COUNCIL OF STATE DEBATES

Volume I, 1940

(16th February to 10th April, 1940)

SEVENTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1940



Published by the Manager of Publications, Delhi
Printed by the Manager, Government of India Press, New Delhi
1940

CONTENTS.

Friday, 16th February, 1940-						r Ywas
Members Sworn		_				1.
Questions and Answers	_		_		-	1-4
Statements, etc., laid on the table				•		4-7
Governor General's Assent to Bills	•					7—8
Bills passed by the Legislative Assembly laid on the	he tab	la				8
Messages from His Excellency the Governor Gener						89
Committee on Petitions		-				9
Presentation of the Railway Budget for 1940-41		•	•	•	•	917
Thursday, 22nd February, 1940—						
Short Notice Question and Answer						19-20
Motion for Adjournment re Unsatisfactory arrang candidates to the Indian Audit and Account						
Examination—Disallowed		•	•	•	•	2023
Death of Sir Nasarvanji Choksy		•	•	•	•	2 4 26
Registration (Emergency Powers) Bill—Consider	ed and	pase f	ed.	•	•	26
Foreigners Bill—Considered and passed .		•	•	•		26—27
Royal Indian Navy (Extension of Service) Bill-	Consi	dered	and	passed	ł.	2728
Offences on Ships and Aircraft Bill—Considered a	nd pa	ssed	•	•	•	. 28—29
Friday, 23rd February, 1940—						
Questions and Answers				•		3133
General Discussion of the Railway Budget for 194	10-41	•	•	•		33—77
Monday, 26th February, 1940—						
Questions and Answers						79—84
Bills passed by the Legislative Assembly laid on t	he ta	ble				85
Ruling re Right of reply in a Motion for Adjournm						85 90
Parsi Marriage and Divorce (Amendment) Bill-			refer t	to Sele	ect	
Committee, adopted	•	•	•	•	•	9091
Standing Committee on Pilgrimage to the Hejas	•	•	•	•	•	91
Thursday, 29th February, 1940—						
Parsi Marriage and Divorce (Amendment) Bill—I Select Committee	Presen	tatio:	n of F	eport	of	93
Statements, etc., laid on the table						93
Presentation of the General Budget for 1940-41						93-104
Statement of Business	•			•		104
Monday, 4th March, 1940-						
Questions and Answers						105-126
Bills passed by the Legislative Assembly laid on t	he tal	ble				126
Standing Committee on Pilgrimage to the Hejas						126
Resolution re Price control policy—Withdrawn						126-138
Parsi Marriage and Divorce (Amendment) Bill-C		ered s	nd n	Bess		139-140

