SHOPS ON THE NORTH WESTERN RAILWAY.**

1175. \***Mr. K. G. Neogy** (on behalf of Sardar Sant Singh): (a) With reference to my unstarred question No. 27 (a) replied to on the 5th September, 1963, to the effect that Government have no reason to believe that the rules regarding discharge and dismissal of State Railways non-gazetted Government servants are not carried out on the North Western Railway, are Government satisfied that the rules referred to by the Honourable Member were adhered to in the discharge case of one Mr. M. R. Khosla, a senior chargeman electrician in the Moghulpura shops on the North Western Railway?

(b) Will Government be pleased to state whether in the following rules, *vis.*, (i) Agent, North Western Railway's Circular No. 1-A. of 1980, Circular No. 1, Part A, Organization Manual 1980, (ii) Organization Order No. 2, dated the 19th March, 1927, (iii) State Railway Open Line Code, Vol. II and (iv) Fundamental Rules, it is provided that (i) no Government servant should ordinarily be discharged or dismissed on grounds of inefficiency and otherwise and that (ii) the increments once granted and drawn cannot be withheld or recovered subsequently, but where an employee is so inefficient that he is considered unprofitable for the administration, every effort should, however, be made to avoid hardship and extenuating circumstances? If so, is it not a fact that these rules were not observed in the above mentioned case? If not, why not?

**Mr. P. B. Rau:** (a) Government are not aware that the rules referred to were not observed in Mr. Khosla's case.

(b) I cannot see what bearing these quotations have on the case, but if my Honourable friend wants to pursue the question of their authenticity, I shall be glad if he will quote chapter and verse for them. They appear to have been mutilated, for in the present form, the first seems clearly incorrect and the second is not entirely easy of comprehension.

**Mr. B. Das:** Did the Honourable Member himself examine the case, because this is not the first question in this particular matter? Is the Honourable Member himself satisfied that there is no grievance on the part of the gentleman about whom this question has been put?

**Mr. P. B. Rau:** I have not been able to discover what are the rules that are considered to have been violated in this particular case.

**Mr. Lalchand Navalrai:** In this question the Honourable Member is told that this man was given no charge sheet, and the specific way in which the rules have been broken is mentioned, and I think the Honourable Member must have enquired about it.

**Mr. P. B. Rau:** It appears that my Honourable friend is referring to the next question.

**Mr. Lalchand Navalrai:** I am referring to question No. 1175.

**Mr. P. B. Rau:** The question of the procedure is referred to in the next question, and I shall give a reply in due course.

**DISCHARGE OF ONE MR. M. R. KHOSLA, A CHARGEMAN ELECTRICIAN IN THE MOGHULPURA SHOPS ON THE NORTH WESTERN RAILWAY.**

1176. \***Mr. K. C. Neogy** (on behalf of Sardar Sant Singh): (a) With reference to the reply to my unstarred question No. 27 (a) on the 5th September, 1933, to the effect that Government have no information that the rules are not followed in their entirety on the North Western Railway, are Government aware that Mr. Khosla, a senior chargeman electrician in the Moghulpura shops on the North Western Railway, was not given a chance to clear his position before he was discharged? If not, why not?

(b) Is it a fact that Mr. Khosla was in the first instance put under suspension on the plea of insubordination and after three days the said charge was converted into one of consistent inefficiency by the administration and consequently he was discharged? How do Government justify such change in the charge sheet? Is it provided under any rules to alter the charge sheet against their employees? If so, under what rules?

**Mr. P. B. Rau:** (a) and (b). Far from Mr. Khosla not being given a chance to clear his position, I am informed that he was warned and punished on several occasions before he was finally discharged. The decision to discharge him was within the competence of the Agent of the North Western Railway. His case was moreover examined by the Court of Enquiry who had no recommendations to make in his favour. In the circumstances, Government are not prepared to re-open the question.

**Mr. B. Das:** Will the Honourable Member kindly go through the case and assure us that there is no injustice done to Mr. Khosla?

**Mr. P. B. Rau:** The decision to discharge him, as I have pointed out, was within the competence of the Agent of the North Western Railway, and no appeal lies to the Railway Board in this matter.

**Mr. Lalchand Navalrai:** May I inform the Honourable Member that the man was first of all hauled up for insubordination, then he was told that he was inefficient, and in the end he was thrown out under retrenchment? Should not such a case be enquired into by the Railway Board?

**Mr. P. B. Rau:** It was enquired into by the Court of Enquiry.

**Mr. Lalchand Navalrai:** But I am asking about the Railway Board.

**Mr. P. B. Rau:** No it is within the competence of the Agent of the North Western Railway.

**Mr. Lalchand Navalrai:** But were these allegations before the Court of Enquiry?

**Mr. P. B. Rau:** Mr. Khosla brought his case before the Court of Enquiry and it is to be expected that he would bring before it all the circumstances in his favour.

**Mr. Lalchand Navalrai:** Will the Honourable Member take it from me that these facts that I have specified regarding variances in charges were not placed before the Court of Enquiry?

**Mr. P. B. Rau:** If so, it was Mr. Khosla's fault not to have brought up those points before the Court of Enquiry.

**Mr. B. Das:** May I ask the Honourable Member, as so many Members have taken interest in this particular question, will he himself kindly go over the merits of the case and feel himself satisfied and also satisfy us that justice has been done?

**Mr. P. B. Rau:** Sir, it is impossible for practical reasons to provide that every discharged employee should have a right of appeal to the Railway Board. The Government of India have very carefully considered how to reconcile the demands of justice with practical needs, and they have laid down certain rules for the discharge and dismissal of employees. These provide that every employee who is discharged has a right of appeal to the next higher authority. In this particular case, no appeal lies to the Railway Board, and there are no special reasons to give Mr. Khosla the right of appeal.

**Mr. Lalchand Navalrai:** Men, when they are discharged, are given their gratuity, but this man has not been given his gratuity, and is it not a case that the Railway Board should look into?

**Mr. P. B. Rau:** Whether Mr. Khosla has got his gratuity or not, I am afraid, I am not aware of, but I shall make enquiries on that point.

**Dr. Ziauddin Ahmad:** Is it not a fact that the Government of India and the officers working under them have now devised a new service code under the name of retrenchment? That is, whenever they cannot prove a case against any person and they find it inconvenient to have any enquiry, they simply dismiss the man on the ground of retrenchment. Is it not a fact?

**Mr. P. B. Rau:** No, Sir. I do not think my Honourable friend is correct in his allegations.

**Dr. Ziauddin Ahmad:** I can give the Honourable Member any number of cases not only in this Department, but in other Departments as well.

#### ENTERTAINMENT OF APPEALS BY THE GOVERNMENT OF INDIA AND THE RAILWAY BOARD.

1177. **\*Mr. K. O. Neogy** (on behalf of Sardar Sant Singh): Is it a fact that under the spirit of paragraph 298—4 of State Railway Open Line Code, Volume II, and Labour Member's speech made on the 2nd March, 1932, in this House individual appeals should be entertained and recorded by the Government of India and the Railway Board with a view to administer justice?

**Mr. P. B. Rau:** The present rules on the subject are contained in the Rules regulating the discharge and dismissal of State Railway non-Gazetted Government Servants, a copy of which is in the Library.

## INDIAN LAC RESEARCH INSTITUTE.

1178. **\*Mr. K. O. Neogy:** With reference to the Honourable Sir George Rainy's speech, dated the 18th February, 1930, in this House, will Government be pleased to state :

- (a) what special steps have been taken since the passing of the Indian Lac Cess Act, 1930, to carry the results of the Indian Lac Research home to the cultivator;
- (b) what improvements have been secured in the method of the cultivation and in the standardisation of lac; and
- (c) what valuable results have been obtained since the administration of lac cess was taken over by the Indian Lac Cess Committee?

**Mr. G. S. Bajpai:** (a) A Practical Manual of Lac Cultivation was issued by the Lac Research Institute in June, 1931. A leaflet on "Simple methods of controlling the insect enemies of lac" was prepared by the Entomologist of the Institute and was published by the Agricultural Department of Bihar and Orissa in 1932. A leaflet was also issued in Hindi and Oriya. Samples of lac and of soils and insects are examined and reported on free at the Institute.

(b) The information desired by the Honourable Member will be found in the publications of the Institute, a list of which is laid on the table.

(c) A statement of investigations during 1932-33 and 1933-34 is laid on the table. The Special Lac Investigation Officer appointed in the United Kingdom has obtained a great deal of information about the technical requirements of the various lac consuming industries, which he has passed on to the Lac Research Institute. During the current year the Indian Lac Cess Committee has deputed three Indian research officers to England for work on lac technology with the object of extending the uses for Indian lac.

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*List of publications of the Lac Research Institute containing the information asked for in part (b).*

1. A Practical Manual of lac cultivation.
2. Bulletin No. 5—Humidity and storage of button lac (1932).
3. Bulletin No. 7—Orpiment and the iodine value of shellac (1932).
4. Bulletin No. 8—The iodine value of shellac (1932).
5. Bulletin No. 10—The influence of orpiment in shellac on the protective properties of the varnish (1932).
6. Bulletin No. 13—Orpiment in shellac (1933).
7. Bulletin No. 15—Notes on the use of *kusum* in lac cultivation, pruning and cropping. (1933).

INDIAN LAC RESEARCH INSTITUTE.

Entomological Department.

Title.	Objective.	Research work in hand.	Remarks.
Cultivation .	Improvement in the Agricultural practice of lac cultivation.	Methods of propagation of trees used in lac cultivation. Investigation of the optimum pruning period of lac host trees. Suitability of various trees as hosts for <i>L. lacca</i> (lac.) Resistance of these trees to attack by pests. Investigation of the lac produced on the different trees from an entomological point of view. Trees include <i>Butea frondosa</i> , <i>Zizyphus Jujuba</i> , <i>Z. Xylopyra</i> , <i>Schleichera trijuga</i> , <i>Acacia Catechu</i> , <i>Ficus</i> sp., etc. Methods of infection of host trees.	Much of this work is well advanced and results have been published.
The lac insect	The investigation of the Bionomics, life history, morphology and physiology of the lac insect, with the object of improving cultural practice, and maintenance of healthy, efficient resin producing strains.	Life History of <i>L. lacca</i> Investigation of the mortality, resistance to attack by insect enemies, fertility and production of a valuable crop by <i>L. lacca</i> grown on various hosts and alternations of host. Methods of forecasting emergence of nymphs. Effect of temperature and humidity on oviposition, incubation and emergence and on the resulting crop. Parthenogenesis. Selection of efficient and resistant strains. General bionomics of <i>L. lacca</i> . Morphology of <i>L. lacca</i> . Investigation of the Life Histories, bionomics, morphology, etc., of the predator enemies of <i>L. lacca</i> . Includes — 1. <i>Eublemma amabilis</i> 2. <i>Eublemma scitula</i> 3. <i>Holcocera pulkerea</i> 4. <i>Pyroderces fulcostella</i> . 5. <i>Chrysopa</i> sp. 6. <i>Kphestia</i> sp.	Completed.  Partly completed.  Completed.  Completed. Published.  Completed, but still under review. Published. Nearly completed.
Insect enemies of lac.	The investigation of insect enemies of lac with the object of estimating their damage, and controlling them.		



INDIAN LAC RESEARCH INSTITUTE—contd.

Entomological Department—contd.

Title.	Objective.	Research work in hand.	Remarks.
Other insects associated with lac.	Investigation of the beneficial or detrimental effects of other insects associated with lac.	Formicidae, Ants Coleoptera.	Completed.
Enemies of host trees.	Control of insect damage.	Investigation of the life histories, bionomics, morphology, etc., of insects damaging lac host trees; includes—  1. <i>Aspidiotus orientalis</i> 2. <i>Isoptera</i> . 3. <i>Macherota planitrix</i> . 4. <i>Semiothisa fidoniata</i> . 5. <i>Licacodidae</i> .	Partly completed.
Other activities	Practical aid to the cultivator.	Forecast of date of swarming of lac nymphs. Drawing up working schemes.  Reporting on lac samples and identification of insect enemies of lac or host trees.  Inspection of lac growing areas.  General advice as to cultivation, control of enemies, and efficient practice is supplied.	As required. On request.  On request.  Where possible.

P. M. GLOVER,  
Entomologist.

The 22nd June 1933.

## INDIAN LAC RESEARCH INSTITUTE.

*Chemical Department.*

Investigations during 1932-33—1933-34.

Title.	Objective.	Work in hand.	Remarks.
1. Cultivation of lac.	Determination of the effect of various fertilisers, single and in combination, on the growth of lac hosts and on the yield and quality of lac obtained.	Permanent manurials—Inspection every season and determination of yield of lac, mortality of brood, sex ratio, extent of parasitisation, etc.	In progress.
		Trials with various methods of pruning the lac host.	Completed and results being published.
		Pruning experiments on Kusum to shorten the period of recovery.	Interesting results obtained, work in progress.
	Obtaining authentic data concerning yields.	Determination of the dryage of brood and stick lacs of various kinds.	In progress.
		Determination of the ratio of brood used for infection to brood obtained from various lac hosts.	In progress.
	Determination of the effect of injecting inorganic salts on sap reaction and lac producing capacity of plants.	Injection of different kinds of plants with various chemicals and infection with brood lac.	Promising preliminary results obtained. Work in progress.
	Testing the possibility of cultivating Tung oil in India.	Cultivation trials with <i>Aleurites Fordii</i> and <i>Aleurites montana</i> , making observations on germination, manurial requirements, time of sowing and transplanting, yield of fruit, etc., including the pressing and analysis of the oil obtained.	Cultivation found successful. Report on quality of oil quite satisfactory. Results have already been published.



INDIAN LAC RESEARCH INSTITUTE—*contd.*

*Chemical Department—contd.*

Investigations during 1932-33—1933-34—*contd.*

Title.	Objective.	Works in hand.	Remarks.
Manufacture and of shellac.	Standardisation of shellac grades.	A study of the physical and chemical constants of various kinds of stick lacs and observations on the properties of the films obtained therefrom.	Work completed. Results ready for publication.
		Preparation and analysis of shellacs of known origin and history, testing variations of host, season, state of maturity, etc. on the yield and constants of shellac.	The scope of the work has been extended by sending out a large number of shellacs of different kinds to various research organisations for further tests as to their suitability in certain important industries.
	Determination of the effect of certain methods of manufacture on the yield and quality of seed lac and shellac.	Washing lac with hard and soft waters. Washing lac with water containing various chemicals. Washing lac by manual and mechanical methods. Repeated melting of good and poor quality lacs.	
	Determination of the causes of cracking of button lac and possible remedies.	Testing the effect of atmospheric conditions on the preservation of button lac.	Completed and results published. Further work on causes in progress.
	Tests on the effect of storage on the quality of shellac.	Analysis of fresh and stored stick lacs, seed lacs and shellacs of different kinds.	
	Testing the effect of age on the fluidity of shellac.	Monthly determinations of the fluidity of a few samples of shellac.	
	Finding a suitable method of storing shellac to prevent blocking.	Determination of the specific heats of some types of shellac.	

INDIAN LAC RESEARCH INSTITUTE—*contd.**Chemical Department—contd.*Investigations during 1932-33—1933-34—*concl'd.*

Objective.	Work in hand.	Remarks.
Utilisation of bye products.	Experiments on the possibilities of washing and bleaching Kiri. Analysis and practical trials of the use of pathias manure. Moulding tests on Kiri and Pathi.	In progress.
Study of the bleaching of lac.	Testing the effect of various impurities on the bleachability of lac.	In progress.
Preparation and properties of bleached lac.	(a) Study of the Chemical and electrolytic methods of bleaching.  (b) Study of the keeping quality of bleached lac.  (c) Study of the bleachability of various kinds of seed lacs and shellacs.  (d) Study of the properties of hard-bleached natural and dewaxed bleached lacs.  (e) Study of esterification in stored bleached lacs.  (f) Study of the effect of the presence of shellac soaps and acid precipitants on the properties of the bleached lac film.	
Study of the effect of adding orpiment during the manufacture of shellac on the properties of the resulting shellac.	Tests have been made on the effect of excess of orpiment on the iodine value, bleachability, varnishing qualities, etc., of shellac.	Three papers have been published.
Devising a suitable method of finding out the fluidity and therefore, the age of seed lacs.	Determination of the fluidity of shellac and the viscosity and solvent power of corresponding seed lac solutions.	In progress.
Effect of age on the fluidity of shellac.	Monthly determinations of fluidity of shellacs.	

INDIAN LAC RESEARCH INSTITUTE—*contd.*

*Chemical Department—contd.*

Investigations during 1932-33—1933-34—*contd.*

Objective.	Work in hand.	Remarks.
Improvements in the methods of analysis of shellac.	<p>(a) Testing the possibilities of an easier or more accurate detection of rosin in shellac with chloro-sulphonic acid, furfural, copper, acetate, etc.</p> <p>(b) Tests on various methods of estimating wax in shellac.</p> <p>(c) Application of bi-metallic and alloy electrodes in the determination of acid and saponification values of shellac.</p> <p>(d) Development of a method for the automatic titration of shellac solutions.</p> <p>(e) Tests on the methods of estimating the colour of shellac solutions.</p> <p>(f) Determination of moisture by measurement of dielectric constant of shellac.</p>	<p>In progress, work partly completed.</p> <p>In progress.</p> <p>One paper being published and further work being continued.</p>
Studies in the heat polymerisation and moulding properties of shellac.	<p>(a) A study of the nature of polymerisation of shellac.</p> <p>(b) Determination of the life under heat of different kinds of shellac.</p> <p>(c) Effect of various accelerators on the rates of polymerisation of shellac.</p> <p>(d) Determination of the optimum conditions of time, temperature, fillers, etc., for moulding shellac and bleached lac.</p> <p>(e) Testing the effect of various chemicals as to the acceleration or retardation of the "curing" of shellac.</p> <p>(f) Moulding shellac in presence of various accelerators and testing the moulded products.</p>	<p>In progress.</p> <p>In progress.</p> <p>Work completed and results published.</p> <p>In progress.</p>
Studies of the nature of shellac.	<p>(a) A study of the nature of the two kinds of resin present in shellac.</p> <p>(b) Testing the effect of oxidation of shellac.</p> <p>(c) Testing the effect of the removal of the volatile constituents of shellac.</p> <p>(d) Testing the effect of removing the water soluble constituents of shellac.</p> <p>(e) Preparation on a semi-large scale, studying the individual properties and testing the possibilities of a modification of the ether soluble and ether insoluble resins in shellac.</p> <p>(f) Effect of dry and moist heat on the properties of shellac.</p>	<p>Partly completed.</p> <p>In progress.</p> <p>Being continued and a part ready for publication.</p>

INDIAN LAC RESEARCH INSTITUTE—*concl'd.**Chemical Department—concl'd.*Investigations during 1932-33—1933-34—*concl'd.*

Objective.	Work in hand.	Remarks.
Development of a better product for the varnish and plastic industries.	Tests on the possibility of modifying shellac by means of—	
	(a) Glycerine, etc.	In progress.
	(b) Sulphur . . . . .	Being continued, and one paper will be published shortly.
	(c) Metals, (d) Synthetic resins, (e) Chemical gases, e.g., $\text{NH}_3$ , $\text{HCl}$ , $\text{SO}_2$ , $\text{S}_2\text{Cl}_2$ , etc. (f) Heat and determination of properties of resultant products.	
Improvements in the use and possible extension of application of shellac in industry.	Preparation and testing of—	
	(a) Shellac paints, white and coloured.	In progress.
	(b) Shellac coloured lacquers .	In progress.
	(c) Shellac water paints and varnishes.	In progress.
	(d) Shellac inks . . . . .	In progress.
	(e) Shellac adhesives . . . . .	In progress.
	(f) Shellac insulating varnishes .	In progress.
	(g) Preparation of wax-free shellac and determination of the properties of wax-free shellac films.	Results published.
	(h) Tests on the effect of certain plasticisers on the water absorption and mechanical properties of natural and wax-free shellacs.	Partly completed, one paper published.
	(i) Determination of the conditions of baking shellac films and testing the properties of baked films.	Partly completed, one paper published.
	(j) Testing the effect of including accelerators (of 'curing' of shellac) in the varnish, on the properties of the shellac film.	In progress.
	(k) Testing coloured spirit varnishes made from shellac and modified shellacs.	In progress.
	(l) Development of a photo-electric method of measuring the gloss and transparency of shellac films.	In progress.
	(m) Tests on the combination of shellac with drying and non-drying oils at high temperatures and determination of the properties of the oil modified shellacs.	Partly completed and some results published.
	(n) Developing and testing shellac nitro-cellulose lacquers for brushing and spraying.	In progress.

**Mr. K. O. Neogy:** The Honourable gentleman has referred me to different publications. Is he in a position to state affirmatively that substantial improvement has been secured in the method of cultivation and in the standardisation of lac as a result of the activities of this Institute?

**Mr. G. S. Bajpai:** I may inform the Honourable Member that the Institute has made important contributions to the process of cultivation and, to some extent, also to standardisation, but the problem which is engaging their attention now is that of maintaining the market for this commodity both in England and abroad.

**Mr. Gaya Prasad Singh:** What steps have been taken by the Department to communicate to the cultivators the result of their research in this particular direction?

**Mr. G. S. Bajpai:** I have already referred to a leaflet in Hindi and Oriya.

**Mr. K. O. Neogy:** Do I take it that this leaflet constitutes the sole contribution to this very important problem?

**Mr. G. S. Bajpai:** As far as I know, this is the only medium through which publicity has been given in the vernaculars to the cultivator.

**Mr. K. O. Neogy:** May I know how long this Institute has been in existence?

**Mr. G. S. Bajpai:** The Institute has been in existence, Sir, I think, since 1923.

**Mr. K. O. Neogy:** If that constitutes its sole contribution to the practical aspect of the question, so far as the cultivator is concerned, do I take it that its labours have borne sufficient fruit and that the Institute can now be wound up?

**Mr. G. S. Bajpai:** My Honourable friend is not justified in inferring that the vernacular publication constitutes the sole contribution which this Institute or its research workers have made. If he would be kind enough to look at the list of publications which I have mentioned, he will find that a great deal of work has been done.