1 uc	iday, 5th March, 1940—	PAGES
	Questions and Answers	141 14
		. 141—149
	Standing Committee for Roads, 1940-41	. 142
	Standing Committee on Pilgrimage to the Hejas	. 143
	Trade Marks Bill—Considered and passed	. 143—148
	Indian Coinage (Amendment) Bill—Considered and passed	. 145146
	Factories (Amendment) Bill—Considered and passed, as amended.	. 146—149
	Reserve Bank of India (Closing of Annual Accounts) Bill—Considered as passed	na . . 149—150
	Indian Emigration (Amendment) Bill—Considered and passed	. 150
	Reserve Bank of India (Amendment) Bill—Considered and passed .	. 150—151
	Arbitration Bill—Considered and passed	. 151—158
_	· · · ·	. 101-100
We	mesday, 6th March, 1940—	
	Questions and Answers	. 155—159
	Statements, etc., laid on the table	. 159
	General Discussion of the General Budget for 1940-41	. 159220
Mo	day, 11th March, 1940—	
		001 004
	Questions and Answers	. 221—226
	Bill passed by the Legislative Assembly laid on the table	. 226
	Standing Committee for Roads, 1940-41	. 226
	Resolution re Making India self-sufficient in respect of defence—Negativ	
	Resolution re Senior Government Inspectors of Railways—Adopted	. 247—248
Thu	rsday, 14th March, 1940—	
	Condemnation of the outrage committed at the East India Association	n
	meeting resulting in the death of Sir Michael O'Dwyer and the	ı e
	wounding of Lord Zetland, Lord Lamington and Sir Louis Dane	
	Questions and Answers	. 249—251
	•	. 251—255
	Resolution re Contracts for supplies of food, etc., on Railways—Withdra	. 251—255 wn 255—270
	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion	. 251—255 wn 255—270
	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272
	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion	. 251—255 wn 255—270
Mo	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272
Mo	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business	. 251—255 wn 255—270 . 270—272
Mo	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273
Mo	Resolution re Contracts for supplies of food, etc., on Railways—Withdra Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273
	Resolution re Contracts for supplies of food, etc., on Railways—Withdra: Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business May, 18th March, 1940— Questions and Answers Resolution re Birth control—Adopted Delhi Masajid Bill—Introduced	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business Aday, 18th March, 1940— Questions and Answers Resolution re Birth control—Adopted Delhi Masajid Bill—Introduced Aday, 21st March, 1940—	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business aday, 18th March, 1940— Questions and Answers Resolution re Birth control—Adopted Delhi Masajid Bill—Introduced iriday, 21st March, 1940— Member Sworn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business aday, 18th March, 1940— Questions and Answers Resolution re Birth control—Adopted Delhi Masajid Bill—Introduced meday, 21st March, 1940— Member Sworn Statements, etc., laid on the table	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296 . 297—300
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business aday, 18th March, 1940— Questions and Answers Resolution re Birth control—Adopted Delhi Masajid Bill—Introduced meday, 21st March, 1940— Member Sworn Statements, etc., laid on the table Bill passed by the Legislative Assembly laid on the table	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296 . 297—300 . 300
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296 . 297—300 . 300
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296 . 297—300 . 300 . 301
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—296 . 295—296 . 297—300 . 300 . 301 . 301
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—296 . 295—296 . 297—300 . 300 . 301 . 301
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—296 . 295—296 . 297—300 . 300 . 301 . 301 . 301
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—296 . 295—296 . 297—300 . 300 . 301 . 301 . 301
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn Statement of Business May, 18th March, 1940— Questions and Answers Resolution re Birth control—Adopted Delhi Masajid Bill—Introduced Delhi Masajid Bill—Introduced Member Sworn Statements, etc., laid on the table Bill passed by the Legislative Assembly laid on the table Standing Committee for the Department of Communications Standing Committee for the Department of Commerce Central Advisory Council for Railways Standing Committee for the Labour Department Standing Committee for the Labour Department Coal Mines Safety (Stowing) Amendment Bill—Considered and passed Income-tax Law Amendment Bill—Considered and passed	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296 . 297—300 . 300 . 301 . 301 . 301 . 302 . 302—303
	Resolution re Contracts for supplies of food, etc., on Railways—Withdraw Resolution re Raising of India to the status of a Self-governing Dominion Withdrawn	. 251—255 wn 255—270 . 270—272 . 272—273 . 275—277 . 277—295 . 295—296 . 297 . 300 . 301 . 301 . 301 . 302 . 302—303

		Pages.
Tuesday, 26th March, 1940-	P 7	
Questions and Answers	• •	305
Statements, etc., laid on the table		305
Standing Committee for the Department of Communications		305
Standing Committee for the Department of Commerce .		306
Standing Advisory Council for Railways	• •	306
Standing Committee for the Labour Department	• •	307
_	•	. 301 . 307
Standing Committee on Emigration	• •	. 3 07—3 42
Wednesday, 27th March, 1940—		
Question and Answer		343
Excess Profits Tax Bill—Considered and passed, as amended		. 344-361
•	•	
Saturday, 30th March, 1940—		
Bill passed by the Legislative Assembly laid on the table		. 363
Farewell speeches in connection with the retirement of E Jagdish Prasad.	Lunwar Sir	363378
Jagush Frasaci	•	303
Tuesday, 2nd April, 1940—		
Members Sworn		375
Questions and Answers	• •	375-381
Bill passed by the Legislative Assemblylaid on the table	• •	381
Indian Finance Bill—Motion to consider—not concluded	• •	381-418
Indian Lugine Bur-motion to consider—was concrusion		301
Wednesday, 8rd April, 1940—		
Member Sworn		419
Statements, etc., laid on the table		419-421
Bills passed by the Legislative Assembly laid on the table		421
Message from the Legislative Assembly		421
Indian Finance Bill—Considered and passed		421-463
Statement of Business	• • •	463
	• •	200
Friday, 5th April, 1940-		
Bills passed by the Legislative Assembly laid on the table		488
Messages from the Legislative Assembly	• • •	465 465
Standing Committee for the Department of Commerce	• • •	
Central Advisory Council for Railways	• • •	465
·		466 & 498
National Service (European British Subjects) Bill—Considered Statement of Business	i and passed	
Statement of Dusiness	• •	498
Monday, 8th April, 1940—		
Questions and Answers		499516
Bills passed by the Legislative Assembly laid on the table	• •	515516
Defence of India (Amendment) Bill—Considered and passed.	• •	516—522
Agricultural Produce Cess Bill—Considered and passed .	• •	
Insurance (Amendment) Bill—Considered and passed .	• • •	522—540`
	• •	540546
Indian Tariff (Amendment) Bill—Considered and passed		546547
Indian Tariff (Second Amendment) Bill —Considered and pass	θα	647548
Statement of Business		5 4 8549