**Mr. K. O. Neogy:** I was thinking of the contribution which the Institute has been making for the benefit of the cultivator himself. I am not just now concerned with the list of scientific papers.

**Mr. G. S. Bajpai:** My Honourable friend will appreciate that the lac industry is not, as it were, limited, either in its importance or in its practical application, to the process of cultivation. After the cultivation is complete, this thing has to be marketed and utilised for industrial purposes and the problem, on which the Institute is primarily engaged at the present moment, is the utilisation for industry of lac, having regard to outside competition.

**Mr. K. O. Neogy:** Does not the utility of this Institute largely depend upon the extent to which the cultivator utilises the result of this research?

**Mr. G. S. Bajpai:** The cultivator can only utilise that which is applicable to the process of cultivation. I have been trying to make out that it is after the process of cultivation is complete and the commodity has been harvested that problems of industrial utilisation arise and that is what the Institute is at present engaged upon.

**Mr. K. C. Neogy:** Do I take it that so far as the cultivation aspect of the question is concerned, the work has been completed and nothing further remains to be done.

**Mr. G. S. Bajpai:** I would not say that nothing further remains to be done. Considering the comparative importance of the two problems, the conclusion of the Lac Cess Committee is that the problem of industrial utilisation is more pressing at the present moment than the problem of the improvement of the processes of cultivation.

**Mr. B. Das:** Is it not a fact that the last vernacular publication was in 1931 and that was in Bengali and Oriya, and that since then no vernacular publication has been got out?

**Mr. G. S. Bajpai:** I have mentioned that the languages in which the publication was got out were Hindi and Oriya and not Bengali.

**Mr. B. Das:** Was it not done in 1931?

**Mr. G. S. Bajpai:** My Honourable friend has correctly reproduced the information which I gave just now.

**Mr. B. Das:** Nothing has been done since then?

**Mr. G. S. Bajpai:** I have tried to explain that since 1931 or rather, in recent years the question of the industrial utilisation of lac has been engaging the attention of the Institute more than cultivation.

**Mr. B. Das:** Does it mean in the Honourable Member's opinion that the lac cess duty was levied to help the capitalist or the industrialist section and not to help the agriculturist?

**Mr. G. S. Bajpai:** My friend has completely misunderstood the position. If the industrialist or capitalist section did not make use of Indian lac, then the cultivator would be nowhere.

**Mr. K. C. Neogy:** May I know as to when approximately is it expected that the Institute will once again divert its attention from industrial utilisation to the improvement in cultivation?

**Mr. G. S. Bajpai:** I should say as soon as the problem of industrial utilisation has been satisfactorily solved. I shall try to get precise information on that point from the Institute.

SCIENTIFIC QUALIFICATIONS AND SALARIES OF CERTAIN OFFICERS OF THE  
INDIAN LAC RESEARCH INSTITUTE.

1179. \***Mr. K. C. Neogy**: What are the respective scientific qualifications and salaries of:

- (i) the Biochemist and Director, Indian Lac Research Institute;
- (ii) the Entomologist of the Institute;
- (iii) the Physico-Chemist of the Institute;
- (iv) the First Assistant to each of them?

**Mr. G. S. Bajpai**: A statement containing the information is laid on the table.

*Statement to be laid on the table with reference to the answer to Mr. K. C. Neogy's question No. 1179.*

Post.	Qualifications of present incumbent.	Salary.
		Ra.
Bio-Chemist and Director	B.Sc. (Honours in Chemistry), (Manchester); M.Sc. (Manchester); Associate of the Institute of Chemistry (England).	Pay . . . 1,700 Entertainment allowance . . . 100 Motor car allowance . . . 50
Entomologist	B.Sc. (Honours in Zoology), Leeds	850
Physical Chemist	B.Sc. (Honours in Chemistry), (London); Ph.D. (London); Associate of the Royal College of Science (England); Diploma of the Imperial College of Science (South Kensington).	800
First Assistant Bio-Chemist	M.Sc. (with distinction and gold medal), (Bombay); Associate, Indian Institute of Science.	280
Assistant Entomologist	M.Sc. (Benares Hindu University)	220
First Assistant Physical Chemist.	B. A. (Mysore University), Associate, Indian Institute of Science.	290

**Mr. K. C. Neogy**: In giving the House a list of the scientific qualifications of these various officers, has any distinction been made between the qualifications which are of an academic character and the array of alphabets which stands for membership of scientific bodies, which membership is kept up by subscriptions paid out of the funds of the lac Research Committee?

**Mr. G. S. Bajpai**: The statement merely furnishes recognised scientific degrees.

**Mr. B. Das**: Is it a fact that Government are helping the cause of women by appointing a woman as the scientist in this particular Institute?

**Mr. G. S. Bajpai:** My Honourable friend does not seem to appreciate the fact that the appointments are not made by Government, but by the Lac Cess Committee.

**Mr. B. Das:** Is the Honourable Member aware that there is a lady engaged as a scientist in this particular Institute?

**Mr. G. S. Bajpai:** I understand that a lady, Dr. Norris, is the head of the Institute.

**Dr. Ziauddin Ahmad:** Is the Honourable Member aware that the qualification cannot be judged by the membership of a learned body which very often can be obtained by paying certain subscriptions, but by academic distinctions given by recognised universities?

**Mr. G. S. Bajpai:** My Honourable friend, Mr. Neogy, has a question later on as to what practical research experience some of these officers have, and I will answer it later. I told Mr. Neogy that the statement of the qualifications which I have laid on the table does not refer to membership of learned societies, but only to degrees.

**Mr. K. C. Neogy:** May I know if the officers or any of them is in receipt of an entertainment allowance apart from salary?

**Mr. G. S. Bajpai:** My Honourable friend will find the information in the statement which I have given. The Director of the Institute is in receipt of an entertainment allowance.

**Mr. K. C. Neogy:** With what object is that allowance granted?

**Mr. G. S. Bajpai:** For the purpose of entertaining guests.

**Mr. K. C. Neogy:** Has the Honourable Member inquired how many guests this lady has got to entertain annually and what her expenses are?

**Mr. G. S. Bajpai:** I confess that I have not scrutinised the lady's budget, but I have no doubt that the Committee considered this point at the time the grant was made.

**Mr. K. C. Neogy:** What are the reasons why a peculiar allowance of this character was granted to the head of 'this Institute'?

**Mr. G. S. Bajpai:** I presume, because the place where the Institute is situated is an out of the way place and visitors have got to be accommodated by the Director. There is no hotel or dak bungalow where they can make arrangements for themselves.

**Dr. Ziauddin Ahmad:** Is this only a benevolent allowance or will they extend this principle to other servants of Government, including the Members of the Legislative Assembly?

**Mr. G. S. Bajpai:** I am surprised that my Honourable friend should have suggested that non-official Members of the Legislative Assembly are servants of Government.



**Mr. K. O. Neogy:** May I take it that officers occupying a comparable position in the Departments of Government, living in circumstances in which this lady is, are also in receipt of similar entertainment allowances?

**Mr. G. S. Bajpai:** I could not say offhead. I should like to have notice of that question.

**Mr. B. Das:** Will the Honourable Member kindly recommend to the Government that Executive Councillors and also the different experts of Government in the Honourable Member's Department should get some sumptuary allowances so that they can entertain?

**Mr. G. S. Bajpai:** So far as the Honourable Members of Council are concerned, they are competent to look after themselves. As regards technical experts, when they do make an application, the matter will be considered.

**Mr. Gaya Prasad Singh:** Is it not a fact that the headquarters of the Lac Research Committee is very near Ranchi, which is the Summer Capital of the Bihar and Orissa Government?

**Mr. G. S. Bajpai:** It is at a place called Namkum near Ranchi, but it does not necessarily mean that the same facilities exist at Namkum as are available at Ranchi.

**Mr. Gaya Prasad Singh:** What is the distance of this place from the Ranchi town?

**Mr. G. S. Bajpai:** There I should have to yield to the superior local knowledge of Mr. Gaya Prasad Singh.

**Mr. Gaya Prasad Singh:** Will the Honourable Member take it from me that it is not more than three or four miles from the Ranchi town itself, so far as my information goes.

**Mr. G. S. Bajpai:** I am very glad to have that information, Sir.

**Mr. K. O. Neogy:** If the Honourable Member accepts that information from Mr. Gaya Prasad Singh and takes it to be correct, may I inquire as to whether he is prepared to send down an enquiry on the point just to find out what special necessity there is for this entertainment allowance, having regard to the fact that there are about three good hotels in Ranchi?

**Mr. G. S. Bajpai:** Certainly I should be prepared to make the inquiry.

**Sir Cowasji Jehangir:** Did the last Retrenchment Committee consider this question?

**Mr. G. S. Bajpai:** No, Sir, because these officers are not the employees of Government, but of the Lac Cess Committee which has its own resources.

**Mr. Gaya Prasad Singh:** Is it not a fact that the proceeds of this lac cess have been obtained as the result of the taxation of the people?

**Mr. G. S. Bajpai:** The interests concerned themselves wished that the lac cess should be imposed, and it is imposed under an Act of this Legislature.

**Mr. K. O. Neogy:** Is it not a fact also that the Government of India have got ample control over the transactions of the Lac Cess Committee as provided in the Lac Cess Act itself, in regard to finance and other things?

**Mr. G. S. Bajpai:** The Government of India undoubtedly have control over them, and I was going to say with regard to the question of the entertainment allowance which has been raised that the engagement of the Director is due to terminate in 1934 and I undertake to invite the Committee to consider the desirability of continuing this allowance after that.

**Mr. B. B. Puri:** What is the amount of the allowance?

**Mr. G. S. Bajpai:** Rs. 100 a month. I am speaking from memory.

**Mr. B. Das:** Besides a motor-car allowance of Rs. 50?

**Mr. G. S. Bajpai:** I have already laid a statement showing the information available as regards the allowances and other things. If the Honourable Member wishes me to recite it, I shall be ready to do so.

#### WORK DONE BY THE BIOCHEMIST IN THE INDIAN LAC RESEARCH INSTITUTE

1189. **\*Mr. K. O. Neogy:** (a) Is it a fact that practically little or no biochemical work is being done by the Biochemist in the Indian Lac Research Institute and that all or most of the Biochemical Assistants are employed in the Physico-chemical section?

(b) Had the Entomologist and the Physico-chemist any previous research experience before their appointment in the Institute and if so, to what extent?

(c) Taking into account the research experience and academic degrees, are the qualifications of the European staff superior to those of the Indian staff, and, if so, in what way?

**Mr. G. S. Bajpai:** (a) No. Bio-chemical work on lac and lac hosts is continuing. Owing, however, to the fall in the price of lac and competition of synthetic products, special attention is being given to problems of immediate importance to the lac industry and the experimental work directed to increasing the use of natural lac in modern industry.

(b) The Entomologist had about 18 months' research experience at the University of Leeds. The Physical Chemist possessed two years' research experience in physical chemistry at the Royal College of Science, London, and was attached to the research department of the General Electric Company, England, for a short period.

(c) A statement showing the qualifications of the various officers has already been laid on the table.

**Mr. B. Das:** With reference to part (b) of the question, were there no Indians available with the experiences which have been described by the Honourable Member just now?

**Mr. G. S. Bajpai:** I am afraid I am not aware of the details of the procedure adopted by the Committee in making this appointment which was made some years ago. I can get it if my Honourable friend wishes it.

**Mr. K. C. Neogy:** Is it not a fact that the Director herself was a bacteriologist before she was appointed to this appointment and that she had little or no practical experience of biochemistry.—at any rate she did not make any considerable research work in biochemistry before she was appointed?

**Mr. G. S. Bajpai:** That, Sir, is not my information.

**EXPIRY OF CONTRACTS WITH THE BIOCHEMIST, THE ENTOMOLOGIST AND THE PHYSICO-CHEMIST OF THE INDIAN LAC RESEARCH INSTITUTE.**

1181. **\*Mr. K. C. Neogy:** When are the present contracts with the Biochemist, the Entomologist and the Physico-chemist of the Indian Lac Research Institute due to expire? Is it intended to advertise these posts before making appointments for the next term, and ascertain if Indians with equal or better qualifications, but willing to accept less pay, are available for these posts?

**Mr. G. S. Bajpai:** Bio-Chemist—31st December, 1934.

Entomologist—26th July, 1935.

Physical Chemist—17th February, 1936.

Under the rules made under the Indian Lac Cess Act appointments to these posts are made by the Indian Lac Cess Committee subject to the sanction of the Governor General in Council. The Honourable Member's suggestion will be brought to the notice of the Committee.

**Mr. B. Das:** When appointments are made, do they not come up for the approval of the Governor General in Council?

**Mr. G. S. Bajpai:** I have already stated that the appointments are subject to the approval of the Governor General in Council.

**Mr. B. Das:** Does the Honourable Member appreciate the feeling of the country and of the House that such appointments should be filled up by Indians and their feeling when they find that they are not filled up by Indians?

**Mr. G. S. Bajpai:** Sir, the Government and the Department, for which I have the honour to speak at the present moment, fully realise the strength of Indian feeling as regards Indianisation; and all I can say is that the Committee, when they next meet to consider the question, will have this matter before them.

**Mr. B. Das:** Will the Honourable Member agree with me that the Lac Cess Committee in the past failed to exercise a proper judgment in not appointing Indians?

**Mr. G. S. Bajpai:** I should prefer, Sir, to concentrate more on the future than on the past.

**Mr. Gaya Prasad Singh:** Were these appointments made privately, without the posts being advertised in a regular way?

**Mr. G. S. Bajpai:** As I have already stated, I am not in a position to state exactly what procedure was followed in making these appointments. One was made in 1923 and another in 1924—several years ago.

**Mr. Jagan Nath Aggarwal:** May I know what the composition of this Committee is?

**Mr. G. S. Bajpai:** Certainly. It is given here in the Indian Lac Cess Act (XXIV of 1930):

The Vice-Chairman of the Imperial Council of Agricultural Research,  
 The Inspector-General of Forests,  
 The Forest Entomologist, Dehra Dun,  
 The Imperial Entomologist,  
 The Conservator of Forests, Bihar and Orissa,  
 The Director of Agriculture, Bihar and Orissa,  
 The Director of the Lac Research Institute, Nankum—the only official of the Institute,  
 Three persons representing the shellac manufacturing industry,  
 One representative of the shellac export trade nominated by the Bengal Chamber of Commerce,  
 One representative of the brokers of lac and shellac in Calcutta nominated by the Calcutta Shellac Brokers' Association, and  
 Five persons representing the lac cultivators' interests in Bengal, Bihar and Orissa, the United Provinces, the Central Provinces and Assam, one to be nominated by each of the Local Governments of those provinces.

**Mr. K. C. Neogy:** Does the Committee consist of seven *ex-officio* members, five non-official European members and five non-official Indian members, and are the Indian members thus in a perpetual minority?

**Mr. G. S. Bajpai:** If the figures which my Honourable friend has given are correct, then *prima facie* the Indians are five and the non-Indians are more than five.

**Mr. K. C. Neogy:** Will the Honourable Member make an inquiry into this matter?

**Mr. G. S. Bajpai:** Certainly, Sir.

**Mr. G. Morgan:** Has any change been recently made in the composition of the Committee since 1930?

**Mr. G. S. Bajpai:** No, Sir, but a Bill on that subject is already on the table of the House.

**LEAVE AND PENSION OF MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.**

1182. \***Rai Bahadur Kunwar Raghbir Singh:** (a) With reference to the question No. 592 answered by the Army Secretary on the 4th September, 1933, in this House, will Government be pleased to state what relative ranks will be assigned to two individuals whose pay on field service in 1914-16 was Rs. 70 per mensem but both of whom retired on Rs. 215 and Rs. 235 per mensem, respectively, in 1930?

(b) Is it a fact that combatants as well as non-combatants retiring on account of field service disability or disease are exempt from the operation of three years average of their salaries?

(c) Will Government be pleased to state if their last rank or pay is only to be taken for their average salary irrespective of the fact whether they have served or not for three years in their last rank or grade agreeably to Army Instruction India, No. B.-77, dated 17th September, 1928?

**Mr. G. E. F. Tottenham:** (a) In both the cases the relative rank of Sub-Conductor would be assigned for the assessment of disability pension.

(b) and (c). The pension of Indian combatants invalided from the service on account of a disability attributable to military service, is based on rank and the average of three years' pay does not apply. Similarly the disability pension inclusive of the service element of non-combatants governed by the Pension Regulations, is based on the corresponding combatant rank. The service pension of non-combatants governed by the Civil Service Regulations is, however, assessed on the average emoluments of the last three years and the disability addition is based on the corresponding military rank, which is determined by the pay last drawn.

**DUTIES OF THE DIVISIONAL PERSONNEL OFFICERS ON THE NORTH WESTERN RAILWAY.**

1183. \***Mr. Lalchand Navalrai:** (a) With reference to my starred question No. 1000, asked on the 18th September, 1933, regarding the duties of the Divisional Personnel Officers on the North Western Railway, will Government be pleased to state whether the Agent, North Western Railway, to whom papers in connection with the question were sent, has made any enquiry with regard to them? If so, was the enquiry personal or otherwise?

(b) Has the Agent, North Western Railway, satisfied himself as to whether all the business has been transferred to the Divisional Personnel Officer, North Western Railway, Karachi by the Divisional Superintendent? If not, upto what limit has the work pertaining to establishment been transferred solely to the Divisional Personnel Officer and upto what limit has it been retained to be done by the Divisional Superintendent himself?

(c) What has the Agent, North Western Railway, done with regard to the representation made by the North Western Railway Karachi Divisional Office clerks referred to in the starred question No. 1000, dated the 18th September, 1933, and what relief has been given to them?

**Mr. P. E. Rau:** Government did not ask for a report on the points mentioned. These are matters of detail which the Agent is, under existing rules, competent to deal with, and it is unnecessary for Government to intervene.

**Mr. Lalchand Navalrai:** May I know, when a Member inquires if a particular matter has been investigated by the Agent or not, whether Government should not get this information for the Member?

**Mr. P. B. Rau:** Sir, I have explained on the floor of this House that the Railway Department must deal with questions from a practical point of view, and until they know what useful purpose will be served by making any proposed inquiries, they are very reluctant to go to the expense of collecting the information asked for.

**Mr. Lalchand Navalrai:** Here, Sir, was a question whether the Karachi Divisional Personnel Officer had done certain things or not, and then the papers were sent to the Agent. Now the question is, whether, after receiving those papers, the Agent took any steps or not?

**Mr. P. B. Rau:** Sir, Government are quite confident that the Agent has already taken all the steps necessary in the matter.

**Mr. Lalchand Navalrai:** The point is whether the Agent has done it personally or otherwise.

**Mr. P. B. Rau:** Government must leave it to the Agent to decide in these matters whether any question is of sufficient importance to require his personal attention.

**Mr. Lalchand Navalrai:** I did not mean to suggest that the Agent should be asked to do a particular thing in a particular manner, but what I am asking is, if we raise any question here and the papers are sent to the Agent, are we not entitled to know what he has done in the matter as a piece of information?

**Mr. P. B. Rau:** Sir, these are matters in which the Government of India have delegated full powers to the Agents and they do not wish to inquire into these minor matters and interfere with the discretion of Agents.

**Sir Cowasji Jehangir:** Does the Honourable Member mean to say that when Government have delegated any of their powers to any of their officers, they cease to be responsible to this House?

**Mr. P. B. Rau:** No, Sir. But to discharge their responsibility to this House, they must really devote themselves to the more important matters; and if they try to concern themselves with very minor things, then the more important ones will go by the Board.

**Sir Cowasji Jehangir:** That is not the question. The question I asked was that, if Government delegate any of their powers to any of their officers, do they cease to be responsible to this House?

**Mr. P. B. Rau:** Not at all.

**Sir Cowasji Jehangir:** Then, if any Member chooses to ask a question to the Government about a matter on which they have delegated their powers to one of their officers, are Government bound to answer that question or not?

**The Honourable Sir Joseph Bhoré:** I think there is no desire in any way to limit the rights or privileges of this House, but I think Government may call on the good sense of Honourable Members when they are putting these questions not to descend to such matters of detail as would make it impossible for Government when dealing with a Department of the magnitude of the Railways of India to go into these things themselves.

**Sir Cowasji Jehangir:** Then the Honourable Member's answer is that it is not worth while for the Government to answer a question the cost of which is not commensurate with the value of the question asked. That would be the answer.

**The Honourable Sir Joseph Bhoré:** I do not think we have definitely ever refused to answer a question, and I have no doubt that if my Honourable friend and the House insist upon asking a question, we shall certainly do our best to obtain information. But I must leave it to the good sense of this House not to put questions on such matters of minor detail as would make the administration almost impossible if we had to go into them here.

**Mr. Lalchand Navalrai:** May I make it quite clear that my question formerly was not of a minor nature at all. Then the papers were sent to the Agent. Now, what I want to know from Government is this: Should I come to this House to get certain information, or go on bended knees to the Agent and ask him for the information? He may not give me any answer. I would like this position to be made clear, because it is very often that papers are sent to the Agent. I should like to know how are we to get any further information? Should we address the Agent or come to this House? I must be given an answer to this question.

**The Honourable Sir Joseph Bhoré:** As I have just now said, it must be plain to all the Members of this House that questions are asked in connection with the Railway Department which deal with extremely minute details, and I would leave it to the House to consider whether it is possible for us to get on with the administration of the railways if we are to inquire into every minor detail which normally has to be carried out by the administrations of the various railways concerned. On any matter of inajor importance, we shall certainly do what we can to meet the Honourable gentleman's requisitions for information.

**Mr. Lalchand Navalrai:** I am sorry that the Honourable Member does not know what the original question was. The question related to arrogating the powers by a Personal Assistant to a Divisional Superintendent. That is certainly a question of importance. The question was whether the Personal Assistant should be able to do everything and the Divisional Superintendent should leave everything to him. Instances were given and the papers were forwarded to the Agent, and now I have been refused even the answer whether the Agent has inquired into that subject or not.