			Pages.
Wednesday, 10th April, 1940—			
Questions and Answers			551556
Statements, etc., laid on the table		•	556 —557
Congratulations to the Honourable Sir Girja Shankar Bajpa	i .		557
Drugs Bill—Considered and passed			557 —565
Indian Mines (Amendment) Bill—Considered and passed		•	565566
Petroleum (Amendment) Bill—Considered and passed .			566
Motor Vehicles (Amendment) Bill—Considered and passed			566567

COUNCIL OF STATE.

Thursday, 21st March, 1940.

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

MEMBER SWORN:

The Honourable Mr. John Francis Sheehy (Nominated Official).

STATEMENTS, ETC., LAID ON THE TABLE.

CONVEYANCE ALLOWANCES ADMISSIBLE TO MEMBERS OF THE INDIAN LEGISLATURE.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary): Sir, I present the report of the Committee appointed in pursuance of the Resolution adopted by the Legislative Assembly on the 12th February, 1940, to consider the question of conveyance allowances admissible to Members of the Indian Legislature.

Report of the Committee appointed in pursuance of the Resolution adopted by the Legislative Assembly on the 12th February, 1940, to consider the question of conveyance allowances admissible to Members of the Indian Legislature.

On the 12th February, 1940, the following Resolution was moved in the Legislative Assembly:—

"This Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as—

- (1) to abolish the right to draw free haulage of a motor car or of a carriage and twe horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and
- (2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi".

As the result of an amendment moved by Mr. Boyle, the following Resolution was adopted :---

"This Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both Chambers to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature".

1 11

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- 2. We, the undersigned members of the Committee appointed in pursuance of this Resolution, have discussed the question of the allowances of Members of the Indian Legislature in all its aspects but we have confined our practical conclusions to the two questions raised by the original Resolution moved on behalf of Government and reproduced in paragraph 1 of this Report. On the first of those questions the majority of us feel that, if the free haulage concession were abolished, the allowances admissible to Members should, in fairness to them, be increased to an extent which would more than counterbalance the saving to public revenues accruing from the abolition of the haulage concession. We, therefore, recommend that the haulage concession be retained as it stands. We feel, however, that the question would merit further consideration if arrangements could be made with a contractor for the supply of hired cars for the whole-time service of Members at more economical rates than now prevail and we recommend an examination of the possibility of such arrangements.
- 3. On the second question, we considered an alternative to the proposal embodied in the Resolution moved on behalf of Government, namely, that, in view of the fact that it ring in Old Delhi is generally speaking less expensive than living in New Delhi, the extra concessions admissible to Members living in Old Delhi should be wholly abolished. We were, hiwever, unable to agree to the adoption of this alternative and we have decided to recommend the adoption of the proposal embodied in the original Resolution, namely, that the right to the enhanced conveyance allowance should be confined to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi.

ZAFRULLA KHAN.
M. MUAZZAM.
F. E. JAMES.
*M. A. GHANI.
*SANT SINGH.
8. N. MAHTHA.
M. S. A. HYDARI.
H. IMAM.
K. GOVINDACHARI.

NOTE.