**The Honourable Sir Joseph Bhoré:** I do not know what answer my Honourable friend desires from us.

**Mr. Lalchand Navalrai:** I would like to know whether the Agent has made any inquiry into that officer's conduct and found out whether he

has arrogated to himself the powers completely or not. I would like to know up to what limit he has got the powers and how is it that he has taken up even the duties of the Divisional Superintendent to himself. That is a very important question.

**The Honourable Sir Joseph Bhoré:** If it will satisfy my Honourable friend, I shall certainly inquire whether the Agent has made an inquiry or not.

**Mr. Lalchand Navalrai:** Thank you very much. That should have been the answer at the very beginning.

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### UNSTARRED QUESTIONS AND ANSWERS.

#### APPOINTMENT OF APPRENTICES IN THE PRODUCTION DEPARTMENT OF THE LILLOOAH WORKSHOPS.

**213. Mr. S. C. Mitra:** (a) Are Government aware that the answer given in reply to my starred question No. 920 (d) of the 7th November, 1932, is not correct, and it is not a fact that the ex-apprentice of 1930 who worked in the Production and Progress Section of the Lillooah Workshops, East Indian Railway (stated by the Government in reply to my starred question No. 922 (a) of the 7th November, 1932), was offered a post by the Controller of Inspection, Calcutta Circle, Indian Stores Department? Is it a fact that he was the first apprentice to work in that Section?

(b) If the answer to part (a) above be in the affirmative, will Government be pleased to state why they have not acted in accordance with the procedure laid down in the middle portion of the answer to the starred question No. 472 (a) of the 5th March, 1930, by appointing the ex-apprentice of 1930, who had prior claims and who passed in the First Division and who was the first apprentice to work in that Section (stated by Government in reply to my starred question No. 922 (a) of the 7th November, 1932)?

(c) Will Government be pleased to state the reasons for appointing the junior ex-apprentice of 1931, who passed in the Second Division in preference to the ex-apprentice of 1930? Is it not a fact that it has been stated by Government in reply to my starred question No. 920 (c) of the 7th November, 1932, that some mechanics who had no training in that Section previously at all were transferred there (in the Production and Progress Section)?

(d) Do Government propose to consider his (ex-apprentice of 1930 referred to in part (a) above) case, and appoint him when the next vacancy occurs in the Workshop, and issue orders to the officer concerned to this effect? If not, why not?

(e) If the answer to part (a) above be in the negative, are Government prepared to make an enquiry into the whole affair and take necessary steps? If so, when and in what way? If not, why not?

**Mr. P. B. Rau:** I have called for certain information and will lay a reply on the table in due course.



**APPOINTMENT OF EX-APPRENTICES ON THE EAST INDIAN RAILWAY.**

**214. Mr. S. C. Mitra:** Will Government be pleased to lay on the table a statement showing the names of the two ex-apprentices who were engaged in the Stores Department of the East Indian Railway as referred to in the answer to my unstarred question No. 20 (g) of the 5th September, 1932? If not, why not?

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

**APPOINTMENT OF EX-APPRENTICES ON THE EAST INDIAN RAILWAY.**

**215. Mr. S. C. Mitra:** (a) Will Government be pleased to state the reasons (i) for appointing one Anglo-Indian in saw mills who had no mechanical training at all as stated by Government in reply to my unstarred question No. 27 (b) of the 5th September, 1932, and (ii) for appointing those Kiln Operators (those who were appointed from outside) in shops, after the abolition of Kiln Operations, who had no training except timber seasoning (as stated by Government in reply to my starred question No. 924 of the 7th November, 1932)? Do Government propose to take steps to replace all of them by their ex-apprentices and put a stop to such practice in all future cases? If not, why not?

(b) Do Government propose to transfer, in the case of future vacancies, suitable mechanics from other shops or sections and appoint ex-apprentices from the waiting list according to seniority and the division they passed from Technical School, instead of appointing outsiders? If not, why not?

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

**PROPOSAL FOR CLOSING DOWN THE GOVERNMENT OF INDIA BOOK DEPOT AT CALCUTTA.**

**216. Mr. S. C. Mitra:** (a) Will the Honourable Member in Charge of the Department of Industries and Labour please state if it is a fact that a proposal has been received by the Department of Industries and Labour from the Bengal Government to close down the Central Government Book Depot at Calcutta and expressing a desire to act as agent for sale of Government of India publications?

(b) What are the actual terms of conditions sponsored by the Local Government in this connection?

(c) Are Government aware that the proposal of the Local Government is the outcome of the recommendations of the Bengal Government Retrenchment Committee who recommended the abolition of the Bengal Secretariat Book Depot?

**The Honourable Sir Frank Mynoe:** (a) and (b). The Government of Bengal have inquired if the Government of India would be willing to appoint them as agents for the sale of Government of India publications. I am not sure what is meant by "terms of conditions sponsored"; if the change suggested were made, the arrangements in Bengal would be similar to those in Madras and Bombay and the Government of India's bookshop would be closed.

(c) No. I have not seen those recommendations.

**PROPOSAL FOR CLOSING DOWN THE GOVERNMENT OF INDIA BOOK DEPOT AT CALCUTTA.**

**217. Mr. S. C. Mitra:** (a) Will Government be pleased to state the total value of stock held in the Central Government Book Depot at Calcutta on the 1st April, 1933?

(b) How many different varieties of Specifications have since been transferred by the Controller of Patents and Designs, Calcutta to the Central Government Book Depot?

(c) What is the total value of these Specifications stored in the Calcutta Office?

(d) What is the subsequent proportion of storage in the Calcutta and Delhi offices of the Central Publication Branch?

(e) Is it a fact that the transfer of Specifications was made with the concurrence of the Government of India?

**The Honourable Sir Frank Noyce:** (a) and (c). The figures are not available.

(b) Approximately 22,000 varieties.

(d) Twelve copies of each of the specifications are kept for sale. Of these four copies were kept in Calcutta and the balance sent to Delhi.

(e) Yes.

**PROPOSAL FOR CLOSING DOWN THE GOVERNMENT OF INDIA BOOK DEPOT AT CALCUTTA.**

**218. Mr. S. C. Mitra:** (a) Are Government aware that the Central Government Book Depot is widely patronised by the leading mercantile firms of Calcutta?

(b) Are Government aware that the existing arrangement is ideally suited to cater the needs of the public and also serve as an up-to-date information bureau for the Government of India publications?

**The Honourable Sir Frank Noyce:** (a) and (b). The shop occupies a good site and I believe it has proved a convenience to the general public of Calcutta as well as to the mercantile firms.

**PROPOSAL FOR CLOSING DOWN THE GOVERNMENT OF INDIA BOOK DEPOT AT CALCUTTA.**

**219. Mr. S. C. Mitra:** (a) Is it a fact that Local Government Book Depots serve as agents for the sale of Government of India publications?

(b) Are Government aware that the transactions with Local Government Book Depots are effected on a "Sale and Return" basis?

(c) Is it a fact that under the above arrangement postage and other transit charges for supplies to Local Government Book Depots are borne by the Publication Office?

(d) Is it a fact that the sale proceeds are credited by Book Depots to Central Government less 25 per cent. discount on the published price of publications?

(e) Is only 50 per cent. added to the cost of production in determining the sale price of a publication?

(f) Will Government be pleased to lay on the table the respective sale returns of Government of India publications for the last six months in the Provincial Government Book Depots of Bombay, Madras, Burma, the United Provinces and the Punjab?

**The Honourable Sir Frank Noyce:** (a) to (d). Yes.

(e) Yes, except in certain special cases.

(f) Stock returns giving figures for the last six months are not available.

#### PROPOSAL FOR CLOSING DOWN THE GOVERNMENT OF INDIA BOOK DEPOT AT CALCUTTA,

**220. Mr. S. C. Mitra:** (a) With reference to the proposal of the Bengal Government to act as agent for the sale of Government of India publications, will Government be pleased to state what will be the approximate monthly expenditure on transit charges for the supply of new stock from the Calcutta Press to the Bengal Government Book Depot?

(b) Is the Bengal Government agreeable to store thousands of Patent Office Specifications, and if so, what will be the amount of charges to be paid by the Central Publication Branch to the Local Government on account of storage and handling?

**The Honourable Sir Frank Noyce:** (a) and (b). These questions have not yet been examined by my Department and I am therefore unable to give the particulars desired.

#### INSOLVENCY OF MR. J. R. HOPPER, AN EMPLOYEE OF THE CENTRAL PUBLICATION BRANCH.

**221. Mr. S. C. Mitra:** (a) With reference to Government's reply to part (a) of my unstarred question No. 61, dated the 13th September, 1933, will Government be pleased to state why Mr. J. R. Hopper an employee of the Central Publication Branch should not be liable to dismissal in accordance with Rule 16 of the Government Servants' Conduct Rules?

(b) Is it not incumbent on the insolvent person to report to the Local Government or to such authority subordinate to the Government the matter of becoming an insolvent under paragraph (3) of Rule 16 of the above Rules?

(c) Why was not sub-section (5) of Rule 16 of the aforesaid Rules enforced in this particular case?

(d) Is Mr. James R. Hopper an Anglo-Indian?

(e) Are not the rules cited above applicable to Anglo-Indians?

(f) Are Government aware that one Indian clerk in the office of the Manager, Government of India Forms Press, Calcutta, has lately been dismissed for his habitual indebtedness?

(g) Will Government be pleased to state the circumstances in which similar penalty was not imposed on Mr. J. R. Hopper?

**The Honourable Sir Frank Noyce:** (a) All Government servants who are insolvent are liable to dismissal, but all insolvents are not dismissed.

(b) Not as the rules stand at present.

(c) and (g). The Controller of Printing and Stationery is enquiring into the matter.

(d) Yes.

(e) The rules are of general application.

(f) Yes.

#### **DILAPIDATED CONDITION OF QUARTERS ALLOTTED TO THE STAFF OF THE CENTRAL PUBLICATION BRANCH.**

**222. Mr. S. C. Mitra:** (a) Is it a fact that the Joint Secretary of the Industries and Labour Department was definitely opposed to the move of the Central Publication Branch from Calcutta until the problem of suitable residential accommodation for the staff was solved?

(b) Is it a fact that the Controller of Printing and Stationery took upon himself the responsibility of acquiescing in the allotment of quarters to the staff of the Central Publication Branch notwithstanding the disapproval of the Public Works Department?

(c) Are most of these quarters in a dilapidated condition with leaky roofs?

(d) With reference to page 45 of the Standing Finance Committee Report, Volume XIII, No. 2, will Government be pleased to state how the following sentence with regard to Government quarters at Timarpur that occurs therein is consistent with the reply to part (a) of my starred question No. 169, dated the 29th August, 1933?

"The quarters at present occupied by the staff at Timarpur have been condemned by the Public Works authorities as unsuitable and as requiring a considerable amount of expenditure for rehabilitation".

(e) Is it a fact that during rains the inmates of the "E" type quarters had to leave the quarters with their wives and children as the rooms were flooded?

(f) Will Government be pleased to state definitely who was responsible for allotting such quarters?

(g) Was not the dilapidated condition of the quarters and the old Press building one of the reasons for the transfer of Delhi Press to New Delhi?

**The Honourable Sir Frank Noyce:** (a) and (b). Views expressed departmentally by officers are confidential, and I regret that I am unable to disclose them.

(c) The quarters are admittedly in a bad condition. The roofs of some of them leaked during the last monsoon which was exceptionally heavy. The complaint applied to many buildings both in New and Old Delhi.

(d) It is true that the quarters have been condemned as unsuitable and as requiring a considerable amount of expenditure for rehabilitation, but they have not been condemned as unfit for residential purposes. They are still useful and are in demand.

(e) These quarters were entirely free from flooding during the last monsoon but some of the occupants of the quarters which leaked badly were permitted to move into vacant quarters which were not leaking, and others were supplied with tents.

(f) The quarters are allotted among the applicants for them by the Estate Officer, Central Public Works Department, under the general orders of the Government of India.

(g) No; the attention of the Honourable Member is invited to the proceedings of the meeting of the Standing Finance Committee of the 30th August, 1928, (Volume VIII—No. 2), which explain the reasons for the transfer of the Press to New Delhi.

#### ALLEGED MISMANAGEMENT OF THE CENTRAL PUBLICATION BRANCH.

223. **Mr. S. C. Mitra:** With reference to the reply to part (c) of my unstarred question No. 58, dated the 18th September, 1933, regarding the alleged mismanagement of the Central Publication Branch, will Government be pleased to state whether any complaint was received from any member of the Indian Legislature during the last three financial years? If so, from whom and when? If not, what is the justification of the Manager making a statement on the lines to the Press representative?

**The Honourable Sir Frank Noyce:** There is no record of any complaint having been received from any Member of the Indian Legislature during the last three financial years. The Manager has stated that he did not make the statement attributed to him.

#### CENTRAL PUBLICATION BRANCH.

224. **Mr. S. C. Mitra:** (a) Is it a fact that the Central Publication Branch was established in 1924?

(b) What was the sanctioned strength of the superior staff of the Central Publication Branch when it was first created?

(c) What is the ratio between the sanctioned strength of the clerical staff in 1924 and the present sanctioned strength?

(d) What is the ratio between the number of indents received in 1924-25 and the number of indents received during the last financial year?

(e) What are the respective total numbers of all kinds of vouchers in respect of supply of publications during the years 1924-25 to 1931-32?

(f) What are the amounts credited to Government account by cash sale of publications during the years 1924-25 to 1931-32?

**The Honourable Sir Frank Noyce:** (a) Yes.

(b) 40.

(c) The present strength of the clerical staff is about double that sanctioned in 1924.

(d) Figures for indents alone are not available. The number of indents and letters together received in 1934-35 is about double that received in 1924-25.

(e) and (f). The total number of all kinds of vouchers is not available. The available figures are as follows:

Year.	Letters and vouchers issued.	Amounts credited.  Rs.
1924-25 . . . . .	141,192	1,90,672
1925-26 . . . . .	368,377	2,79,232
1926-27 . . . . .	377,779	3,16,140
1927-28 . . . . .	424,806	3,19,658
1928-29 . . . . .	719,106	4,76,735
1929-30 . . . . .	844,742	5,88,049
1930-31 . . . . .	985,648	6,23,933
1931-32 . . . . .	856,655	3,44,277

#### CLERKS OF THE CENTRAL PUBLICATION BRANCH TRANSFERRED FROM CALCUTTA TO DELHI.

225. **Mr. S. C. Mitra:** (a) Will Government be pleased to state how many clerks of the Central Publication Branch were transferred from Calcutta to Delhi on duty?

(b) Will Government please lay on the table a statement showing the names of the clerks so transferred?

(c) Are Government aware that two men who were recruited at Delhi on daily wages have been appointed in the Assistant's grade?

(d) If so, what are the reasons for ignoring the claims of all permanent senior hands of the office?

(e) Is there not a single individual amongst the permanent staff meriting promotion?

**The Honourable Sir Frank Noyce:** (a) 52 clerks including typists.

(b) I do not think that the list is of sufficient public interest to justify its being laid on the table, but it may be inspected in my Department by any Member who so desires.

(c) Yes, as a temporary measure.

(d) and (e). No suitable permanent men were available for the posts.

#### PROPOSAL FOR THE INCREASE OF STAFF OF THE CENTRAL PUBLICATION BRANCH.

226. **Mr. S. C. Mitra:** (a) Is it a fact that the present officiating Manager of Publications has sent up a proposal to the Controller of Printing and Stationery, regarding the increase of staff?

(b) Are Government aware that the work of the Branch has considerably increased since its inception?

(c) Are Government aware that the work is far out of proportion to the sanctioned strength of the staff?

(d) Are Government aware whether the position was ever reviewed by the Controller? If so, when?

**The Honourable Sir Frank Noyce:** (a) and (b). Yes.

(c) No.

(d) The position has been frequently reviewed by the Controller and by Government.

#### GRANT OF FURTHER EXTENSION TO THE CONTROLLER OF PRINTING AND STATIONERY.

227. **Mr. S. C. Mitra:** (a) Will the Honourable Member in charge of the Department of Industries and Labour be pleased to state whether the grant of further extension to the Controller of Printing and Stationery is under contemplation of the Government of India?

(b) Is he not already enjoying one extension? If so, why do not Government propose to appoint a new Controller in the revised scale and thereby save extra expenditure to Government?

**The Honourable Sir Frank Noyce:** (a) and (b). The present Controller of Printing and Stationery is now on an extension of service for one year. He has been granted a further extension of service for one year as Government considered this desirable in the public interest.

#### POSITION OF TEMPORARY CLERKS IN THE CENTRAL PUBLICATION BRANCH.

228. **Mr. S. C. Mitra:** (a) With reference to the reply to part (b) of my unstarred question No. 64, dated the 18th September, 1933, regarding the position of temporary clerks in the Central Publication Branch, will the Honourable Member in charge of the Department of Industries and Labour please state whether there was not a single man in the temporary cadre deserving officiating appointment in the higher post?

(b) Is it a fact that all the temporary men having experience in the work of the office are unsuitable for the posts and the newcomers are superior to them?

(c) Was any competitive examination held to attract the best man for the purpose? If not, how was the newcomers' superiority over the temporary men ascertained?

(d) Are Government aware that the present officiating Manager of Publications reported to the Controller of Printing and Stationery that there were too many Bengalees in the office?

(e) Is it a fact that the Manager also reported that he was desirous of recruiting men from this part of India?

(f) Is it a fact that Mr. C. F. Weakford, M.B.E., the then officiating Controller of Printing and Stationery gave the decision that the cases of temporary men of the Central Publication Branch should receive foremost consideration should any chance of betterment of pay and prospects arise in future?

**The Honourable Sir Frank Noyce:** (a), (b) and (c). I am not clear as to which post the Honourable Member has in mind; but appointments of the type to which he refers are made by the Controller of Printing and Stationery. I have no information regarding the details of these appointments and no reason to suppose that the Controller did not make the appointment best calculated to serve the public interest.

(d) No.

(e) I have no knowledge of any such report.

(f) I am not aware of any such decision; but temporary men are ordinarily preferred when permanent vacancies occur for which they are qualified.

#### TRANSFER OF THE CENTRAL PUBLICATION BRANCH TO DELHI.

229. **Mr. S. C. Mitra:** (a) With reference to paragraph 127 (page 52) of the Public Accounts Committee Report, Volume I. 1929-30, will Government be pleased to state whether it is a fact that the question of the move of the Central Publication Branch to Delhi was raised on the ground of paucity of accommodation as stated therein?

(b) Has the move of the office to Delhi really improved the control of stocks as was envisaged in the above report? If not, why not?

**The Honourable Sir Frank Noyce:** (a) The Honourable Member is referred to the paragraph in question, which states the circumstances to which the attention of the Committee was drawn.

(b) The answer to the first part is in the affirmative. The second part does not arise.

#### SENIORITY LIST OF GUARDS OF THE DINAPORE DIVISION OF THE EAST INDIAN RAILWAY.

230. **Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state whether the seniority list of the Guards, Grade B, Dinapore Division, East Indian Railway, as supplied to the department concerned by me, is correct?

(b) Will Government be pleased to lay on the table the seniority list of Guards, Grade "A", of the same Division?

(c) If the reply to part (a) be in the negative, will Government be pleased to lay on the table a correct seniority list?

**Mr. P. B. Rao:** Seniority lists of Guards are not submitted to Government and I am therefore unable to comply with the Honourable Member's request. Government do not consider any useful purpose will be served by obtaining the information required.

#### PURCHASE BY THE RAILWAY BOARD OF CAST IRON OR STEEL SLEEPERS FOR RAILWAYS.

231. **Mr. G. Morgan** (on behalf of Mr. C. C. Biswas): (a) Is it a fact that the Railway Board have been recently purchasing cast iron or steel sleepers for railways in preference to wooden sleepers?

(b) Is it a fact that the Railway Board circularised Railways instructing them that no more wooden sleepers were to be used except in special circumstances?

**Mr. P. B. Rao:** (a) No. The Railway Board have not changed their policy of purchasing both metal and wooden sleepers.

(b) No. The orders of the Railway Board referred to further orders for wooden sleepers over and above those arranged for on a three year contract in 1932.



**ORDERS PLACED BY THE STATE AND COMPANY-MANAGED RAILWAYS FOR CAST IRON OR STEEL SLEEPERS.**

232. **Mr. G. Morgan** (on behalf of Mr. C. C. Biswas): (a) What is the extent of the orders placed by State Railways and Company-owned Railways for cast iron or steel sleepers during the last few years, and what were the quantities of wooden sleepers purchased during the same period?

(b) Will Government be pleased to give the comparative figures for the same number of years previously?

**Mr. P. B. Rao:** (a) and (b). The attention of the Honourable Member is invited to the statement laid on the table by the Honourable Sir Guthrie Russell in the Council of State on 18th February, 1933, in reply to question No. 80 of the Honourable Rai Bahadur Lala Ram Saran Das, which contains figures for the years 1927-28 to 1931-32 (both inclusive).

The figures of purchases for 1932-33 are as follows:

		Rs. a. p.	Rs. a. p.
B. G. wood (Nos.)	12·15 lakhs at from	5 0 0	to 7 4 0
M. G. "	" 11·06 " " "	2 7 0	to 3 8 0
N. G. "	" 1·17 " " "	1 11 0	
Metal "	" 0·96 " " "	7 0 3	to 7 10 0 each

**DISCARDING BY THE RAILWAY BOARD OF THE USE OF WOODEN SLEEPERS IN FAVOUR OF CAST IRON OR STEEL SLEEPERS.**

233. **Mr. G. Morgan** (on behalf of Mr. C. C. Biswas): (a) What were the reasons which led the Railway Board to discard the use of wooden sleepers in favour of cast iron or steel sleepers?

(b) Is it a fact that cast iron or steel sleepers had to be bought as the Railway Board wished to use up pig iron which they had purchased?

(c) What were the quantities of pig iron purchased during the last few years, and from whom were they purchased?

(d) What were the terms of such purchases, and what were the reasons therefor?

(e) How long do Government estimate it will take to use up the pig iron already purchased or contracted for?

(f) What is the extra cost involved in the use of cast iron or steel sleepers as against wooden sleepers?

(g) Is it not the case that cast iron or steel sleepers on main lines cost more in maintenance than wooden sleepers?

(h) Is it not a fact that about 10 per cent. extra ballast has to be used for cast iron or steel sleepers as compared with wooden sleepers? If so, how much has this extra ballast cost the Railways during the last five years, and how much has the extra staff involved cost?

**Mr. P. B. Rao:** (a) The Railway Board have not discarded the use of wooden sleepers in favour of metal.

(b), (c), (d) and (e). Metal sleepers have always been used on Indian railways, and the number used in recent years, as compared with wooden

sleepers, has decreased considerably. The Railway Board have entered into agreement with the Indian Iron and Steel Company, for the purchase of 84,000 tons of pig iron between October, 1931, and March, 1935, for subsequent conversion into cast iron sleepers. Cast iron sleepers to that extent would it was considered, be required during that period, and the price at which it was obtained was a favourable price.

(f) There is no extra cost involved as cast iron sleepers are used where they would be—taking all circumstances, such as their longer life, into consideration—not more costly than wooden sleepers.

(g) No.

(h) The answer to the first part of the question is in the affirmative; but, as I have already informed the Honourable Member, cast iron sleepers are not used except when they are on the whole more economical than wooden sleepers.

#### USE OF WRENCH MAHINDRA SLEEPERS ON RAILWAYS.

234. **Mr. G. Morgan** (on behalf of Mr. C. C. Biswas): (a) Is there a cast iron sleeper known as the Wrench Mahindra type in use on the Railways?

(b) Was it invented by Mr. Wrench of the Railway Board and Mr. Mahindra of the Indian Iron and Steel Company?

(c) Did the Railway Board buy any pig iron from the Indian Iron and Steel Company, and if so, how much and on what terms during the last few years?

(d) Has this Wrench Mahindra Sleeper ever been formally approved by the Track Standards Committee? If not, why is it used?

(e) Do Government derive any financial benefit from, or is any royalty paid on, this Wrench Mahindra invention?

(f) How many Wrench Mahindra Sleepers have been used, and how many are on order, by the different Railways?

**Mr. P. R. Rao:** (a) Yes.

(b) The original design was prepared by Messrs. Burn and Company and incorporated a feature invented by Messrs. Wrench and Mahindra.

(c) I would refer the Honourable Member to my reply to parts (c), (d) and (e) of his question No. 285.

(d) No type of cast iron sleeper has been formally approved by the Track Standards Committee. The Wrench Mahindra and several other designs have been offered for trial.

(e) The sleeper in question is the cheapest of the approved types. No royalty is paid on the Wrench Mahindra invention which was incorporated only in the original design of which only about 7,500 were ordered.

(f) From the records available in the Railway Board's office approximately 131,300 of these sleepers have been used and approximately 26,500 are on order.

**HARDSHIPS OF THE DEALERS IN WOODEN SLEEPERS.**

235. **Mr. G. Morgan** (on behalf of Mr. C. C. Biswas): (a) Is it the policy of the Railway Board to continue the use of pig iron, and to reduce the purchases of wooden sleepers?

(b) Are Government aware of the great hardship and distress which is being caused by the action of the Railway Board among those whose only livelihood is in sawing and transporting wooden sleepers in Bengal, the Central Provinces, Bihar and Orissa and Assam?

(c) Will Government be pleased to state if they propose to take any steps to re-consider the situation with a view to according relief to those engaged in the wooden sleepers trade?

**Mr. P. R. Rau:** (a) It is the present policy of the Railway Board to continue the use of metal and wooden sleepers, the number to be purchased in any year being fixed on their relative prices, the sections of railway for which they are required and other considerations, as in the past.

(b) and (c). Government are aware of the depression in the timber market, which depression is not unfortunately restricted to any one trade, industry or locality. The policy of Government has always been to make purchases of wood and metal sleepers as circumstances dictate, and they are not in present circumstances prepared to give either a practical monopoly.

**RETURN ROYALTY PAID BY PRODUCERS TO PROVINCIAL GOVERNMENTS ON WOODEN SLEEPERS.**

236. **Mr. G. Morgan** (on behalf of Mr. C. C. Biswas): Will Government be pleased to state if the return royalty paid by producers to Provincial Governments on wooden sleepers is taken into account when the Railway Board are purchasing sleepers?

**Mr. P. R. Rau:** Royalties are not taken into account.

**BEGUMPUR STATION ON THE HOWRAH BURDWAN CHORD OF THE EAST INDIAN RAILWAY.**

237. **Mr. S. C. Mitra:** (a) Will the Honourable Member in charge of the Railway Department be pleased to lay on the table a statement showing the following figures for the years 1931-32 and 1932-33 with regard to the Begumpur station on the Howrah Burdwan Chord of the East Indian Railway:

- (i) the total amount of goods and passenger traffic, and
- (ii) the total amount, paid by the East Indian Railway to Messrs. Martin & Company as compensation for loss of traffic sustained by their Janai station of the Howrah Sheakhala Light Railway?

(b) Is the Honourable Member aware:

- (i) that the last Up Train on the Howrah Burdwan Chord had a stoppage of nearly ten minutes at the station to take heavy consignments of betel leaves for the Up Country; and

(ii) ~~that the above stoppage has now been reduced to only three minutes owing to the diversion of the greater portion of the above traffic by carts over the District Board Roads, causing loss of Railway revenue?~~

(c) Do Government propose to consider the desirability of purchasing the Janai Branch of the Howrah Sheakhala Light Railway of Messrs. Martin & Co. to bring more Railway revenue by improving the Begumpur station?

(d) Is it a fact that a station is provided with a pucca feeder road, raised platforms and an overbridge when its traffic is heavy?

(e) If the answer to part (d) is in the affirmative, what are the reasons for not providing the Begumpur station with the above? Has it got the heaviest traffic on the Howrah Burdwan Chord?

**Mr. P. B. Rau:** I am making enquiries from the Agent, East Indian Railway and shall place a reply on the table in due course.

### STATEMENTS LAID ON THE TABLE.

**The Honourable Sir Joseph Bhoré** (Member for Commerce and Railways): Sir, I lay on the table:

- (i) the information promised in reply to part (c) of starred question No. 681, and starred question No. 682, asked by Mr. Nabakumar Sing Dudhuria on the 6th September, 1933;
- (ii) the information promised in reply to starred question No. 718 asked by Mr. K. C. Neogy, on the 6th September, 1933; and
- (iii) the information promised in reply to unstarred question No. 107 asked by Rao Bahadur M. C. Rajah, on the 18th September, 1933.

### AMOUNT SPENT BY THE CALCUTTA PORT TRUST ON THE PURCHASE OF MATERIALS IN INDIA.

\*681. (c) *Chairman*—The Honourable Mr. C. C. Stevens, I. C. S.  
*Secretary*—Mr. R. A. Donnithorne.

### TECHNICAL APPRENTICES IN THE CALCUTTA PORT TRUST WORKSHOPS.

\*682. (a) and (b).

	Indians,	Anglo-Indians,	Europeans,	Total,
1929-30 . . . . .	19	10	..	29
1930-31 . . . . .	21	10	..	31
1931-32 . . . . .	18	10	..	28
1932-33 . . . . .	18	10	..	28

(c) Apprentices are not accepted until they have passed the Board of Apprenticeship Training Examination, and they do their technical training simultaneously with their practical training.

(d) Yes.

(e) The work of these apprentices is supervised by the foremen under whom they work. General supervision is exercised by the Chief Mechanical Engineer and the Assistant Chief Mechanical Engineers.

(f) The information is not available.

(g) Owing to extensive retrenchment, no fresh men have been recently absorbed in the service of the Port Commissioners. In the past suitable apprentices have been employed after completing their training.

(h) No.

### EXPORT OF BENGAL AND BIHAR COAL.

\*713. As a result of the inquiries made of the Indian Coal Grading Board, the Government of India are informed that during the first six months of this year the European-owned collieries shipped 87 per cent. of the exported coal from the Kidderpore Docks and the coals despatched were from about 50 collieries.

### LIQUIDATION OF THE INDRAPRASTHA STORES, LTD., DELHI.

107. The liquidation of the Indraprastha Stores Ltd., Delhi has not yet been completed. It is understood that the delay in the completion of the winding up of the company is due to the fact that money has yet to be realised from certain persons against whom the liquidator has obtained decrees from the civil court. Government however cannot press a liquidator of a company in voluntary liquidation to complete the winding up within any specified period.

As pointed out in the statement furnished to Mr. K. Siddheswar Prasad Sinha in reply to his question No. 719 in the Legislative Assembly on the 23rd September, 1929, it is for the shareholders or the creditors to seek their remedy in a court under Section 219 of the Indian Companies Act, 1913, if they are not satisfied with the liquidator. In such circumstances the court can appoint another liquidator.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour):  
Sir, I lay on the table:

- (i) the information promised in reply to part (d) of starred question No. 959, asked by Shaikh Fazal Haq Piracha, on the 6th November, 1932;
- (ii) the information promised in reply to starred question No. 618, asked by Mr. Bhuput Sing, on the 5th September, 1933; and
- (iii) the information promised in reply to starred question No. 710, asked by Mr. K. C. Neogy, on the 6th September, 1933.

### RECRUITMENT OF MUSLIMS IN THE SIMLA POST OFFICE.

\*959. (d) The results of the promised enquiry have established that there was some lack of care on the part of the officers concerned in carrying out orders and the Director-General has decided that they should be given a formal warning to be more careful in future.

**COST OF PRODUCTION OF PUBLICATIONS SOLD AS WASTE PAPER ON THE  
TRANSFER OF THE CENTRAL PUBLICATION BRANCH TO DELHI.**

\*618. The cost of production of the publications disposed of as waste paper during 1932-33 was approximately Rs. 2,42,540.

**COLLIERIES WORKING IN BENGAL AND BIHAR COAL FIELDS.**

\*710. Government have no precise information regarding the extent to which collieries are owned by Indians and by Europeans. A considerable number of mines are owned by joint stock companies of which the shareholders are probably both Indian and European. The total number of collieries which closed down between the dates mentioned was 465, i.e., 136 in Bengal and 329 in Bihar and Orissa. Of these 85 were only closed temporarily. A large majority of these mines were probably owned and managed by Indians.

**Mr. P. B. Rau** (Financial Commissioner, Railways): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 877, asked by Mr. Lalchand Navalrai, on the 1st September, 1933;
- (ii) the information promised in reply to starred questions Nos. 892 to 894, asked by Mr. M. Maswood Ahmad, on the 1st September, 1933;
- (iii) the information promised in reply to starred question No. 968, asked by Mr. S. G. Jog, on the 16th September, 1933; and
- (iv) the information promised in reply to unstarred question No. 76, asked by Mr. S. C. Mitra, on the 18th September, 1933.

**POST OF OFFICE SUPERINTENDENT, KARACHI DIVISION, NORTH WESTERN  
RAILWAY.**

\*377. (a) Mr. Bennett, a permanent Traffic Inspector was selected for the post of Office Superintendent by a Selection Committee, comprising of three senior officers and was posted to officiate as Office Superintendent Karachi. His permanent post of Traffic Inspector was held in abeyance for a short time, after which it was revived and held by another permanent Traffic Inspector.

(b) No. The claims of senior Head Clerks recommended as fit for the post of Office Superintendent were considered by the Selection Committee who selected Mr. Bennett.

(c) The reply to the first part of the question is in the negative. The question of Mr. Bennett's confirmation as Office Superintendent will only be considered in turn on the occurrence of a permanent vacancy.

(d) The Agent reports that no racial discrimination was involved in the appointment of Mr. Bennett as Office Superintendent.

(e) Promotion to the post of office Superintendent is by selection and cannot be claimed as a right. Mr. Bennett when selected was considered the most suitable man for the post and his reversion is not contemplated.

(f) Selection Committees are convened at headquarters for the selection of senior subordinates for senior posts, but as complete records of such subordinates are available in that office individuals are not called up for an interview on each occasion. No departure was made from the usual practice in this case.

### INTRODUCTION OF NEW SYSTEM OF HOURS OF REST ON THE EAST INDIAN RAILWAY.

\*392. (a) Under the old system of hours of work, no uniform system was in force and the staff were given rest periods which varied in length of time. Under the Hours of Employment Regulations now in force, employees classed as "continuous" workers are granted during each week commencing on Sunday, a period of rest of not less than 24 consecutive hours. The following railway servants are granted in every calendar month, at least one period of rest of not less than 48 consecutive hours or two periods of rest of not less than 24 consecutive hours each :

- (i) Artisans and unskilled labour employed on lines under construction and for temporary purposes on open lines ;
- (ii) Mates, keymen and gangmen employed on the maintenance of permanent way.

Railway servants to whom the Hours of Employment Regulations apply are given, as far as possible, in every period of 24 hours a minimum rest period of not less than eight consecutive hours.

(b) Yes.

### NIGHT DUTY OF ASSISTANT STATION MASTERS ON CERTAIN BRANCH LINES OF THE EAST INDIAN RAILWAY.

\*393. (a) The Agent, East Indian Railway reports that the work of Assistant Station Masters on branch lines is essentially "intermittent" and that they work on a roster which provides weekly a full night's rest of eight hours.

(b) Government are satisfied that the hours of duty have been correctly classified as essentially 'intermittent' and they are further informed that only one Goods train in either direction is run on branch lines to scheduled timings and that light engines are very seldom run.

### REST FOR CERTAIN STATION MASTERS ON THE EAST INDIAN RAILWAY.

\*394. The Agent, East Indian Railway reports that station masters employed at stations where they do not perform train passing duties are classed as essentially 'intermittent' and that their duties have been fixed in split shifts so as to give them a minimum rest of six to eight consecutive hours in the course of every twenty four hours. The Agent further reports that the work at such stations is nominal.

### HOLIDAY HOMES MAINTAINED BY THE NORTH WESTERN RAILWAY AT HILL STATIONS.

\*968. (a) and (d). The Railway does not maintain any Holiday Homes; but there is one Holiday Home at Simla maintained by the Headquarters Committee of the staff Benefit Fund.

(b) The following general conditions have been laid down by the Committee :

- (i) The Home is open to permanent subordinate employees with not less than five years' service while on leave or holiday ;
- (ii) families of employees are entitled to use the Home when accompanied by the employee himself ;
- (iii) visitors are permitted to stay in the Home for a period of fourteen days only, except that this period may be extended to one month to those proceeding to Simla on medical advice ;

(iv) a nominal fee of annas eight per diem per suite is charged to each occupant, to cover the cost of lighting, etc.,

(v) visitors are required to make their own arrangements for food;

(vi) beyond the observance of seemly conduct, the general dusting and cleanliness of their rooms, and that all lights must be put out by 10-30 P.M. no other conditions are imposed on visitors.

(c), (e) and (f). The Home is maintained out of the Staff Benefit Fund.

(g) Eligibility of occupation is regulated by the conditions set forth in reply to (b) above. Menial staff are not eligible.

(h) The Home is open to subordinate employees who have not less than five years' service, while on leave or on holiday, without any limit of pay.

(i) This is absolutely incorrect. The Home is only open to subordinate employees, and no subordinate has the power to fine another subordinate.

(j) and (k). Arrangements have been made by the Committee of the staff Benefit Fund to lease additional accommodation in the present building, used for the Holiday Home, for next year. No part of the rent is paid by Government.

(l) No.

#### DISCRIMINATION IN THE DISTRIBUTION OF QUARTERS ON THE NORTH WESTERN RAILWAY.

76. (a) Yes.

(b) Of the Twenty Assistant Controllers employed at Delhi, all but two are living in railway quarters of type No. Q-12; Two were offered quarters of the same type (Q-12) which were available at More Serai but preferred to live at Pahargunj in Railway quarters of type No. Q-9/11.

(c) Does not arise.

#### THE RESERVE BANK OF INDIA BILL.

**The Honourable Sir George Schuster** (Finance Member): Sir, I move.

"That the Bill to constitute a Reserve Bank of India, as reported by the Joint Committee, be taken into consideration."

Before I come to matters of detail with which I have to deal, I should like to take the opportunity to express my appreciation of the way in which Members of the Legislature have co-operated with us in the extremely heavy task involved in the detailed consideration of this measure and the linked measure of the Imperial Bank of India (Amendment) Bill. I doubt if it is generally realised how heavy that work was. We had two Bills to consider which together now contain 100 clauses and five Schedules, and many of those clauses are in themselves practically of the substance of an important Bill. Dividing then into sub-clauses of major importance, there were no less than 263 sub-clauses to consider. Everyone of these has received careful, and, I think, I may say, in some cases, meticulous, consideration. In addition to this, we devoted a full week to discussions with selected experts and we went carefully over all the important questions such as the relations between the Reserve Bank and the scheduled banks, the nature of the business to be done by the Bank, the investments of the reserves and the relations with the Imperial Bank. We also had a full discussion with representatives of co-operative banks and with the representative chosen by the Federation of Indian Chambers of the indigenous bankers. I think I may say that the representative experts whom we saw felt that they had the fullest possible opportunity of putting



before us the practical points which they had in their mind. I may inform the House that I have received letters from many of them since our meetings saying that, although they had originally thought that the procedure which we proposed would not work satisfactorily, nevertheless, having attended our meetings and having been given these opportunities, they were fully satisfied that the way in which we worked was the best way for dealing with these matters. In addition to the banking experts, we had the advantage of conferring with Mr. A. D. Shroff of Bombay who gave us valuable views, not only on the technical matters which we discussed with the others, but also from the point of view of the stock-exchange and the investing public. As a result of this, I think, it may be claimed that a very valuable piece of work has been done. On a great mass of what I may call the practical business machinery involved in setting up a central bank in India, we have carefully checked and in many respects modified and re-arranged the plan contained in the original Bill. As a result, we have produced what I believe to be a much better plan. Now, my object in referring to all this is not to indulge in flattery of the Committee and still less in complacent self-congratulation, but rather to emphasise that a very valuable piece of work has been done through the instrument of the Indian Legislature and to express a hope that this valuable work may not be jettisoned.

Now, let me turn to the report. The main report is a very substantial document and the minutes of dissent cover almost exactly the same, I am glad to say not more, printed space.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): They are equally substantial.

**The Honourable Sir George Schuster:** When I received them, I was reminded by my Honourable friend and colleague, the Law Member, of an old Bengali proverb "the stone is larger than the fruit". But fortunately in this case the minutes of dissent are not all unfruitful and they do not represent one large stone, but a number of small ones which can perhaps be more easily disposed of. As I have little doubt that all Honourable Members will by now have carefully studied the reports, I need not perhaps go through them in detail, and I will confine myself to commenting on the more important features. In doing this, it is desirable to follow some sort of order. Most of the general or political issues arise in the first part of the Bill, in clauses 1—16. Then, as a separate class, one must consider what I call the business clauses of the Bill, the chief of which are clauses 17 and 18, 33 and 42, and lastly, there are a number of other important points on other clauses. I propose to deal with those three classes in the order in which I have just stated. I will first touch on the issues raised in the first 16 clauses and do that as lightly as possible, because they are very fully explained in the report. In the first place, there are some very important issues which can be discussed in connection with clause 4. Under this clause, the Committee took the opportunity to assert, with the full sympathy, I must say, of the Government members, a principle of the highest importance affecting the treatment of Indian nationals by the Dominion Governments and to lay down that full equality of treatment in this matter shall not be accorded to nationals of Dominions which discriminate in any way against Indians. A further point arose in the same clause, namely, that it should be provided in the Statute that at least 75 per cent. of the shares must at all times be held by natural born Indians, and I might conveniently link up

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what I have to say on that question with the similar question which arises as to the proportion of Indians among the Directors and among the Chief Executive Officers which arise under clauses 8 and 15. On these points, I want to emphasise at the outset that there is no difference of opinion between us on the Government side and any member of the Committee as to what will and should be the practical result to be obtained. It is merely a question of what is right and necessary to insist upon by actual Statutory provisions.

Take the question of shareholding first. We on this side have not the smallest doubt that in practice considerably more than 75 per cent. of the shares will actually be held by natural born Indians and we would go so far as to say that we think it right that that should be so. But we must take our stand on the position that, so far as the Statutory provisions are concerned, no distinction can be drawn in this matter between Indian born subjects of His Majesty and United Kingdom,—not Dominion—British subjects, resident in India. That is an essential constitutional principle and the parallels quoted from other central bank Statutes do not apply in the present case, because, in this case, we must regard the United Kingdom British subjects resident in India as equivalent to Indian nationals. Now, on the practical side, if Honourable Members will only consider how the shares are to be allotted and how the voting rights are to be limited, I feel certain that they will be satisfied that there is not the slightest chance of an undue preponderance being acquired by British residents in India. In the first place, the shares are to be kept on different registers which will assure an even distribution throughout India. In the second place, the allotment is to be made so that in the first place to every applicant for five shares or more will be distributed five shares. That means there will be the maximum distribution of voting rights. After that has been done, of the shares that remain, half will be ear-marked for allotment to those who have applied for less than five shares and after they have been satisfied out of that half, the remainder will go to those who have applied for more than five shares, and, as regards the allocation among those people, it is laid down that they must be allocated in such a manner as to secure the widest possible distribution, which means that each applicant on the smaller steps must be filled up before a man on the higher steps can get any further shares. We are quite certain that this will mean that Indians must get practically the whole of the shares at the outset, and we believe further—and we are confirmed in this belief by many of those who appeared before us, including Mr. Shroff,—we believe that the vast majority of these shares will be firmly held and will not come on the market again. But, apart from that, there are other safeguarding factors. In the first place, however many shares any single individual acquires, he cannot get more than ten votes. Therefore, that provision alone will prevent a few rich British residents from obtaining a preponderating influence. Secondly, another point I want to mention is this—that these shares will in fact be much less attractive as an investment for British residents here in India, because, when a British resident retires from India, he will automatically cease to be entitled to exercise a vote or to draw a dividend on his shares. Therefore, on retirement, he will be forced to sell his shares and take his chance of the market price at the time. This feature was protested against by some of the British bankers who came before us, but we regard it as an essential principle which must be retained. I am in fact convinced that Indians will be able to secure

for themselves all that they desire in this matter and that to insist on any Statutory provision is to be regarded rather as a sign of weakness than of strength from those who support Indian national aspirations, among whom we include ourselves. Before I leave this point, I would like to remind Honourable Members of one practical illustration which bears out all that I have said. It is a fact now that a very substantial majority of shares in the Imperial Bank has actually passed into Indian hands. Mr. Shroff, who is very well acquainted with these matters, gave us an estimate that at least 65 per cent. of the shares of the Imperial Bank were now held by Indians. Now, if Honourable Members will realise that the Imperial Bank represents the successor of the three Presidency Banks which were originally essentially European institutions and that, for a long time, the Imperial Bank must be expected to carry on the traditions of those institutions, it is a very remarkable thing that already something like 65 per cent. of the shares have passed into Indian hands. If that is the position as regards a bank which was started at the beginning of the 19th century, I think Honourable Members may rest assured that there is no substance in their fears as regards a bank which is to be started now in the new conditions in the middle of the 20th century.