We think that the present rules governing the grant of travelling and other allowances to Members of the Indian Legislatures contain some anomalies and therefore require re-examination. We were glad therefore, when Government came forward with their Resolution to amend those rules. The Committee of both Councils of Legislatures was appointed and held sitting on 17th of March last. We regret to say that fuller details were not made available to the Committee to deliberate on all aspects of this important question. We therefore suggested that this committee should continue to function and should be asked to further investigate into the matter.

We, however, take this opportunity to record our view on the matter of allowances for use in any future enquiries on the subject. We submit that the line of approach to the question should be such as to facilitate the work of the Legislators by providing necessary conveniences consistent with the dignity and status befitting the position of Members of the Central Legislatures. The object of allowance is obviously to indemnify the Members for any expenditure that they may incur on travel from and to their headquarters and for maintaining an additional establishment in Delhi. For this purpose the Government has built good and decent quarters for the Members in New Delhi and permits free haulage of motor cars from the station nearest to the Members official headquarters to New Delhi and back. In addition to free haulage conveyance allowance at the rate of Rs.75 p.m. is admissible to Members living in Old Delhi. The present motion was to abolish free haulage and the right to enhanced conveyance allowance of Rs. 5 per diem now admissible to any Member who resides outside New Delhi. We agree that now that the facilities for residence in New Delhi have considerably increased and the new quarters have been built by the Government at a great expense the distinction between the residence in New Delhi and Old Delhi should be done away with. As a matter of fact the rules should be

i .:

for Members to reside in quarters built by the Government. It is only in such cases as where such accommodation is not available for Members for their residence that exception should be made. There are at present 141 Members in the Legislative Assembly of which 21 are Officials and 58 Members in the Council of State of which 11 are Officials. The accommodation thus necessary for Members of Central Legislature is about 168. If we include some of the Official Members who require residence as well the accommodation for about 180 will be necessary. The quarters now available in Delhi do provide such accommodation either in orthodox bungalows or in Western Court. Therefore, there does not seem to be any reason why the Members should ordinarily live outside such accommodation. But we do not recommend the hard rule compelling every Member to live in such quarters. We will recommend that discretion should vest with the President of respective Houses to grant permission under special circumstances to a Member to live in any other place which is neither his residence nor the Government quarters.

As regards the haulage of motor cars total cost of the Government is estimated to be about 65 thousand rupees per annum. In addition to it the Government incurs something like 80 thousand rupees in the shape of conveyance allowances to Members who do not bring their cars with them. Thus the total amount comes to something like I lakh 45 thousand rupees. We will, therefore, suggest that if a flat rate of 150 rupees per Member be sanctioned for conveyance allowances in Delhi and haulage is stopped the total cost will come to about 30 thousand rupees a month. Taking both the Sessions to extend over a period of 3½ months the total cost will be about a lakh of rupees. Thus the saving to the Government will be 45 thousand rupees annually. 150 rupees a month in Delhi would enable the Members to hire a decent car and the Committee has suggested that the Labour Department should investigate into the question of hiring the cars for the use of Members during the Session of the two Houses. We take this opportunity to draw the pointed attention of the Government to the high rents charged for quarters in New Delhi. The general rule governing the rents of such quarters is that certain percentage of the cost price of a quarter or 10 per cent. of the salary of the occupier. In such a case it can safely be presumed that all Government quarters are not fetching that much rent which its cost probably warrants. Therefore if the Members demand that the rent charged for these quarters should not exceed 10 per cent. of the silowances which are eligible to a Member; this demand is very reasonable and should be sonceded in order to further persuade the Members to occupy these quarters. We therefore recommend:—

- (a) That the free haulage of motor cars be stopped.
- (b) That a convention, if not a rule, be established in pressing the desirability on the Members to live in accommodation provided by the Government.
- (c) That a flat rate of Rs. 150 a month for the period during which the Central Legislature is in session be sanctioned.
- (d) That the rate of the rent of Government quarters be reduced to 10 per cent. of the daily allowances eligible to a Member.

In the end we will suggest that the Government should examine the following two questions as well:—

- (a) That the Members of the Central Legislature should be paid at the basis of monthly allowances eligible throughout the year as is the case in Great Britain regarding the Members of Parliament;
- (b) That instead of allowing 18 first class fares to Members from and to their head quarters, first class passes for travel in all Railways be granted to Members. These passes should be available for a Member for use in their constituency throughout the year in order to enable the Members to educate their constituencies in matters relating to their duties as legislators whenever the occasion demands.