Then, I come to the points about proportions of Indian Directors. Members of the Committee wished to have two assurances; first, that out of the three principal executive officers, the Governor and the two Deputy Governors, one at least should, from the very beginning, be an Indian; and, secondly, that in nominating the first Directors of the Board under clause 15, the Governor General in Council should be bound to nominate a percentage of 75 per cent. of the voting Directors. On these points also, if there is any difference of view between us, it is not as regards the result that ought to be attained, but as to whether there should be a positive Statutory provision covering it. The latter, as I have already pointed out, raises great constitutional difficulties, but on these points I was able to give the Committee assurances, which I am only too glad to repeat now in the greater publicity of a debate in this House, which were considered satisfactory by the Committee. The first assurance is that in making appointments to the three posts of the Governor and the two Deputy Governors, the Governor General in Council accepts the position that at least one shall be a qualified Indian, and the second is that in nominating the first Directors the Governor General in Council will exercise his powers so as to ensure the proper representation of Indians. And I may add that on that point we are left in no doubt that Honourable Members opposite would consider that a proportion of 75 per cent. of the voting Directors alone represents a proper proportion of Indians. I think, therefore, that Honourable Members may safely trust the Governor General in Council on this matter, and in this connection I would remind them that, in the case of the power to nominate four Directors to the Board of the Imperial Bank, there has not been a single instance of a nomination being made of any but an Indian Director. It is in fact by virtue of that power that a substantial majority of Indian Directors has been at all times secured on the Board of the Imperial Bank.

Now, after this digression on rather wider issues, I must return again to clause 4 and point out that we made important changes there both as regards the distribution of shares among the various registers and by reducing the denomination of shares from Rs. 500 to Rs. 100 and the minimum voting qualification from Rs. 1,000 to Rs. 500.

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I will now turn to clause 8 where we have made a very important change giving the Directors unfettered discretion, without the approval of the Governor General in Council being required, to establish a London office. Although we did not wish to commit the Bank at all times to maintain a London office—to make it obligatory to do so,—we felt, I must say, that at any rate at the outset it was practically certain that the Bank would wish to have a London office, and, therefore, we agreed that this should be left entirely to the discretion of the Directors.

Then, coming back, again, to clause 8, on which I have already said something, I have something further to say there, because it is in connection with this clause that one of the only two differences of opinion has occurred between Government members and the majority of the Committee; that is to say, as regards the limitations which are to be imposed by Statute on the qualifications of the Governor. In this case, as in the others, we are so entirely in agreement with the spirit underlying the recommendations of the majority that I greatly regret that there should have been any difference between us as to what should be stated in the Statute. I still hope that some means may be found for reconciling our views on this matter, views which are clearly expressed in the Committee's report and in our own dissenting minute on that point.

Then, turning to clause 9, we have made important changes there and have introduced a carefully thought out scheme for giving facilities to the shareholders to play their proper role in the election of Directors.

In clause 11, we have made another very important change to ensure the proper independence of the nominated Directors. There are a great many other important points in those earlier clauses, but I propose to leave Honourable Members to read about them in the report, and I will now turn to what I have called the business clauses.

Coming to clause 17 and the other connected clauses, I should like to say something about the general business of the Bank. It is in this connection, as I have already said, that I feel that the Committee has done the most important work. A central bank has to perform duties which are as intricate as they are vital to the well-being of the country. It must be in a position to control, in some measure, the conduct of every bank in the public interest, and it must be given powers sufficient to ensure that control. Yet it cannot do all the work for them. The commercial banks have a part to play in the economic structure which no central bank, charged with its special responsibilities for Government funds and controlling the note issue, can take over from them. So we are faced with the problem of creating a new institution which can control without competing; and the close investigation given to this by the Committee assisted by the expert witnesses has led to some very material modifications in clauses 17 and 18, designed on the one hand to equip the Reserve Bank to exercise more adequately that control and, on the other hand, designed to meet the apprehensions of the commercial banks that the Reserve Bank might compete with them in their normal commercial functions. Now, as regards the latter point, in certain cases,—and I just want to give one example, in the case of sub-clause (9) of clause 17,—we have not suggested any Statutory change in the powers of the Bank, but we have in our report stated our views as to the spirit in which the Bank should exercise those powers, and we hope that the Legislature,

by approving our report, will give an authority to these recommendations which will in effect ensure that they are observed in future by those responsible for the direction of the Bank. In other cases, as in clause 18 which gives the Bank power to go outside its normal sphere of business on special occasions, we have altered the wording so as to meet the apprehensions expressed by the commercial banks and to ensure that the exercise of these special powers shall not become part of the normal business of the Bank. These clauses 17 and 18 deal with the banking department and help to regulate the Bank's position as the bankers' bank and the controller of credit. Closely connected with them, one must consider clause 42 which deals with the relations between the Reserve Bank and the scheduled banks, the scheduled banks including, of course, all the banks of major importance in the country. The consideration of this clause, clause 42, has been one of the chief bits of the Committee's work. I do not propose to go into all the details which are fully explained in our report; but there are two principal points that I want to discuss. The first is the provision for compulsory deposits, and on this we had a very full discussion both with the bankers' representatives and among ourselves. On that particular matter conflicting views, some of which still find expression in one of the minutes of dissent, were held at one time in the Committee; but, in spite of these conflicting views, I think we may say that we attained a very wide measure of agreement as regards the final plan, which agreement included the support of all the banking experts who came before us. In fact the final proposal which has been adopted was based on an unanimous agreement reached by them in private discussion among themselves. On this question of compulsory deposits, I think it must be obvious to any one who considers the functions of a central bank that it must, if it is to perform those functions, hold substantial balances on behalf of the ordinary banks. To a certain extent that is elementary: the central bank is a bankers' bank and, as such, it must hold the balances of its clients. But, beyond that, it must, on the one hand, have some power to control the other banks, and, on the other hand, it must hold a pool of resources with which it can help those banks in case of emergency. Now, if the scheduled banks can claim those facilities and if, although they make those claims, they do not in practice keep adequate minimum deposits with the Reserve Bank, then the fear which must arise is that the improvement in the machinery involved in setting up a Reserve Bank may not lead to the orderly development of banking in India, but to a tendency to exploit those advantages by running on too fine a margin and relying on the reserve institution, not merely in emergencies, but as part of the ordinary daily position and relying on their power of recourse to the central bank in substitution for the banks holding adequate capital on their own account.

I have indeed been somewhat astonished to find that there is in some quarters the belief that the Reserve Bank will be able to conjure money out of nothing: it was even said to us in our discussions that there was no need for the banks to co-operate in finding the resources from which the Reserve Bank could provide assistance as and when required, because it could itself make all the money that was wanted. Such expectations—and, I am sure, Honourable Members really recognise this—could only lead to disaster. Indeed, I do not think that any serious thinker on this subject can dispute that it is essential that the scheduled banks should keep adequate deposits with the Reserve Bank, and the only questions which are really arguable are, first, whether those deposits should be made

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compulsory by Statute, and, secondly, what the size of those deposits should be. Now, on the first point as to whether there should be Statutory compulsion in this matter, it is, of course, well known that in those countries where central banks have grown up as a result of a long period of evolution, it is found possible to rely on the practice which has been established and the authority which the central bank of the country is able to exert for achieving the object without any Statutory compulsion. But the case is quite different in a country like India where we have to create this central bank *de novo*, and we are merely following the precedent of other countries which have recently established central banks and superimposed them on a well developed banking system, in making some minimum deposit by the scheduled banks compulsory. On the question as to what should be the size of the deposits, there, of course, is a good deal to be said on both sides, and we fully recognise the force of those who criticise provisions which they regard as excessive; for, if they are excessive, they can be criticised on two grounds: first, that they would unduly cripple the ordinary banks of the country, and, secondly, that they would embarrass the Reserve Bank by placing it in possession of funds which it might not be able effectively to use. Therefore, we had no rigid ideas as to the percentages which we had laid down and, it is on this point, that the banking experts who came before us helped us most, because, as I have said, after discussion among themselves, they put forward a unanimously agreed compromise, namely, to reduce the original percentages from  $7\frac{1}{2}$  and  $2\frac{1}{2}$  respectively to five per cent. and two per cent. That compromise we in the Committee were quite ready to accept, and we thought that on this basis it would be reasonable to start the whole system.

Now, the second point arising out of clause 42 to which I wish especially to refer is the question as to how provision should be made for the extension of the Reserve Bank facilities to indigenous bankers, shroffs, etc., and to the whole field of rural credit. It is impossible to over-estimate the importance that the indigenous banker plays in the whole of the banking and credit machinery of India. I think it would be no exaggeration to say that his part of the organisation represents, if anything, more than 90 per cent. of the whole; and it is unfortunately true that the links between the whole of this system and the modern banking system of India, in spite of the development of rural co-operative societies and in spite of the opening of one hundred new branches by the Imperial Bank of India, are still rudimentary and incomplete. I want to make it quite clear that we recognise that until the vast portion of India's banking and credit machinery, which is represented by the indigenous bankers, is put into gear with the relatively small machine of the modernised money market, with the Reserve Bank as its central control, it will be impossible for the Reserve Bank to exercise that full control of currency and credit of India which is understood as the function of a central bank in western countries; and it will be equally impossible for the masses of the people who populate the countryside of India to get the full benefits of credit and banking facilities on reasonable terms which a well organised system of banking ought to give. That, I believe, is one of the greatest problems of the future for India, and it is a problem which I at any rate personally feel must be thought of, not in terms of displacing the vast masses of indigenous bankers throughout the country, but of making the fullest use of them by adapting their methods so that they may fit in with the modern banking system and the central bank; but, unfortunately, it is a problem which we could

not possibly tackle in connection with this Bill. We could not tackle it in the sense of proposing any definite solution. I would remind Honourable Members that it was a problem that was very carefully investigated by the Banking Inquiry Committees, and yet they were unable to make any definite proposals on which action could at once be taken, but we felt that, although we could not tackle the problem immediately in the Bill, we certainly ought to do something about it, and we have taken what we believe to be the best step towards tackling it. We have proposed in a very important new clause, which is numbered 54 in the Bill, that the banks shall be put under a Statutory obligation to report in the shortest possible time, and, at any rate, within three years, on this whole problem and to make proposals for legislation. It has to report under two heads in this connection; first, as to the extension of the provisions of the Act to indigenous bankers, and, secondly, as to the establishment of a rural credit department of the Bank or the creation of other machinery for effecting a closer connection between agricultural enterprise and the operations of the Bank. I regard this as one of the most important contributions which the Committee has made on this matter. It may seem that it is rather halting progress, but I am convinced that this is the right way to tackle the problem, and that this is one of the strongest reasons for getting the Reserve Bank set up as quickly as possible, because I thought that this is the sort of problem which the Bank can tackle, of course with the full co-operation of Government better than Government alone. In tackling the problem, it will find available for it all the extremely valuable material contained in the Reports of the Central and Provincial Banking Inquiry Committees, and I hope that in this way we shall be able to reap some fruits of those Reports.

I want to mention in connection with this general idea two other special points, the question of land mortgage banks and the relations between the Reserve Bank and co-operative societies. As to land mortgage banks, I regard their establishment also as a problem which forms part of the general rural credit problem. It needs urgent consideration and the Reserve Bank organization will provide a most valuable instrument for its consideration.

Then, as regards co-operative banks, we considered on the Committee whether they should for all purposes be included with the scheduled banks, but although that particular idea received the personal support of one prominent Indian representative of co-operative banks who came before us, we considered ourselves hardly justified in taking this step at once and have contented ourselves with providing that co-operative banks should receive the same privileges and furnish the same returns as the scheduled banks. We recognised, however, that this first step might in future be carried further with advantage to all concerned, and that it is a matter which can be covered by the Bank's Report.

Then, I turn to another important clause which we considered as part of the business clauses with the bankers, namely, clause 88, which deals with the form of investment for the currency reserves. Here I would like to refer to one important recommendation which is embodied in this clause and elsewhere consequentially in the Bill, namely, that so far as sterling securities are concerned, these should be limited to sterling securities of the British Government, and that the Bank should not hold either the currency or the securities of other countries which are on a sterling standard. In those times of great uncertainty, this seemed to us, after careful consideration, to be the right course and a sound provision.

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Then, of course, there is another difficult and important question which falls under the head of business arrangements, that is the relationship of the Reserve Bank with the Imperial Bank. Many of the points in this connection came before us in connection with the Imperial Bank of India (Amendment) Bill, of which I shall have to make a motion later, but, in addition, of course, we had to discuss it very fully in connection with the clause in this Bill, original clause 43, and the third Schedule. Here I think I need say very little, because our views and the reasons on which we came to them are very fully stated in the report. I may say that one is faced in this matter with the difficulty that, on the one hand, if the Imperial Bank is to perform the intricate and very responsible work which it has to perform and will have to perform for the Bank, it must employ staff with special qualifications and experience, and these can really only suitably be engaged under terms of an agreement. On the other hand, there was, I fully recognise it, and indeed share it to a great extent, a widespread feeling that, if the term of the agreement was too long, the conditions might be found to be operating inequitably for one or the other party long before its conclusion. We, therefore, made proposals for shortening the term of the agreement as originally proposed, and, at the same time, providing for a revision of the actual terms at the end of ten years and, thereafter, at the end of every five years if the agreement goes on. That finishes, I think, all I need say about what I call purely business clauses.

Turning from them, I shall deal with some of the more important matters which I have not mentioned. I would invite particular attention to the alterations which we have made in clause 30 which provide for dealing with the unfortunate possible contingency of the Bank failing to fulfil its obligations where we propose what we consider to be a much more satisfactory plan than was contained in the original Bill.

Then, I might go on to clause 36, because that raises a question the implications of which are of very far reaching significance, namely the question of how the silver holdings of Government are to be dealt with. It is, of course, a question which rather concerns the future policy of the Government than the policy of the Reserve Bank, because, according to the proposals in the Bill, the Bank will have no responsibility for the silver currency and will not be concerned with buying or selling silver, but, as this whole question arises as a result of proposals made in the Bill, we think it right that these results should be fully considered by the Legislature. The actual position now will be that, supposing the Bank were to be started tomorrow, the Bank would take over 50 crores of silver rupees and Government would retain the balance which at present is about 54 crores, and we have to consider what should be the policy for handling that balance and how, if any of it is disposed of, the proceeds should be accounted for. We have prepared a very carefully thought out scheme on that subject which we have submitted to the Committee in a memorandum which is attached to their Report, but the Committee—and it was no fault of theirs—had no time to give proper consideration to this memorandum and, therefore, merely attached it to the report for consideration by the Legislature. We, on the Government side, are very anxious that the Legislature should take this memorandum into account and express its views upon it.

Then, I come to clause 37 in connection with which arises the second of the points on which Government members have found it necessary to



express dissent from the Committee's report. In this case, as in the other to which I have already referred, there is again no real difference of opinion between us and the Committee as to the practical policy to be pursued in any circumstances such as cannot at present be foreseen. It is again only a difference of opinion as to the wisdom of imposing by Statute an absolute obligation on the Bank which will be binding on them in all circumstances.

Then, the next point I have to mention is in clause 39 where we have made a very significant change. Here, in deference to the advice of the bankers and on the unanimous view of the Committee, we have felt it right to retain for the Bank notes which will be issued by the Bank in the future the same unlimited convertibility into silver rupees which is a privilege now enjoyed by treasury notes. Theoretically there was a good deal to be said for taking this occasion to change a practice which is inconsistent with modern conceptions about bank notes, but we have recognised that special conditions prevail in India, and practical considerations outweigh these theoretical arguments.

Then, I come next to clauses 40 and 41, the exchange clauses. As to these, I must again repeat that we take our stand on the London Committee's Report from which the relevant passage is quoted in full in the Committee's report. The two sentences from this which I wish specially to emphasise—and I will not take the time of the House by reading the whole passage—the two sentences which I wish especially to emphasise are these:

"On this basis the exchange obligations incorporated in the Bill must necessarily be in accord with the rupee-sterling ratio existing *at the time when the Bill is introduced.*"

I want to emphasise those words particularly, because that recommendation was unanimously made and approved of by all the Indian members on that Committee. That is what we have done in the Bill. The second sentence is:

"The ratio provisions in the Bill are designed to make it clear that there will not be any change in the *de facto* situation by the mere coming into operation of the Reserve Bank Act."

Now, this is a clear and logical attitude, and I must emphasise what I have said before, that this is a Bill to create the machinery of a central bank for India, and not a Bill to deal with the ratio. The ratio clauses are merely incidental. They indicate the present position on which the machinery of the Bank is to be super-imposed. I must state quite clearly that we cannot regard the ratio issue as arising on this measure. If we had thought that our introduction of this measure was to be made an occasion for attempting to revise the present position, we should never have introduced the Bill at all. The particular question which we have to put to the Legislature is whether they want a Reserve Bank, and not whether they want the present ratio. We do not seek to get any new confirmation of that ratio from the Legislature. That already has Statutory force, and we do not seek or need to strengthen it.

The next point that I have to mention concerns the arrangements for the appropriation of the profits of the Bank, and that is covered by clause 44 of the original Bill and the Fourth Schedule. I might remind Honourable Members that the original plan provided for building up a reserve fund in a way which would have involved the absorption of a very substantial portion of the Issue Department's profits in the early years until

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the reserve fund had been built up to five crores. Now, the profits of the Issue Department represent the currency profits which have hitherto formed an important item in the Central Government's budgetary revenue. These receipts, under a different name, will continue to accrue to the Government budget in the future. They will come in in the shape of a share in the profits of the Bank, for, as Honourable Members will appreciate, subject to paying a dividend to the shareholders which cannot exceed a maximum of Rs. 30 lakhs per annum, the whole of the profits of the Bank will accrue to the Government. But if, in the early years of the Bank, a substantial portion of these profits has to be diverted to the building up of a reserve—and it might quite well amount to a diversion of  $1\frac{1}{2}$  to two crores of Government's ordinary revenue—the result would be a very considerable budgetary embarrassment to Government which would come just at a time, namely in the first years of the new Constitution, when such an embarrassment was particularly undesirable. This result seemed to us to be not only unreasonable, but likely to have reactions which might themselves defeat the very object of the whole plan. We, therefore, devised a plan which seems to us not only to be financially justifiable, but also a plan which will put the Bank into a much more satisfactory position. We propose in fact that Government shall, from the very outset, transfer to the Bank over and above the rupee securities required to provide backing for the note issue a further bloc of five crores of Government securities probably in the form of treasury bills. Now, that transaction will not embarrass the Government in any way. The securities can be created; Government will, of course, add that amount to the public debt and will be responsible for the interest on that sum. But, on the other hand, it must be remembered that interest on that sum will accrue to the Bank and, therefore, indirectly will come back to the Government's pockets. This course appears to be the more justifiable when one considers what the main object is for which this reserve fund is required. It is required mainly to provide a fund which can be drawn upon to make up any depreciation which may accrue in the market value of the Government securities held by the Bank. Honourable Members will appreciate that the reserves must exactly cover the nominal amount of the note issue and those reserves must be kept up from day to day at their full market value. If, on the 50 or 60 crores of Government securities which the Bank may hold in its reserves, there is a depreciation of, say, one per cent, then at once the Bank would have to set aside 50 lakhs, from its reserves so as to keep the figure up to its right level. For that purpose it should have a reserve fund, and indeed it should have that fund from the very beginning, and our proposal will ensure that it is a fund of that kind available from the beginning. The result is that allocations to reserve fund will not be made from the profits of the Bank, and therefore, will not embarrass the budgetary position of the Government except in so far as allocations are necessary from year to year to keep the fund up to its original amount of five crores. The provisions for giving effect to that arrangement are contained

1 P. M. in the new clause 46 and clause 47, which represents the original clause 44.

Then, there is another important point to which I must just refer. That is the new clause 48 which clears up the position as regards the Bank's

liability to Indian income-tax. As regards British income-tax on investments in British securities, including, of course, sterling bills, I am glad to be able to state that the British Government have agreed to exempt the income of the Issue Department of the Bank in England from liability to British income-tax. At present, of course, when profits accrue to Government from the investment of funds held in the paper currency reserve or the gold standard reserve in British securities, we are not liable to income-tax, because they are regarded as receipts of the Government, but when those receipts become the receipts of a bank, which is a private institution as opposed to the Government, there might be some question of liability to income-tax; but I am glad to say that that question has now been disposed of and, as regards the provisions for Indian income-tax, we have thought it right to provide that the Bank as such should not be liable to income-tax, but that the shareholders, who receive dividends from the Bank, should, of course, be liable to tax just as holders of Government securities are liable.

Then, I have only one more point to mention. I come last, and appropriately last, to the provisions to apply in the case of the liquidation of the Bank, an event which I hope it is not necessary seriously to contemplate. These provisions are contained in what was formerly clause 51 and is now numbered 56. We link this up with clause 30, to which I have already referred, and we have added an important proviso according to which the amount which the shareholders can get on liquidation of the Bank should not be unduly large in the event of an early liquidation of the Bank. We propose in fact that the premium to be received from the shareholders on liquidation shall not be more than one per cent. for every year for which the Bank has been in operation, with a maximum of 25 per cent. So, if the Bank were liquidated at the end of 15 years, the shareholders could not get more than Rs. 115 for every Rs. 100 that has been put in. This seems to us to be a fair provision, and it is a provision which becomes all the more necessary if the proposal to which I have just referred of starting off the Bank with a reserve fund of five crores presented to us is adopted.

Sir, I am afraid, I have taken a great deal of the time of the House in describing these new features introduced on the recommendation of the Joint Committee and, even so, I have only mentioned a few of them. I have, however, done so with a deliberate purpose, the purpose of emphasising the importance of the work that has been done and the significance of this measure. I believe that it is now a well balanced measure, carefully designed, taking advantage of the latest experience of other countries and taking into account the special conditions of India. Working on this measure has made me realise, in a way which I must confess that I have never done before, how important it is to set up in India machinery for performing all these functions, how important it is that the control of currency and credit in India should be put under a single directing body and that that body should not be the Government with their necessary rigidity and detachment from the business world, but a business organisation in touch with the main business centres, and commanding the confidence, as I hope it will, of the entire business community of India. In this spirit, I commend this measure to the House. Let them deal fairly with it and with a broad outlook.

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

"That the Bill to constitute a Reserve Bank of India, as reported by the Joint Committee, be taken into consideration."

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. President** (The Honourable Sir Shanmukham Chetty): The Chair proposes to ask Mr. B. Sitaramaraju to move the amendment that stands in his name. It is understood that Mr. K. C. Neogy and his friends do not desire to move the amendments that are tabled in their names. After Mr. Raju moves his amendment, the discussion will be thrown open both on the original motion and on the amendment.

**Mr. B. Sitaramaraju** (Ganjam cum Vizagapatam: Non-Muhammadan Rural): Sir, I beg to move:

"That the Bill, as reported by the Joint Committee, be recommitted to the Joint Committee for the purpose of making adequate provisions in the Bill to serve rural credit on the analogy of the Australian Central Bank."

Sir, this is the second time the report of a Joint Committee of both the Houses of the Central Legislature to constitute a Reserve Bank for India has come up before this House. In welcoming that report, Sir, our feelings are not very different from those of a father on the return of his prodigal son. Sir, this morning Sir George Schuster advised us to take a very broad view of this matter. Well, I for one promise that I do want to take a very broad view of this matter, in respect of which I share the general interest which everyone in this House takes in a measure of this kind designed to constitute a Reserve Bank for India, and, I feel, I have, in common with those well-wishers of the country, particularly of the masses of this country, a special responsibility. It is not only Governors and Governors General who can be said to have special responsibilities: we in our humbler capacities also have our special responsibility—a responsibility for safeguarding and promoting the welfare of the masses of this country. In the discharge of that duty, I desire to examine these proposals in the final form in which the Joint Committee have recommended them and see how they are framed so as to be really useful to the country as a whole and to render satisfaction to what I consider to be the most predominant claim for consideration, namely, the services which a Reserve Bank can render to what may be called "agricultural finance". Sir, this morning the Honourable the Finance Member was pleased to state that that was an aspect which did require some consideration. He has given the reasons why it could not be done now. Though I share with him his regret that it could not find a place here, I regret I cannot share the same view of the reasons which have led him to postpone the consideration of this point. Sir, it cannot be gainsaid, having regard to the agricultural character of the internal economy of our country, notwithstanding the inarticulate nature of the claim, the claim of the masses for service is nevertheless, I consider, the predominant claim for our consideration.

It is from that standpoint that I have tried to study the usefulness of this measure, and it is from that standpoint that I propose to examine it.

Sir, from the moment the London Committee was constituted down to the present time, the measure is treated as though it was the concern of bankers and of businessmen and of them alone. Sir, one of the functions of that Bank, no doubt a primary function of that Bank as a bankers' bank, is over-emphasized, while other functions are either neglected or relegated to the background. Our conception, Sir, of a Reserve Bank, on the other hand, is much wider than that. While the function of a bankers' bank is a very important function, there are other functions which are equally if not more important. I am not forgetting even for a moment the weighty words which were uttered this morning by Sir George Schuster. On the other hand, I feel happy, because they have given me, in the view I have taken, that strength which I very much appreciate. But if this Bank is to be, as it is now proposed to be constituted, viewed purely from the point of view of a bankers' bank, it will certainly be a merely glorified Imperial Bank and its usefulness will be no more than that Bank: Sir, everything that is now said of this Bank as a bankers' bank was also said of the Imperial Bank when it was first constituted. In the Despatch of the Government of India, they said, they had very great expectations of the role which the Imperial Bank would play on that occasion as a bankers' bank. In that Despatch the Government of India expected a great deal from the Imperial Bank. They expected that it would mobilize the capital of India and they said that it could not be expected that the number of banks in up-country districts could be largely increased and placed on a satisfactory footing unless there was a powerful bank to which a sound institution could turn in times of trouble and to which it could look for guidance on its general financial policy and they anticipated that it would serve as a bankers' bank more effectively than the old Presidency Banks and they hoped that the Imperial Bank would form a solid background, necessary for the healthy development of the various forms of banking—agricultural, industrial, and ordinary joint-stock, etc., of which this country is so much in need. Through the multiplication of its branches, and with the aid of the Government balances placed at its disposal, they thought it would help the money market in times of need. Sir, we all know, it is common knowledge, how those expectations were actually realised. I do not for a moment wish to minimise the importance of the interests of businessmen and bankers in this measure. But however important they be and however affluently circumstanced in life the bankers and businessmen be, their interests are secondary to the claims of the nation as a whole. It must be admitted that our nation is a nation of agriculturists and in a measure which is primarily intended to unify the control of currency and credit, having regard to the agricultural character of the internal economy, the claims of the inarticulate masses for credit facilities and service must be admitted to be all-important. For generations the cultivator had been under the grip of the indigenous banker whose usurious policy would put even a Shylock to shame. I was feeling a little nervous this morning when Sir George Schuster said that he would make a special study of the indigenous bankers and follow the methods pursued by them. Probably he did not mean what was uppermost in my mind. But, Sir, we know it perfectly well that the indigenous bankers policy has been very detrimental to the well-being of the agricultural population. There is probably no other country in this world

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where this system, which has led to unparalleled poverty and economic distress and also economic servitude, is allowed to thrive at rates of interest even as high as 75 per cent. Half-hearted legislative measures proved a failure. While other nations turned out the Indian *sahukar* bag and baggage, the *sahukar* is still uncontrolled at home. The co-operative movement for short term credit is only playing the role of a barber who can only shave the unwanted growth of the day, but could provide no relief for the chronic indebtedness which is following the cultivator like the curse of Cain from generation to generation. As if this hereditary load was not enough, the cultivator is, by the unprecedented drop of prices of primary products, faced with unparalleled misery and distress, because even the little gold that he ever was able to secure is being sold to procure for him the bare necessities of life. All this misery cannot be attributed solely or even mainly to world conditions. If an earnest and a sincere attempt is made, this Reserve Bank Bill can be so framed as to render considerable relief to the cultivator and that can be done in two directions where he needs it the most. Firstly, by taking your hands off the rupee and allowing the cultivator to obtain for his produce the price he would have obtained but for your arbitrary and unjustifiable interference. Secondly, by mobilising the agricultural credit under the aegis of this Reserve Bank in the manner in which countries like Australia have done.

With regard to the question of ratio and the linking up of the rupee with the sterling, a great deal has been said on the floor of this House and a great deal has also been said in the country. If I were to speak at any great length on that subject, I would only be repeating arguments which have become very familiar to you. But this much I must say that the acceptance of the proposal of the Government even as a temporary measure is both unsound and against the considered verdict of this House. Further, the postponement of the consideration of a suitable monetary standard in a measure which is primarily intended to secure monetary suitability is like a marriage without a bride. Whatever may be the justification for the proposal to postpone the consideration of a suitable monetary standard pending the world recovery, whatever may be the justification to refuse the divorce from the matrimonial bondage between rupee and sterling as inopportune now and however well placed may be the confidence that there would come a time when a dissolution of that marriage could be accomplished, there appears to be no justification whatsoever for the maintenance of the ratio so arbitrarily determined by the Government, to maintain which the primary agricultural producers of this country have been and are being sacrificed. Although the Indian delegates to the London Committee have opined that a suitable exchange ratio is an essential factor for the successful working of the Reserve Bank, the majority of the Joint Committee in their report say this and it was practically endorsed this morning by Sir George Schuster:

"The Government Members have made it clear to us that their intention in introducing this Bill is merely to create the machinery of a Central Bank and not to ask for any special confirmation from the Legislature of the present ratio. We are prepared to accept the view, therefore, that the ratio issue does not arise in the present Bill."

Sir, this remarkable statement of the Honourable Members of the Joint Committee is an index of their inability to give an unfettered judgment on such an important issue. One would like to know what they really think would be the effect of enacting clauses like 40 and 41. By the Currency Act of 1927, the rupee was valued at 18d. gold. In September, 1931, when Great Britain went off the gold standard, it was tacked on to the 18d. sterling, and that was done not by any legislative sanction, but purely by executive action. Thereafter, you, Sir, have done a great service to the country by yourself moving a Resolution disapproving that link between sterling and the rupee. That Resolution of yours was accepted by the House. So far not only there was no legislative sanction for the 18d. sterling ratio, but there was before the country the verdict of this House that it was not conducive to the welfare of the country as endorsed by this House. Under this Bill the Currency Act is being repealed. If today clauses 40 and 41 are passed, for the first time legislative sanction would be given to the 18d. sterling ratio which was arbitrarily fixed, as I have said already, by executive action and without legislative sanction. The upper limit also which was fixed in clause 41 at £0-1-6 3/16d. is equally arbitrary. "Special confirmation was not wanted from the Legislature", says the majority report, "and that the ratio issue does not arise in this Bill". It was very difficult for me to understand that proposition. They say so, because the Government spokesmen say so, but they have not realised for themselves that the intentions of the Government under clauses 40 and 41 are to maintain the 18d. sterling ratio in which the Government are interested and this could have been gathered without any effort unaided by the spokesmen of the Government. If it were not so, the banks exchange operations would certainly have been provided under sub-section (3) of section 17 by so modifying that sub-section as to enable during the intervening period between now and the time when the present basis of our monetary standard is finally decided upon, the banks should be free to purchase and sell gold in currencies of such countries as may be in that bank's discretion deemed necessary with a view to having an adjustment in the general level of prices. These two clauses, 40 and 41, if passed into law, whether the intention of the Government behind these two clauses is direct or indirect, would continue to affect the economic well-being of a large class of my countrymen, called the agricultural population in this country. The internal conditions are such that by passing these two clauses we would be lending support to the wrong already done to the agricultural population of this country. Even temporarily if the ratio is 18d. sterling and is allowed to continue notwithstanding what our rulers may decide hereafter regarding our ability to change that, it would mean a continued lower and unremunerative price level for India. More than 75 per cent. of the population of this country are agriculturists. There has been unprecedented drop of prices causing widespread misery and distress. That the ratio and the link with the sterling has definitely proved to be a bar and a hindrance to the rise in prices is common knowledge. Great Britain, America and Japan have departed from the gold standard slowly with the idea of self-preservation, while in those countries the external value of currency is made subordinate to the requirement of domestic trade conditions and price levels; in this country its external value is determined arbitrarily by Government. It is recognised by all, even by the British manufacturers themselves, that the purchasing power of the masses in India should be increased by higher commodity prices.

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and this could only be secured by allowing the rupee to find its natural level. An over-valued rupee is highly detrimental to the primary producers of this country, as it means that the domestic price of commodities will be proportionately lowered and to that extent the economic distress is the artificial creation of the State, a State not governed by Indians. India's need is the rise in price of raw materials and foodstuffs. The British requirements on the other hand are reduction in the cost of industrial production by obtaining cheap raw materials and foodstuffs. Those conditions which influence the British authorities are not only different from, but even opposed to, those which can be said to promote the interests of this country. The other day, the Secretary of State for India stated in the House of Commons that the exports of privately owned gold and the link with the sterling at 18d. ratio had been of the highest advantage to India. According to him it is not even a mere advantage, but it is of the *highest* advantage. Who says so? It is the all highest, the great Mughal in London. How it is an advantage to us, it is for Honourable Members to discover. Probably you will discover that the advantage lies in the fact that the ryot, faced with this abnormal fall of prices for his crops, need not trouble himself either with the crops or sales, and he, having parted with his gold, can be as happy as a beggar having nothing to give or to lose. To be serious, the over valuation of the rupee, the inter-racial marriage with the sterling and the export of gold have proved beyond question to be detrimental to the economic well-being of the country as a whole. My friend, Mr. Jamal Mohamed, has sent to all of us thundering wires about this. He says, and I dare say when he says this, he has the whole of Indian rural population behind him:

"Present exchange ratio keenly aggravating intensifying depression ruinous to country's agriculture industry commerce destroying peoples purchasing power as regards both indigenous agricultural product and manufactured articles fearfully sapping country's vitality its continuance will land country into irreparable economic ruin implore you do your utmost best to save poor country from such irreparable but sure ruin by bringing about devaluation lower ratio suitable to country's supreme interests."

Sir, this apprehension of Mr. Jamal Mohamed is shared by every

reasonable and responsible Indian in this country. It can be

3 P. M. shown of course,—I do not deny it for a moment,—that in some directions this ratio had been also proved advantageous to us. Sterling obligations, the possibility of additional taxation, and things like that have been advanced. But, Sir, the greatest good to the largest number of people, and that of what kind of people? People who are so poor as cannot least bear the strain of this, is my justification for a revision of this policy as the preponderating balance would certainly be in favour of such a revision. Japan, America and Britain made every effort to conserve their gold followed by currency depreciation as the only way to tide over the depression and withstand international competition. India is not given the same advantage. For what reasons did America, Japan and Britain put an embargo on gold and engage in a race of currency depreciation? Why, what is good for them is not good for us! While those countries are preserving their international energy in the form of actual gold, we are made to lose it. While their internal prices and trade requirements are made to improve by depreciation, we are made to keep at the point of the bayonet a high artificial value for our currency. Even if trade revives tomorrow or in the near future, we will still have the misfortune to record very low prices.



Sir, that is the first aspect of my grievance. The second aspect of my grievance is that no provision has been made in this Bill to serve rural credit as was, for instance, done in the case of the Australian Central Bank. I will come to clause 54 and I will also deal with the remarks made this morning by the Honourable the Finance Member. In this Bill, of course, there are some like provisions which have certainly misled some of our friends into believing that the needs of agricultural finance are all provided for. These provisions, Sir, merely take note of the fact that there is such a requirement as that of agriculture. They merely recognise the right for service, but they do not provide the service itself. Such service as is incidental to purely banking functions has been provided for, and the one relief which the agricultural character of the internal economy demands is made conspicuous by its absence. As an afterthought the need for the establishment of a rural credit department was felt during the late sittings of the Joint Select Committee for the purpose of serving agricultural finance, but when it came to translating into concrete proposals, the Honourable gentlemen of the Committee evidently felt that it was too small a matter for them to make the necessary provisions themselves, but considered that it should be left to the Reserve Bank itself to do the needful if the Bank has any mind to recommend this being done. This morning the Finance Member was pleased to state that a statutory obligation was imposed upon the Bank to create this department. I am afraid the language actually used in this clause does not bear out that meaning so far as I can understand it. What the clause says is this:

"The Bank shall, at the earliest practicable date, and, in any case, within three years from the date on which this Chapter comes into force, make to the Governor General in Council a report, with proposals, if it thinks fit, for legislation, on the following matters," etc., etc.

I particularly want Honourable Members to note these words, "If it thinks fit". Where is this statutory direction that they should do it? If the Bank does not care to open a rural credit department, they are perfectly competent under this clause not to recommend it, because that discretion fully and completely rests with the Bank itself. Therefore, according to the actual proposals made by the Joint Select Committee this matter was left to the discretion of the Bank itself, but they have not realised that this important branch of service cannot be properly left to the will and pleasure of the Bank itself. If this Reserve Bank is to be really useful to the country, which, as has been already stated, is mainly agricultural, and since more than 65 per cent. of the credit of the country is under the grip of the indigenous banker, and if this institution is to afford credit facilities, under this Bill you cannot ignore that and 65 per cent. of credit facilities left unprovided for. Sir, as I have said, this 65 per cent. of the credit of this country is in the grip of the indigenous banker who is the buyer, the lender and the seller, all rolled into one. The service to rural credit, therefore, on the analogy of Australia, is not only necessary, but very urgently called for. If that service is denied to us under this Bill or even if it is left to the sweet will and pleasure of the Bank itself, this Bill is no good to us. Far from relieving the cultivator from the grip of the *sahukar*, you will only be providing new task-masters for him. Financiers in India and financiers in London are evidently thought of. Between the indigenous *sahukar* and the foreign *sahukar*. But between the *banias* at home and the *banias* abroad what

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chance have you provided for the large class of my countrymen to have one full meal a day? The economic bondage and the servitude of the agricultural population is unparalleled and although it may not be necessary for me to bring in the analogy of any other country, I am still bringing in the Australian example of service to rural credit. In Australia, the Central or the Reserve Bank is made to recognise that its service to rural credit is just as important as its orthodox banking functions. Under the Australian Act, a separate rural department has been created under the Reserve Bank. I do not propose to read out all those provisions at length, but I do draw particularly the attention of this House to three or four provisions which would indicate to them the way in which the Australian Government are satisfying the needs of rural credit. In section 60 ABB it says:

"For the purposes of this part there shall be a Rural Credits Department of the Bank, which shall be kept distinct from all other departments of the bank."

Under the next provision, the Treasurer may, from time to time, out of the monies legally available lend to the Rural Credits Department such sums for such purposes and at such rates of interest as are agreed upon by the Treasurer and the Bank. Then there is another provision which says that 25 per centum of the net annual profits of the note issue department shall be paid into the Rural Credits Department until the amount so paid reaches a total of £ two millions. There is another provision by which the Bank was permitted to issue debentures of various kinds, and then also there are provisions under this section which give a certain latitude to the Bank itself to render necessary service. So much about the Australian example. This morning the Honourable Sir George Schuster was pleased to state that there were certain references about this aspect of the needs of the country to be provided for under the Reserve Bank, when he said that some Banking Inquiry Committees referred to that aspect. If a little more attention is paid, I am sure, there would have been a great deal of help received from the reports of the Central Banking Inquiry Committee itself to do the needful in the matter. The majority report of the Central Banking Inquiry Committee dealt in a way with this aspect of the case. They said:

"The question whether the structure should not be completed by an all-India co-operative bank as an apex has often been considered, but we think that, when the Reserve Bank is established, the need for an apex bank for the provincial banks will no longer be felt as the provincial banks will then be provided by the Reserve Bank with all the financial facilities required by them."

But in the minority report on the other hand they had dealt with the problem in greater detail. I would particularly like to read a few passages where they have also attempted in a way to draw the constitution of such a department. I would also draw attention to certain facts from that report which I feel sure Honourable Members would like to know. The minority report says:

"The figure of rural indebtedness in British India has been estimated by the provincial committees at 876 crores of rupees. The position of the *mahajan* or the *sahukar* as the universal financier in India for the agriculturists is brought out by the provincial committees. Public opinion in India has been in favour of measures for making available for the agriculturist long term accommodation at a reasonable rate and on reasonable security."

Then they say:

"The object of State policy should be to extract the cultivator from the morass of heavy interest rates, semi-slavery and helplessness and lead him to a position of solvency and freedom from debt."

They further say:

"The supply of capital in agricultural districts is inadequate. Inadequacy is demonstrated by the rates, which are charged for loans. . . . The co-operative movement can never replace the money lender in general, and the agriculturist money-lender in particular. Steps should be taken to bring down money rates all along the line. This will affect all contracts, including those between the agriculturist money-lender and his client. . . . There is no special object in land mortgage credit being made available only through the co-operative movement. Funds for mortgage credit should be raised by debentures, but it would not be easy for private enterprise to do so, unaided."

Then they say:

"In order to work the scheme on a sufficiently large scale and to safeguard the interests of Government, who guarantee debentures, a land mortgage department would have to be instituted in connection with the Reserve Bank to do the following."

And then they give a number of details which Honourable Members may not like to be read out now. Finally they say:

"The Reserve Bank would also be able to place land mortgage debentures guaranteed by Government, on foreign markets. If a land mortgage department is created with the Reserve Bank, there is no need for an apex land mortgage bank in each province."

The Government had, the Committee had, every one in the country had before them these recommendations. They had before them the example of countries like Australia also, and they knew perfectly well that in giving credit facilities you cannot reasonably exclude a large population, particularly when you consider that they are under a great bondage, and that that credit forms nearly 65 per cent. of the total credit supply in the country. The omission to make the necessary provisions is sad. This Australian example and the indications given in the Banking Inquiry Committee's reports give us a good guide. I do realise that in working out the details the needs of the country should be particularly emphasised in a suitable manner. While the short term credit system under the co-operative banks is useful only for day to day requirements, the chronic indebtedness and misery of the cultivator can only be relieved by long term credit policy. Land mortgage banks for long term credit are thought of as the only means. I was very glad to hear this morning that Sir George Schuster also had that view—though according to him the present is not the time—that in future at any rate both these land mortgage banks for long term credit and the co-operative banks for short term credit should be brought under the Reserve Bank. The same broad view also was taken by his predecessor, Sir Basil Blackett, who, speaking in this House on the 10th February, 1927, stated as follows:

"The Reserve Bank, I think, ought certainly to be an extremely useful institution for the purposes of the provincial co-operative banks, but I think it would be a more useful institution than a single co-operative bank for the whole of India. I do not know whether that answers to some extent the implications of my Honourable friend's (Mr. T. Prakasam's) question. I do not think that the co-operative banks should come under the same category as joint stock banks and be asked to place with the Reserve Bank, as a matter of legal obligation, a proportion of their time and demand liabilities. But that the Reserve Bank should, through the co-operative banks, use its influence for the advancement of the financial interests of agriculture and the agriculturists is, I think, most desirable, and I hope, when it comes into existence, it will do a great deal to advance the interests, through the co-operative banks, of agriculture, of the marketing of produce and the facilities for agricultural loans generally."