SANT SINGH. M. A. GHANI.

MOTOR VEHICLES INTERNATIONAL CIRCULATION RULES, 1933.

THE HONOURABLE MR. S. N. ROY (Communications Secretary): Sir, I lay on the table a copy of the Notification of the Government of India in the Department of Communications No. R63, dated the 21st February, 1940 making further amendments in the Motor Vehicles International Circulation Rules, 1933.

DEPARTMENT OF COMMUNICATIONS.

NOTIFICATION.

ROADS.

New Delhi, the 21st February, 1940.

- No. R.-63.—In exercise of the powers conferred by sub-section (1) of section 92 of the Motor Vehicles Act, 1939 (IV of 1939), the Central Government is pleased to direct that the following further amendments shall be made in the Motor Vehicles International Circulation Rules, 1933, the same having been previously published as required by subsection (1) of section 133 of the said Act, namely:—
- 1. For sub-rule (2) of rule 1 of the said Rules, the following sub-rule shall be substituted, namely:—
 - "(2) They shall extend to the whole of British India, including Berar."
 - 2. In the Note to Annex. C, in the First Schedule to the said Rules, for the entries-

"Colony and Protectors	te of i	Keny	a			• <	. `)
Colony and Protectorate					•	•	•	ł
Colony and Protectorate	of Ze	meibe	LT .			• .	•	ĺ
Colony and Protectorate	of N	72.050	lend			•		EA"
Tanganyika Territory		•				•	•	}
Northern Rhodesia			•	•	•	•	٠.)

the following entries shall be substituted, namely:-

"Colony and Protectorate of Kenya	•	•	. EAK
Colony and Protectorate of Uganda .			. EAU
Colony and Protectorate of Zanzibar			. EAZ
Colony and Protectorate of Nyassaland		•	. NP
Tanganyika Territory			. EAT
Northern Rhodesia			. NR".

S. N. ROY,

Secretary to the Government of India.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to impose a tax on excess profits arising out of certain businesses which was passed by the Legislative Assembly at its meeting held on Wednesday, the 20th March, 1940.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

THE HONOURABLE MB. S. N. ROY (Communications Secretary): Sir, 1 move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, three non-official Members to serve on a Standing Committee to advise on subjects, other than 'Roads,' dealt with in the Department of Communications, viz., Broadcasting, Civil Aviation, Meteorology, Major Ports and Posts and Telegraphs, during the year (1940-41.

The Motion was adopted.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

The Motion was adopted.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I move:—

"That this Council do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official Members from the Council who shall be required to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1940."

The Motion was adopted.

STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

THE HONOURABLE MB. M. S. A. HYDARI (Labour Secretary): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

The Motion was adopted.

STANDING COMMITTEE ON EMIGRATION.

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

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, four non-official Members to serve on the Standing Committee on Emigration."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the five Motions which have just been adopted by the Council, I have to announce that nominations to each of the five Committees will be received by the Secretary up to 11 A.M. on Tuesday, the 26th March, 1940, and the dates of election, if necessary, will be announced later.

COAL MINES SAFETY (STOWING) AMENDMENT BILL.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary): Sir, I-move:—

"That the Bill to amend the Coal Mines Safety (Stowing) Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

I have very little to add, Sir, to the Statement of Objects and Reasons given at the end of the Bill. The only explanation which I need offer is that this Bill seeks to put back a clause which was deleted in the other House when the Bill was passed last year. The Honourable Member who moved the amendment for the deletion of the clause thought that there was no necessity for it, but when we came to administer the Act we found that certain processes were not covered by the Act as it stood. Therefore we had to undertake this amendment.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 to 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. S. A. HYDARI: Sir, I move:

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

The Motion was adopted.

INCOME-TAX LAW AMENDMENT BILL.

THE HONOUBABLE MR. SHAVAX A. LAL (Nominated Official): Sir, I move:—

"That the Bill to amend the law relating to Income-tax, as passed by the Legislative Assembly, be taken into consideration."