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It will thus be seen that he also took the same broad view as the Honourable the Finance Member of India today has taken, that the Reserve Bank should provide for rural credit. But the Honourable Sir George Schuster feels certain difficulties which he thinks are insurmountable now to give effect to that; but, Sir, I am afraid I cannot take the same view as he does. The matter has been, as I have already said, for a long time before the country, and if this institution is to be really useful to give credit facilities to the people, and if it is to be really useful to the country as a whole, then I think that the time has come that a suitable provision should be made for this in the present measure. The Honourable the Finance Member expressed the hope that the country should encourage the establishment of these land mortgage banks. My friend, Mr. Das, as usual got up this morning, when Mr. James put a question regarding land mortgage banks and asked "what about Orissa"? I do not know whether he actually said Orissa, but anyhow he got up and I think Orissa was in his mind. . . .

**Mr. B. Das:** What about other provinces?

**Mr. B. Sitaramaraju:** Sir, land mortgage banks were established in this country, even before the Banking Inquiry Committee made their recommendations on this, in Madras, Bombay and the Punjab, but my friend, Mr. Das. . . .

**Mr. B. Das:** I was trying to profit at your cost.

**Mr. B. Sitaramaraju:** Sir, I welcome the day when Orissa gets a land mortgage bank as soon as it becomes a separate province. If there can be any institution which can be really useful to the country and to large classes of agricultural people, it is the land mortgage bank, and I am sure that the same facilities which were wanted in Madras would be provided in other provinces including the future province of my friend, Mr. Das.

**Mr. B. Das:** Thank you.

**Mr. B. B. Puri** (West Punjab: Non-Muhammadan): You want to leave us behind?

**Mr. B. Sitaramaraju:** But Punjab stands much more in need of it and has already got these banks established. But, Sir, as I have said, in this country the province of Madras for the first time established a land mortgage bank, and the Government of India have, far from showing any appreciation of the efforts made to better the conditions of the rural population, not only declined to translate their sympathy, so often and so profusely expressed for the poor cultivators and the masses, but have refused so far to give liberty of action to the Government of Madras in such a small matter as declaring this as a trust security after having refused to undertake legislation themselves, although Bombay had the fortune that its co-operative securities should have been declared as trust

securities. But so far as Madras is concerned, nothing has been done by the Government of India although very nearly four years have elapsed since the land mortgage bank was established and for the last two years the Government of Madras was pressing for recognition of their debentures as trustee securities. All that we are promised today is that the matter will be discussed with the Finance Member in his Chamber. One of the complaints which the President of the Land Mortgage Banks in Madras made was this—and it is contained in this small book which was issued by him.

"It is understood"—

I do not know how far it is correct,—but this is what he says:

"It is understood that the Government of India have an idea that the debentures of this bank are unsound, that the Imperial Bank may be embarrassed by being asked to lend on the securities of this bank,"

And he asks further—

"if any objection has been raised by the Imperial Bank, will the Government of India place the interests of the Imperial Bank before the well being of the agricultural classes? At a time when the whole question of finance under the new Constitution is under discussion, it will be unfortunate if an impression is created that the Government would prefer the interests of the banks to those of the agriculturists."

Sir, these are the very moderate words of the very moderate politician, the President of the Liberal Organisation of this country, Diwan Bahadur Ramachandra Rao. Therefore, when that is the way in which the Government are looking at this matter of such great importance to the well-being of the agricultural population, what a poor chance there will be if this matter were left to the Reserve Bank to do what it deems fit, and particularly to a Reserve Bank which, according to the proposal now before us, is to be a bank of the shareholders type, what earthly chance can there possibly be that the Reserve Bank will help the agricultural population of this country? Now, Sir, the interests involved in this matter are really so great and so important to the country at large that I do press that this matter must be considered here and now. As was done in the case of the Australian Act, I do say that it is absolutely essential that we should have forthwith a separate department to deal with rural credit. There can be no possible objection to create forthwith a separate department, and that separate department may be divided into two distinct groups as was indicated this morning by the Finance Member,—one into short term credit for co-operative banks and the other for long term credit of the land mortgage banks. These two departments are, I think, absolutely essential in the interests of the agricultural population, and these may be managed by a committee of three persons, one a Director of the Reserve Bank, another a representative of the co-operative association, and a third a representative or nominee of the co-operative societies. This committee will be responsible to the Central Board of Directors of the Reserve Bank. This would serve for co-ordinating the various parts of the co-operative organizations and serve as an Imperial Board of Co-operation as suggested by the External Capital Committee, to co-ordinate the working of the

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movement and facilitate the supply of funds. The External Capital Committee, Sir, with regard to credit facilities stated as follows:

"The increase of credit facilities on thoroughly sound lines is a matter of no less importance. Necessary safeguards against the dangers inherent in artificial facilities should, of course, be provided, but there is scope for material improvement in the machinery for the provision of credit. At present miscellaneous credit facilities are afforded to agriculture, either direct by Government or under Government control, by means of *takavi* advances and through the provincial co-operative banks, and many schemes have been suggested for the extension of long-term credit to industries either by direct Government assistance or through land and industrial banks. There all appear to us to require co-ordinated examination, especially those relating to agricultural credit, so that they may be woven into the fabric of a general banking system."

Sir, in Japan, France and Germany such central organisations are in existence. A recent writer, Mr. M. R. Darling, in his work, "Co-operation in Germany, Italy and Ireland", proposes that such an all-India department should be brought into being. At the time when he was writing the book, there was only the Imperial Bank, and he suggested that even when there was only the Imperial Bank it should be a part of the Imperial Bank under the control of the Government. Now, Sir, as we are going to have a much greater, a glorified Imperial Bank, or a Reserve Bank which is expected to give credit facilities and serve as a bankers' bank, the co-operative central banks can be co-ordinated under this special Rural Credit Department.

With regard to the long-term credit, the same remarks which I have made about co-operative credit would apply regarding management by a similar committee of three. It can deal with the issue of debentures on which the land mortgage banks receive their sustenance and supervise the credit and control of these banks. If the Reserve Bank were to issue these debentures, as it would be in intimate contact with the money market, it can know best the time and opportunity most suited for such issue and be able to tap wider sources of finance. As this will be a distinct branch of service and different from the commercial banks in their orthodox commercial and banking functions, the orthodox notion of short-term credit policies have no application. With regard to the supply of funds, I would like the same provisions as were made under the Australian Act.

I do not claim to have completed a satisfactory scheme. Any suggestions or modifications can be made in the Joint Committee. I am moving this amendment, because it may be said, if amendments are moved in this House, that it will not be possible for it to go into the whole of this question and arrange a suitable scheme unless the matter is dealt with in a Committee, but in case the House were to come to the opinion that it should be done by way of amendments, I have already given notice of certain amendments and I shall then deal with them if it be the desire of the House that it should be so. I am prepared to go to any length with regard to any change provided the principle which I have been trying to impress upon you of providing a separate rural department is accepted by the House. This service to rural credit and a suitable ratio are of such supreme importance that you cannot delay any longer, but they should be done here and now.

There is also another matter. Even the consolation in the assurance given in the preamble that permanent measures can replace temporary provisions is not available to us since the Secretary of State's evidence,

notwithstanding the thin coat of whitewash the Finance Department communiqué gave it. For all practical purposes it makes no difference whether the power to permit modifications or change in the Bill is vested in the Governor General or the British Parliament. The Governor General is, after all, an agent of the British Government, and, as such, cannot ignore the interests of British financiers and is bound to follow the directions of His Majesty's Government. In the Statement of Objects and Reasons it is acknowledged that this measure is in accordance with the recommendations of the Federal Structure Committee of the First Round Table Conference. Did the Federal Structure Committee give any justification for the views now entertained by His Majesty's Government? On the other hand, they are contrary to what was stated by British Delegates and understood by Indian Delegates, because if you turn to the Report of the Federal Structure Committee, at page 265, Sir Phiroze Sethna says as follows:

"If that is done, and if currency and exchange are placed under the Reserve Bank, I should like to know from the Lord Chancellor what is contemplated in this paragraph; whether the Reserve Bank will be under the control of the Legislature or whether the Governor General will again have power to interfere. If he has, it will be a serious matter. For instance, the Reserve Bank might decide to alter the rate of exchange. As you are aware, the Government of India have blundered in that matter most egregiously. In 1898, the exchange was fixed at sixteen pence. In 1920, it was 2s., and it is now 1s. 6d. All India believes that this rate involves a loss of 12½ per cent. to the ryot, which runs into millions every year. India would like to change it. Sir George Schuster said recently at Calcutta that for the credit of India he could not possibly agree to any change, but if the Reserve Bank is of opinion that it should be changed in the interests of India, I trust the Governor General will not have power to veto it . . ."

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): Is he (Sir Phiroze Sethna) related by any chance to the gentleman bearing the same name who did happen to be one of the signatories to the London Committee's Report? (Laughter.)

**Mr. B. Sitaramaraju**: He is the same gentleman, Sir. And Sir George Schuster is the same gentleman as our present Finance Member. Sir Phiroze Sethna continues and Lord Reading then says:

"I trust the Governor General will not have power to veto it.

I cannot but think that there is considerable misapprehension as to what is suggested in this paragraph, and indeed throughout, as to the financial safeguards, as they are termed, and in particular I do think Mr. Jinnah was a little carried away when he said that under this the entire financial control would be in the Governor General."

Further down he says

**Mr. B. Das**: But our Indian Delegates say nothing in the London Committee's Report! What is the use of reading what Lord Reading said?

**Mr. B. Sitaramaraju**: Lord Reading says:

"If you will bear with me for a moment, I should refer to the question of the Reserve Bank; as questions have been asked about it, I will at once express my views. The object of making the provision in the Report is again to preserve the credit and stability of India. I did ask this in the Structure Sub-Committee, and I will ask members who are not familiar with what happens in the world of finance—Sir Phiroze Sethna himself would, I am quite sure, agree with this—to bear in mind that you cannot make alterations in exchange until you are in a position to make provision for them, and all we are seeking is that during the period which must intervene before you set up a Reserve Bank—in my opinion it should be set up as speedily as possible—you should not interfere with exchange. I have never suggested that the Reserve

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Bank should have the right of altering the rate of exchange. The object of the Reserve Bank is that it should manage the exchange and currency, not that it should do anything equivalent to the passing of a Statute. Once you have got a Reserve Bank in operation, on non-political lines, it would be very much in the position of the Bank of England here, it would be an independent Bank to which India could look to act merely in the interests of India and considering nothing else. Well, then, when once you have done that, of course, it would be open, as I conceive it, to the Legislature to pass any Bill that it chose with regard to the rate of exchange. . . I hope now there will be no misunderstanding."

The acting leader of our Party, Sir Cowasji Jehangir, said:

"I am sure, we are very grateful to Lord Reading for his very clear explanation of this clause."

The explanation of Lord Reading satisfied Sir Cowasji Jehangir and other members of the Indian Committee. On that understanding, the provisions were allowed to stand. That is why I referred to what was said by the British Delegation and what was understood by the Indian delegates. This is something very different from the construction which the Secretary of State has chosen to put upon it. The next stage was when the Financial Safeguards Committee of the Third Round Table Conference recommended steps to be taken to introduce this Bill as conceived by the Federal Structure Committee. The Financial Safeguards Committee did not go into this matter at any length. All that it said was that what was proposed by the Federal Structure Committee of the First Round Table Conference should be carried out by the recommendation of the Round Table Conference. The London Committee, in para. 19, opined that a suitable exchange ratio was an essential factor for the successful working of the Reserve Bank itself. Have we got a suitable ratio now? When we are going to have it and when are we going to have the power to have it? Now, Sir, the Secretary of State says, all this is wrong.

**Mr. B. Das:** May I just draw the attention of my Honourable friend to the fact that the London Committee did not say that. It is only some of the Indian members of the London Committee who said that a suitable ratio should be fixed.

**Mr. B. Sitaramaraju:** I meant only the majority of the Indian members of the Committee. Now, the Secretary of State says, all this is wrong. It is admitted in the explanation of the Finance Department that it is now being considered whether or not the Governor General should be permitted to be influenced or not by the Indian Ministry in an adaptation clause. This adaptation clause, if it is given a place in the White Paper proposals, would be an adaptation of the doctrine of Imperial legislative control. The doctrine of Imperial legislative control is as old as British imperialism itself. This doctrine of Imperial legislative control cost them an Empire in America. It cost them a domain in Ireland and it remains to be seen whether the British Government will grow wiser now. It is indeed a remarkable denouement for the hopes held by our Honourable friends, particularly those who are sitting before me who hoped so much that in the future we are going to have some financial control. One may, therefore, well ask why His Majesty's Government do not honestly admit that, as neither the political nor the



economic freedom of India is compatible with their interests, any real transfer of power is not and can never be intended. Leaving aside the intentions of our rulers, let us turn round and ask ourselves the question. What are you going to do? To sustain the dignity of this House and to maintain the honour of your country, there is only one course open to us, and that is to accept no humiliating limitations imposed on the powers of this House. Do the Government of Great Britain propose to give us an adequate representation in the House of Commons or the House of Lords? How else can the interests of India be represented in a House where we are not admitted? Do they really think that we are so simple as to believe that the Britishers in England are better representatives of India than we in this country are? The Finance Member, in reply to the charge that the Government were proceeding with undue haste, referred to the statement that the successful working of the Bank was a condition precedent to the inauguration of the constitutional reforms and that the principle underlying this Bill was before the public for some years. The very fact that the Joint Committee is unable to take even the view taken by its predecessors is proof positive that if this Bill is left to the Indian Legislature, constituted as it is, it will not be possible to expect satisfactory results. The same reason which has evidently prompted the Government to hasten the measure is the ground on which delay is sought. I am not forgetting, of course, the condition precedent aspect. Even according to the communiqué, the final form in which the powers of the Indian Ministry are to be given has not taken final shape. However, even as it is, without being worse, no one with any sense of responsibility for this country can welcome the Constitution as proposed. Far from relieving old bondages, new chains are forged. This Bill is a formidable link in that chain. The Reforms of 1919 cost us much without conceding power. This hybrid Constitution which is about to be set up is going to add greater financial burden without even the liberal outlook of 1919 Reforms. I am reminded of the English proverb: "He gains a good deal who loses a vain hope".

A great virtue is made out of the assertion that this Reserve Bank of a shareholder's type is going to be an institution free from political influences. It is unfortunate that at no stage of the discussions, either in London or here, the phrase "free from political influence" is defined. On every page of this Bill Government sanction and Government control have been written. It is difficult to understand what exactly is meant by "political influence". Do they mean to suggest that a Governor General is not the political head of the State and that he is not the agent of the British Government? If it were said that "free from political influence" means only "free from Indian political influence", that explanation can certainly be accepted, for it is undoubtedly directed towards that end. Our Railways, our finances, our services are all to be outside our control, because we are going to get, what? "An advance towards responsible government"? No, but a responsibly governed India, responsible to whom? Certainly not to the people of this country. Sir, let us, therefore, not pretend that by turning this Bank in the particular type in which it is before us, it is going to be free from political influence. Is the Bank of England "free from political influence"? Sir, a recent writer, D. S. Edwards, in his book "Gold Reserves and Monetary Standard", at page 70, says:

"The conception of 'Sterling area' would not become acceptable to the Dominions and world countries on account of the political control over the fiduciary issue of the Bank of England."

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Sir, it is this kind of political influence or pressure that is deprecated. While the pre-war tendency was to lay even a great stress on the need of State control, certain States, during war-time, having abused that position, the International Economic Conference held at Geneva in 1922 passed the following Resolution:

"Banks and especially banks of issue should be free from political pressure and should be conducted solely on lines of prudent finance."

Sir, what is contemplated, therefore, is merely a check on undue political interference. It makes no difference in practice what that type of Bank is. It depends upon the facilities a Government has to interfere with day to day administration. Political influence is always there. The worst offenders in this regard are countries which have State Banks, paradoxical as it may appear. Let us, therefore, not pretend that a Shareholders' Bank will be "free from political influence", particularly when we remember by whom the Governors and other nominees are appointed and what influence Governors exercise and, for practical purposes, how little the shareholders exercise control. A standard book on this subject says that it has become a common feature that Governments appoint these Governors and the Governors practically influence the Bank. Another author says that an inquiry into the conditions of the banks of Central Europe would show that the people who are the shareholders of those banks care very little. All they care for is the investment of their money in gilt-edged securities. Beyond that they do not know nor care, and, though there may be a million shareholders, in practical effect they control nothing.

Sir, there is another thing. Why a national institution handling public funds should be made free from the influences of bodies representing the people, I cannot appreciate. If it is only a postponement of the conversion into a State Bank till we have in reality a responsible government, I would understand and appreciate that very much. The only factor in favour of Government proposals in this regard is that certain businessmen, who have been associated with this measure from London to Delhi, have lent their support to the Government on this particular motion. Sir, I am not surprised. On the other hand, I would have been surprised if they did not give their support to a Shareholders' Bank because they are born as shareholders, brought up as shareholders and draw sustenance as shareholders and, therefore, a Shareholders' Bank must necessarily appeal to them, and the wider national interests are bound to be lost sight of in their narrow vision.

Sir, I do not like to dwell at any great length upon this controversy whether this Bank should be a Shareholders' Bank or a State Bank. Sir, all arguments have been exhausted, reason is fatigued, but obstinacy is not cured.

**An Honourable Member:** But are you obstinate?

**Mr. B. Sitaramaraju:** As we are not going to have a national Government, Sir, I do not attach as much importance to this question now as I do to other things. However, I am always ready to support on principle the theory that it should be a Bank in which the Legislature should have an influence, but if it is not possible to secure that, then I shall lend my personal support to any measure which will give us some provision which will enable us to convert it into a State Bank. From the point of view of wider national interests, Sir, in view of the limitations on our liberty of action to change the provisions of the Bill, I humbly suggest that this is a very serious matter for Honourable Members to consider, and I hope that

by any action they may take they may not be lending their hand to the signing of their own death warrant. (Applause.)

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

"That the Bill, as reported by the Joint Committee, be recommitted to the Joint Committee for the purpose of making adequate provisions in the Bill to serve rural credit on the analogy of the Australian Central Bank."

**Mr. B. Das:** Sir, we are living in strange times! I well remember the day when Sir Basil Blackett brought forward his motion in 1927 for consideration of the Joint Committee Report on the Gold Standard Reserve Bank. Sir, today we have disarmed you and we hold you tongue-tied in that Chair, and you cannot participate from these Benches in order to speak out your mind to Sir George Schuster. Sir, I was looking at the signatories to that report and the present report, but here I do not find the names of Seth Govind Das, Mr. Jamnadas Mehta, Mr. N. C. Kelkar, Sir Purshotamdas Thakurdas, Pandit Madan Mohan Malaviya, Mr. Rangaswami Aiyengar, Raja Ghazanfar Ali Khan—I need not mention other names, other nationalists who came from the other House and lent their strength to the national feeling of the country. Nor do I find Sir Basil Blackett with his twinkling eyes twinkling whenever any sally went forth from the Opposition. Sir, I find now even the Government Benches empty. Not even the colleagues of the Honourable the Finance Member take any interest in this matter! I remember that day when there was pin-drop silence when the Opposition side launched their attack on the Blackett Bill. Well, then, as I say, we were living in different times and these are strange times.

**An Honourable Member:** I think the Benches were also empty then?

**Mr. B. Das:** Sir if I understood aright, the Honourable the Finance Member said that he had given us a large stone in his majority report, which he collected probably from his colleague, the Leader of the House, on his left. I daresay, Sir George Schuster has eaten the dates of Sudan. Sir, the dates that grow in Bengal and Bihar and Orissa contain very large stones. Now, what the Honourable the Finance Member did say, in effect, "I have given you, in the majority report, a large stone which is going to hurt you one and all, but the minority reports contain small stones." Sir, I, on behalf of the minority signatories, stand here to say that these little stones that are embedded in sweet luscious fruits—the minutes of dissent that we have brought forward—are meant not only for my friend, Sir George Schuster, but for every Member of this House. If the Legislators of this House, unbiassed by favours or by smiles of the Treasury Benches, consider calmly and coolly the sweet and delicious fruits that the signatories to the minutes of dissent have brought forward, they will find that, if they accept our minutes of dissent, they will have sweet fruits and not the big stone which the Finance Member, helped by his colleague, the Leader of the House, had brought forward this morning on the floor of the House.

Now, Sir, before I go into the details of the report, I will join the Honourable the Finance Member in acknowledging the valuable help that we got from the various banking experts who appeared before us. Some of these banking experts, particularly the magnates of the Imperial Bank,

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whom we had expected to be tigers and whose names we had heard before, such as Sir Osborne Smith, Sir Kenneth Macdonald and Mr. Lammond of the Central Banking Inquiry Committee fame, were found out to be human beings. We found them full of human pathos and human touch; they understood our points and we also appreciated their viewpoints. Where we see eye to eye with the majority report, we have been actuated by the valuable assistance we got from these banking experts. At the same time, on behalf of the minority signatories, let me take this opportunity to acknowledge the frank, courtesy and kindness which the Leader of the Opposition, Sir Cowasji Jehangir, in spite of his signing the majority report, extended to us. In spite of his being a plutocrat, he always appreciates the viewpoint of democrats like my friend, Mr. Raju, though he is sitting there, and the democrats are sitting here. I openly acknowledge the appreciation and assistance he extended towards us. He did try to help us, and if we parted company, we parted with mutual goodwill and mutual respect. We have won each other's respect, and I hope the Finance Member will agree when I say that he had also his respect for our essential difference on certain points where the nation does not agree with the viewpoint of the Finance Member, dictated as he is from other viewpoints, namely, those of the Bank of England and the Chancellor of the Exchequer of England. But, I am sure, he will have to acknowledge, some time during the course of this debate, that if we differed from him, it was on essential matters and not because we were there to obstruct him at every stage. We have tried our best, as I said, to appreciate each other's viewpoint.

Sir, the Honourable the Finance Member was very modest in his speech this morning. He is very clever and he did not want to launch the frontal attack. He simply narrated the facts as form the subject matter of his side of the case emboldened and strengthened as he is by the majority report. He did not want to expand the points of variance contained in the minority minutes of dissent, because he knows in his heart that the minority report contains the viewpoint of the nation which has not changed since 1927. Much water has flown under the Jumna bridge since then. If the Finance Member, emboldened by the signatories of the London Committee report, thinks that he can override . . .

**The Honourable Sir George Schuster:** Might I ask whether my Honourable friend is speaking on the motion which is now before the House? If so, whether he is supporting it or opposing it.

**Mr. B. Das:** My friend is impatient. There are two motions before the House. We are considering the report of the Joint Select Committee and there is another motion by my friend, Mr. Raju. If my Honourable friend hears me with patience, he will know which way the wind blows. I am trying to convince him once again here and also to convince the House that the minority reports are the best and, therefore, they should be accepted by this House. There are three important points on which we have differed from the majority. They are, whether the Bank should be a State Bank or a Shareholders' Bank, whether the ratio should be revised and what should be the reserve of the Bank if it is constituted. There are other minor points which I would like to touch upon later on

I will, in the first instance, draw the attention of the House to the majority minute of dissent which has been signed by nine members and the other three members Mr. Bhuput Sing, Mr. Azhar Ali and Mr. S. C. Mitra, also sent a similar minute of dissent, though in a different language. Out of 28 members, 12 members have submitted their minutes of dissent and, in this connection, I would like to say that the House, as it is constituted, consists of packed Members . . . . .

**Mr. N. N. Anklesaria** (Bombay Northern Division: Non-Muhammadan Rural): Still they have signed your minute of dissent.

**Mr. B. Das:** I am not talking of the elected Members of the other House. I am talking of the very constitution of the other House.

**Mr. President** (The Honourable Sir Shanmukham Chetty): No reflection should be cast at the constitution of the other House on the floor of this House.

**Mr. B. Das:** As I was saying, Sir, 12 signatories, out of 28, have signed the minute of dissent recommending that, on these three points, the national viewpoint should be accepted. I hope every Honourable Member of this House has read the discussions of the 1927 Bill and the minutes that we have attached to the report on the present Bill. During the 21 days that we sat, luckily or unluckily, in the Chamber of Princes to do our Committee work, we found that it was a very uncomfortable place. It is meant for people to sleep. There was no table nearby where we could work. I may say that I had occasional naps of sleep, because the very appearance of that Chamber induces sleep.

**Mr. F. E. James** (Madras: European): Is that the reason why you signed a minute of dissent?

**Mr. B. Das:** I hope, my friend, Mr. James, will support me in those minutes of dissent. In spite of my being sleepy, I have put the national sentiment in these minutes of dissent.

**Sir Gowaji Jehangir** (Bombay City: Non-Muhammadan Urban): It was the first and perhaps the last time that we shall sit in the Chamber of Princes.

**Mr. B. Das:** Sir, at every stage we found that the Government control was necessary on the operations of the Reserve Bank. So those of us who represent the masses here, like my Honourable friend, Mr. Raju, and, think, in terms of the masses day and night, we wanted that we should give full power to the State so that the State can do justice to the masses and not have a Shareholders' Bank which will be over-ridden by capitalists either from Bombay, Calcutta, Madras or Delhi—it matters us little whence they came. We have put down in the minutes of dissent one expression in which we asked Sir Osborne Smith how the Directors were elected to those Banks. I will just quote that sentence.

**The Honourable Sir George Schuster:** As my Honourable friend is going to refer to a passage in a minute of dissent which purports to quote from the proceedings when the expert witnesses attended our Committee, I would ask your permission to intervene at this stage to call the attention

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of the House to the foot-note which I myself, as Chairman of the Committee, had to add to those passages, in which I explained that these reports were very hastily prepared, that they were not checked by the persons who appeared before the Committee, and that they ought not to be regarded as accurate records of what they said. I do not wish to suggest that there is anything which my Honourable friend is going to say is misleading, but I feel bound to make this point and I was in some difficulty as to whether it was really in order that records of the proceedings of the Select Committee should be actually referred to in any report of that Committee's proceedings, because, hitherto, the actual proceedings of a Select Committee have been regarded as confidential and not disclosed to the public.

**Sir Cowasji Jehangir:** Does my Honourable friend mean to say that the proceedings were very confidential?

**The Honourable Sir George Schuster:** What I said was that hitherto the proceedings of a Select Committee have been regarded as confidential.

**Sir Cowasji Jehangir:** My Honourable friend will perhaps recollect that the proceedings were reported at fairly great length in all the papers.

**The Honourable Sir George Schuster:** And my Honourable friend will, I think, agree with me that they were most inaccurately reported in those papers. I was pointing out that, in this case also, the report should not be regarded as accurate.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Those who were not members of the Select Committee are in a very unfortunate position. During the discussion, we should know what the truth is, otherwise we shall be very much handicapped.

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): For the identical reason mentioned by the previous speaker, I suggest that no quotations should be made from documents which are not made available to other Members of this House.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muhammadan): Why should it not be made available to others?

**Mr. K. C. Neogy:** With reference to the few quotations that form part of some of the minutes of dissent, may I know from the Honourable Member as to whether he has received any protests from the witnesses either on the ground that those statements were made on promise of secrecy or on the ground that the quotations were inaccurate?

**The Honourable Sir George Schuster:** No, Sir, I have received no protests. But I do not think it follows from that that the gentlemen, whose statements are reported, would necessarily like to have them made public. I think it is quite possible that the gentlemen in question have not even read the reports in which their statements are quoted.

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muhammadan Urban): May I ask the Honourable the Finance Member whether there is any objection to supplying the whole House with the proceedings?

So far as the witnesses are concerned, they are questions and answers and they are not really the proceedings of the Select Committee in the sense in which we understand them, that is discussion between members *inter se*. It is usual with reference to Select Committees that when experts are examined as witnesses, the transcripts of that evidence are supplied to the whole House. That is not an unusual procedure at all.

**The Honourable Sir George Schuster:** That is a matter on which I should like to consult you, Sir. But, speaking for myself, there is nothing in any of these proceedings that I should in the least desire to have kept secret. The only point is that as Honourable Members of the Committee know, the reports had to be prepared very hastily. We were anxious to get them into the hands of the members of the Committee without any delay and it was a very difficult discussion to report. The shorthand reporters did their work extremely well, but they were working under extreme difficulties. I myself, for example, had no opportunity to check the reports before they went to the Press and there are a great many statements where words are given which I think were not actually used by the speakers so that if a member is quoted,—although the general impression conveyed may be quite correct,—if a particular sentence is quoted, it might give a misleading impression. That was my only point.

**Mr. B. Das:** Sir, I have a great deal of sympathy with what fell from my Honourable friend, the Finance Member. I am the last person to misrepresent anybody who is either present here or outside this House. If I bring out certain statements, I may assure my Honourable friend, the Finance Member, that I will never refer to anything except what has been quoted in the report of the Select Committee.

**Mr. President** (The Honourable Sir Shanmukham Chetty): It is a very difficult point to decide as to what are the matters taking place in the Select Committee to which reference can be made either in the minutes of dissent or on the floor of the House. On that bigger issue, the Chair does not propose to give any ruling just at present; but the immediate question before the House is the warning given by the Honourable the Finance Member that the quotations from the evidence given by the witnesses were not really corrected by those witnesses and that they ought not to be considered as very authentic. So far as that is concerned, the Chair would say that when witnesses are summoned before a Select Committee, it must at the very outset be made clear whether the evidence tendered by them is tendered *in camera*. If evidence is taken distinctly on that understanding, then no Honourable Member has got the right to publish any portion of that evidence; but so long as that has not been made clear, it is perfectly legitimate for any Honourable member of the Committee to refer to the evidence tendered before the Committee in support of the argument that the Honourable Member may wish to advance. In future, where Select Committees choose to summon witnesses, it would be proper to make this position clear to the witnesses and, in all cases, where the evidence is tendered in public, the evidence of the witnesses should be corrected and printed and should also be made available to the Honourable Members of this House. In any case, so far as this Committee was concerned, the position was not made clear. The Chair hopes that in future, so far as the witnesses are concerned, the position would be made clear as the Chair has indicated just now.

**The Honourable Sir George Schuster:** What you have said, Sir, is perfectly correct. The position was not made absolutely clear in the terms in which you have just stated, to the witnesses and for that I, as the Chairman of the Committee, must accept the responsibility. It was an error. It would have been better if it had been made clear. But I think I may say that the understanding certainly was that the discussions were rather in the nature of informal discussions for we wanted very frank and free discussions on all the points, and my own view is that the witnesses were not speaking under the impression that their evidence would be published and referred to in the discussion in this House. On the other hand, I do not think that there is anything that was said that any one can object to. Certainly from my own perusal of this very long document, the record of the witnesses, I do not think that there is anything in it which I should feel the slightest objection to letting the Honourable Members know. Only I felt that I must safeguard the position of the witnesses and also that an important point of principle was involved which I ought not to let pass without raising the question.

**Mr. C. S. Ranga Iyer:** Now that you have ruled that quotations can be made from the documents, may I request that the same documents may be made available as early as possible during this Session to all the Honourable Members who can have an opportunity of delivering their speeches in the light of that document and the evidence of the witnesses which are so far denied to them?

**Mr. President** (The Honourable Sir Shanmukham Chetty): So far as quotations are concerned, the Honourable Member, Mr. Ranga Iyer, is perfectly right in saying that no one should quote passages from a document which is not available to Honourable Members of this House. The quotation from the evidence given in the dissenting minute is a passage contained in a document which is available to the House, i.e., the dissenting minute itself and the Chair would allow Honourable Members to read that. But if any member of the Select Committee attempts to read portions of the evidence which is not quoted in the dissenting minutes, then the Chair would not allow him to do so unless copies of the evidence are made available to Honourable Members.

**Dr. Ziauddin Ahmad:** Those of us who were not members of the Select Committee are very much handicapped, because we will not be able to judge for ourselves whether the majority report or the minority report is correct, and, in order to help us, all the information should be supplied to us.

**The Honourable Sir George Schuster:** I think my Honourable friend is perhaps somewhat misrepresenting the position. After all, this House referred the consideration of this measure to a Select Committee consisting of its Members and what it has before it is the report of those Members. It is not necessary, I suggest, that the House should be in a position to go behind the report of those Members and say that they have reached certain conclusions, but that on the basis of the evidence that was tendered to them they had no right to reach those conclusions. I suggest that that is putting the members of the Committee into a position which is very derogatory to their own dignity and inconsistent with the confidence which the House ought to place on them.



**Dr. Ziauddin Ahmad:** The argument would have been correct if the report had been unanimous, but as a large number of the elected Members have signed the report of the minority, I think we should have a right to know what the correct situation is; I may add that the Honourable Member himself has quoted from the evidence.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair does not think any useful purpose will be served by carrying on this discussion. Since the position was not made clear so far as this Select Committee is concerned, the Chair cannot compel the Finance Member to make available to the House a *verbatim* copy of the evidence tendered before the Committee. But if he chooses, he can do so. That is all, and the matter must rest there.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *own* Orissa: Muhammadan): Sir, we understand that certain memoranda were supplied to the members of the Committee. Those are also important documents and ought to be made available to us.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House is not entitled to ask that every memorandum placed before the Select Committee must be made available to the House.

**Mr. B. Das:** Sir, we are very grateful to you for the rulings which you have given just now and which will much facilitate our future discussions, and we will take advantage of these rulings also when other Select Committees come. Sir, I share the apprehensions of the Chairman of the Joint Select Committee that the witnesses might be misrepresented. But I was only going to refer to certain quotations printed here in the Select Committee's report and in future, I will follow my Honourable friend, the Finance Member, and will only summarise the viewpoint of witnesses whenever it suits my purpose. On page 16 of the report, you will find the following question and answer in the evidence of Sir Osborne Smith:

"Q. Do you know of any occasion on which anybody has been elected in a general meeting of a Director without the backdoor influence of nomination first by the Directors?"

A. I have no recollection of it."

Sir, language may be misrepresented, but the purpose is there and I only wanted to draw the attention of the House to the purpose of that question and answer. My object in reading this extract is that knowing the social structure and the economic structure of our cities and the life that we at present live, it is not possible for shareholders to elect the right type of Directors, and it seems very strange to us that the nominees of the very first Directors become the Directors of public companies and concerns. The Reserve Bank that we are framing is going to be the Central Bank of the nation. To me it is going to be the National Bank. Whether I win in my objective to make it a State Bank or whether I do not win, I would see that it should function, as far as possible, as the National Bank of India. Therefore, I would not like to leave the national financial credit to a handful of big financiers or big plutocrats and capitalists like my Honourable friend, Sir Cowasji Jehangir, or similar plutocrats who live in Bombay or Calcutta or Delhi; because, these plutocrats, clever as they are in making their money, have no time to study the mass mind of the country. They have no time to understand the intelligent criticism of the intelligentsia of the nation, because they want to apply only one test. To

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the financiers and capitalists there is one test only in this world and that is what money it will bring to their pockets, whether it is being managed as a sound financial or commercial concern. But, Sir, this Reserve Bank is not only a financial and commercial concern, but it is a national concern. The nation is vitally affected in it, and I do not wish to repeat the pleading of my Honourable friend, Mr. Raju. He has pleaded on behalf of the teeming millions of this country and he wants their interests to be safeguarded. But how can I feel that these nominated Directors or these Directors, who will be elected on the proxy system that this Bill provides, will discharge their obligation to the nation properly and adequately? And we have a precedent to justify this criticism. Let me take the example of the Imperial Bank of India. In 1920, Sir Malcolm Hailey brought out that Imperial Bank of India Act. Thereafter, although it was understood that the Imperial Bank of India was to be the Reserve Bank of India, and I recollect that Sir Purshotamdas Thakurdas made a strong speech on the floor of this House in 1927, that the Imperial Bank should be the Reserve Bank of India, what do we find? The Directors, of course, are nominated by the Government at times, and some, of course, are elected. I do not want to traverse the grounds that were covered by my Honourable friend, Mr. Vidya Sagar Pandya. I may not agree with the dots and dashes which he has put, but the substance of his argument we all agree with. And every day we read in the papers about the failure of joint stock banks and joint stock companies and mismanagement by managing agents. We very often discuss on the floor of the House the mismanagement of the managing agency system, the Board of Directors not exercising adequate control over the managing directors or, as provided here, the Governor. So, Sir, I am for a State Bank. Sir, I have my fights with this Government and my suspicion of the present Governor General in Council, and every day I leave no stone unturned to fight at least one of the Members of that Council. In spite of that, I would like to put up the whole responsibility on the Governor General in Council. What will happen? At least this Government is honest to a degree—it is 20 per cent. honest . . . .

**Mr. Gaya Prasad Singh:** Say 21 per cent.

**Mr. B. Das:** All right: my friend is fond of 21. It is honest to a degree: it tries to look at the situation from the top: it will not look at the situation as the capitalist Directors of the Imperial Bank look at it. We have often discussed about it on the floor of this House: we have said in this House that, during its existence for the last 13 years, the Imperial Bank could not function as a national bank, could not give credit to the masses. Why, today the interest of the Imperial Bank is  $3\frac{1}{2}$  per cent. or 4 per cent. but the co-operative credit societies in Bihar and Orissa are charging  $15\frac{1}{2}$  per cent. to the small villager of the village society. This is a wrong system of credit that has been designed, because the shareholders' interests come in, and the Government cannot exercise proper control or direction over the Imperial Bank. Today we are going to start on a clean slate. We are trying to devise means for a national institution, a national bank that will cater for the millions: why should we cater only for the few capitalists—about 200—of Bombay, Calcutta, Delhi and Madras? That is my main argument, therefore, that I want to trust this Government. I am not thinking ahead: I am not thinking of the new Constitution: I do not know if it is coming in five years: but I am thinking of the immediate processes: I am going to trust you—you may distrust me, but in this matter . . . .

**Mr. R. S. Sarma** (Nominated Non-Official): Why should you not trust those whom they trust?

**Mr. B. Das:** Sir, we will hear our friend, Mr. Sarma, sometimes in this debate, and then we will know how far my Honourable friend will have confidence in those whom the Government at times trust. That is my main argument; but, in spite of this Shareholders' Bank of Rs. 5 crores to which my Honourable friend this morning stated they were going to hand over a reserve of Rs. five crores in securities, the Reserve Bank will handle the national credit, the Government credit of India, which will amount to about Rs. 250 crores. So that it means that the Government of India, the nation, happen to be the deferred shareholders of the Reserve Bank of India. Why should you, therefore, trust a few capitalist Directors with the management of this Reserve Bank? When we hear my Honourable friend, Mr. Mody—I do not see him in his seat now, but I welcome him here after his valiant work in Bombay after resigning and kicking off the office of the membership of the Committee of the Indian Merchants' Chamber—I welcome him, I thought he had come to listen to the debate on the Reserve Bank Bill, being a signatory—I do not know what contribution he made—I do not find any minute of dissent by my Honourable friend, Mr. H. P. Mody; when we hear these representatives of the capitalist classes, they will come and justify that the shareholders' system is the best, although the whole of the financial firmament of the Bombay City today is rocking in danger owing to the failure of a big mill-owners' group. I do not wish to mention names—I have great sympathy with the proprietors of the group, because some of them happen to be my personal friends; but this is the result of management of shareholders' concerns and managing agency systems and the Directors that are recruited from the big classes of plutocrats. I do hope that the representatives of capitalists in this House, including my friend, Mr. George Morgan, will explain how this system satisfies the conditions of the Reserve Bank being a national bank. I am not divulging any secret, but it was brought out in the Joint Committee that gentlemen of the profession of directors often occupy the directorship of forty or fifty concerns. So we do not want to hand over our national assets to company promoters and professional directors. I want to hand them over to our Government. I have confidence even in Sir George Schuster and I will hand it over to him . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Mr. Mody has come.

**Mr. B. Das:** Sir, I welcome once more my Honourable friend, Mr. Mody, on the floor of this House, because he has come to justify and substantiate the signature that he placed in his London Committee's report. I was also referring to the fact that my friend, after kicking off the membership of the Committee of the Indian Merchants' Chamber—I am also a member of that Chamber—has come here.

**Mr. F. E. James:** You are also a capitalist?

**Mr. B. Das:** Let me remind my Honourable friend, Mr. James, that I am a democrat.

**Mr. R. S. Sarma:** A democratic instrument of capitalists!

**Mr. B. Das:** We are straying from the point: I do not wish to discuss how one becomes a democratic instrument of capitalists. I do not live in the towns of Calcutta or Bombay at present to understand and appreciate how one becomes an instrument of capitalists . . . .

**Sir Cowasji Jehangir:** You did Bombay the honour of living in Bombay at one time?

**Mr. B. Das:** Yes, I did live there for 12 years. But leaving that aside, I wish to draw the attention of my Honourable friends, particularly those who have been elected and who have to answer to their constituencies within a year from this date . . . .

**Mr. R. S. Sarma:** Within a year you have to answer the Viceroy and Governor General, not your constituency.

**Mr. B. Das:** I am speaking of my friends who represent the millions here: they must read the minutes of dissent and think it out coolly whether trusting the Government of India, even as they are constituted at present, will not be more advantageous to the nation than trusting a few Directors elected by subterfuge tactics of the capitalists well known to all of us, and whether my colleagues will not profit by the instance I have cited of the mismanagement of the Imperial Bank to the extent that it did not help the teeming millions in the country to finance their credit and to remove their indebtedness. That is a point we should consider. We may fight in any way we like here, but it will come up in the country when every one of us will have to answer it in the country this year or next year.

Now, Sir, I come to the next stage of the major point that I wish to discuss. I wish to tell all my non-official friends on this side that the Finance Member, representing the Government of India, extended to us the courtesy in raising the gold reserve from 35 to 40 crores. We are all grateful to him, and I wish that he could come up to us with a little more in the same spirit; but, Sir, I do not wish that the reserves of the Reserve Bank should be constituted as it is proposed in the Bill. I want that it should have at least 106 crores. The Blackettian Bill conceived, with your help, Sir, that 118 crores should be the first reserve of the Reserve Bank. I do not want my Honourable friend to limit it to 99 crores or to something above 98 crores. I want to take it up to 106 crores. That we have stated in our minute of dissent. At the same time I wish to draw his attention and the attention of my friends to one point. Already the Finance Member has drawn the attention of the House to the Silver Agreement, but this is not the time when this House should authorise the Government of India to sell silver. The other day I quoted, Sir, in another connection from the notes of Sir Purshotamdas Thakurdas to the minute of dissent which he submitted to the Joint Parliamentary Committee or the London Committee on the Reserve Bank, I do not know to which it was submitted. I can quote *in extenso* again from Sir Purshotamdas's notes, but I will only say this. I want my friends to remember one particular passage, and it is this:

"The Committee did not consider the question of the sale of silver now held in reserve and it did not feel it was included in the terms of reference. As a matter of general policy, I am opposed to any part of silver now held in the currency reserve."

Sir, it is no use asking us to express our views on silver sales in a general discussion of this character. Let my Honourable friend, the Finance Member, himself raise the discussion on a certain particular clause

or let him bring out a definite Resolution, so that this House can express its opinion whether it will agree with the Finance Member to sell the few crores of silver rupees he has to pay off some of his debts which he cannot pay off otherwise. When I say his debts, I mean the country's debts. I am also strengthened in my view from the minute of dissent which the Honourable the Finance Member himself and Mr. Taylor have signed, page 15. This is what they say:

"While we feel that such ideas have force, and while we recognise the strength of Indian sentiment in this matter, we consider that, so far as statutory provisions are concerned, these should not be so framed as to hamper the discretion of the Bank to utilise its currency reserves in whatever manner may be most effective for maintaining the stability of the currency."

I shall refer to that particular aspect of the functions of the Bank later on, but I do not want that the Government of India should dabble with the Gold Standard Reserve, which has been accumulating so long in safes, and fritter it away . . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member can resume his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 28th November, 1933.