Sir, this Bill does not introduce any important change of substance. The immediate necessity for this Bill, as Honourable Members must have noticed, has arisen as a result of a decision of the Bombay High Court which had the effect of invalidating certain income-tax proceedings on a purely technical point. The defect so brought to light was immediately set right by the issue of an Ordinance and this Bill proposes to legislate for the matter covered by that Ordinance. Advantage has also been taken of this opportunity to insert in the Act a provision enabling the provisional collection of income-tax in the event of the Finance Bill not becoming law before the 1st April in any year. The Bill also seeks to effect certain other amendments the reasons for which have been fully explained in the Notes on Clauses.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 to 6 were added to the Bill.

Clauses 7 to 10 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR SHAVAX A. LAL: Sir, I move:—

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

The Motion was adopted.

RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary): Sir, I move:—
"That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

Sir, it is a well recognised and generally accepted principle that the shares of a Central Bank, when the Bank is of the share-holding variety, should be distributed as widely as possible so as to minimise the risk of the policy and administration of the Bank being dominated by sectional interests. It must be clear that if any particular group or interest were to acquire an undue share of the voting power it could impose on the country a policy dictated by its own particular interests which might or might not coincide with the best interests of the community as a whole.

The provisions of the Reserve Bank of India Act, II of 1934, relating to share capital, share registers and shareholders were designed to constitute a very broad based electorate for the Central Board of the Bank by means of a wide distribution of its five lakhs of shares.

Since those provisions came into force on the 1st April, 1935 there has occurred year by year an increasing concentration of shares in the hands of large holders. I can give a few figures which will illustrate the progress of this development up to date. On the 1st of April, 1935, the number of shareholders was 92,047. By the 31st of December, 1936, it had fallen to 66,273, a reduction of 28 per cent. On the 31st December, 1937 the percentage reduction in the number of shareholders had risen to 32 per cent.; on 31st December, 1938 to 35 per cent. and on 31st December, 1939 to 38 per cent. Correspondingly there has been a progressive sterilisation of voter, the number of frozen votes having increased from 13,000 on 31st December, 1936 to 17,478 on 31st December, 1939. Honourable Members will thus see that the undesirable tendency to which I have referred still continues.

Developments in this direction were actually apprehended when the Reserve Bank Bill was before the Legislature in 1933, and a non-official amendment was moved in the course of the debates designed to prevent any individual from acquiring an interest in the share capital of the Bank to a nominal value in excess of Rs. 20,000 (i.e., 200 shares). The Government while making it clear that they fully accepted the principle of a wide distribution of shares, opposed the amendment on the ground that the arrangements made to ensure a wide distribution of shares at the original allotment were likely to prove adequate to maintain that position, in which case the proposed restriction would be unnecessary; and if unnecessary, then also undesirable as its effect would be to restrict the marketability of the shares, and therefore their popularity. For it is obvious that the liquidity of an investment in these shares would be prejudiced if the quick sale of a block of shares became a matter of some difficulty as the result of individual holdings being limited by law.

[Mr. C. E. Jones.]

Well, Sir, it has to be admitted that experience has proved the ineffectiveness of the existing provisions of the Reserve Bank Act in preventing the undue concentration of the Reserve Bank shares and the Government have decided to accept the safeguard of a limitation on individual holdings of shares which was urged by non-official opinion in 1933 and since then on several occasions by the Central Beard of the Reserve Bank. The Reserve Bank Beard has kept this matter under continual review and has only recently reiterated its previous recommendations in favour of the legislation now proposed. Notwithstanding its disadvantages and its possible limitations in securing in full the object desired, we are, I submit, justified, in the light of past experience, in regarding this measure as a move in the right direction, calculated to arrest further deterioration in the position, and I accordingly commend it to the House for acceptance.

Sir, I move.

The Motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause I was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES: Sir, I move:

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

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIE JAGDISH PRASAD (Leader of the House): Sir, due to the Easter and Holi holidays from tomorrow the 22ad to Monday the 25th of March there will be no sitting of the Council of State.

I propose, therefore, that the Council of State should meet next on Tuesday the 26th when the Excess Profits Tax Bill, which has been laid on the table this morning, will be taken up for consideration. If the debate on that Bill is not finished on that day it will be continued on the next day.

The Council then adjourned till Eleven of the Clock on Tuesday, the 26th March, 1940.