

THE  
LEGISLATIVE ASSEMBLY DEBATES  
(OFFICIAL REPORT)

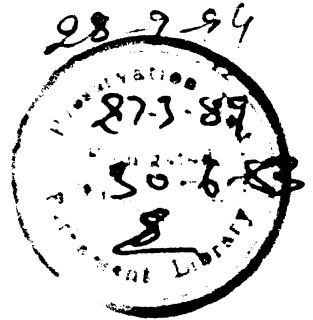
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Vol. VIII, 1933

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

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SIXTH SESSION  
OF THE  
FOURTH LEGISLATIVE ASSEMBLY  
1933.



# Legislative Assembly.

*President :*

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

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*Assistant of the Secretary :*

**RAI BAHADUR D. DUTT.**

*Marshal :*

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

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

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

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

**MESSLAD**

# CONTENTS.

VOLUME VIII—20th November to 9th December, 1933.

PAGES.	PAGES.
<b>MONDAY, 20TH NOVEMBER, 1933—</b>	
Point of Order <i>re</i> Validity of the meeting of the Legislative Assembly in New Delhi .. .. .	1929-31
Members Sworn .. .. .	1931-33
The Reserve Bank of India Bill—Presentation of the Report of the Joint Committee .. .. .	1933
The Imperial Bank of India (Amendment) Bill—Presentation of the Report of the Joint Committee .. .. .	1933
Death of Mr. Vithalbhai Patel .. .. .	1933-44
<b>TUESDAY, 21ST NOVEMBER, 1933—</b>	
Questions and Answers .. .. .	1945-92
Unstarred Questions and Answers .. .. .	1992-2012
Motions for Adjournment <i>re</i> —	
Secretary of State for India's evidence before the Joint Parliamentary Committee <i>re</i> India's right of retaliation in her relationship with the Dominions of the British Empire —Request for leave to be renewed .. .. .	2013-14
Dumping of Japanese rice in the Indian market—Request for leave to be renewed .. .. .	2014-16
H. E. the Governor General's assent to Bills .. .. .	2017
Statement of Business .. .. .	2017
The Indian Tariff (Second Amendment) Bill—Introduced .. .. .	2017-18
The Indian Navy (Discipline) Bill—Introduced .. .. .	2018
Resolution <i>re</i> Ratification of the Silver Agreement—Adopted .. .. .	2019-40
<b>THURSDAY, 23RD NOVEMBER, 1933—</b>	
Questions and Answers .. .. .	2041-74
Statements laid on the table .. .. .	2074-78
The Indian Dock Labourers Bill—Referred to Select Committee .. .. .	2078-82
Resolution <i>re</i> Non-Ratification and non-acceptance of draft Conventions and Recommendation concerning invalidity, old-age and widows' and orphans' insurance—Adopted .. .. .	2083-2103
Resolution <i>re</i> Non-Ratification and non-acceptance of draft Convention and Recommendation concerning fee-charging employment agencies—Adopted .. .. .	2104-10
<b>FRIDAY, THE 24TH NOVEMBER, 1933—</b>	
Statements laid on the table .. .. .	2111-16
The Indian Tariff (Second Amendment) Bill—Referred to Select Committee .. .. .	2117-37
<b>MONDAY, 27TH NOVEMBER, 1933—</b>	
Questions and Answers .. .. .	2139-78
Unstarred Questions and Answers .. .. .	2178-90
Statements laid on the table .. .. .	2190-94
The Reserve Bank of India Bill—Discussion on the motions to consider and to recommit to Joint Committee not concluded .. .. .	2194-2231
<b>TUESDAY, 28TH NOVEMBER, 1933—</b>	
Questions and Answers .. .. .	2233-62
The Reserve Bank of India Bill—Discussion on the motions to consider and to recommit to Joint Committee not concluded .. .. .	2263-2300

	PAGES.		PAGES.
WEDNESDAY, 29TH NOVEMBER, 1933—		TUESDAY, 5TH DECEMBER, 1933— <i>contd.</i>	
Questions and Answers ..	2301-2316	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2594-2638
The Indian “Khaddar” (Name Protection) Bill—Presentation of the Report of the Select Committee	2317	WEDNESDAY, 6TH DECEMBER, 1933—	
The Reserve Bank of India Bill— Discussion on the motions to con- sider and to recommit to Joint Committee not concluded ..	2317-67	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2699-96
THURSDAY, 30TH NOVEMBER, 1933—		THURSDAY, 7TH DECEMBER, 1933—	
The Reserve Bank of India Bill— Motion to consider—Adopted	2369-2422	Questions and Answers	2697-2722
FRIDAY, 1ST DECEMBER, 1933—		Motion for Adjournment <i>re</i> Secretary of State for India's evidence before the Joint Parliamentary Com- mittee <i>re</i> India's right of retaliation in her relationship with the Dominions and Colonies of the British Empire—Talked out ..	2722-2758-82
Questions and Answers ..	2423-63	The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2723-58
The Indian Tariff (Second Amend- ment) Bill—Presentation of the Report of the Select Committee	2464	FRIDAY, 8TH DECEMBER, 1933—	
The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2464-2503	Statements laid on the table ..	2783-90
SATURDAY, 2ND DECEMBER, 1933—		The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2791-2844
The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2505-55	SATURDAY, 9TH DECEMBER, 1933—	
Statement of Business.	2555	Member Sworn ..	2845
TUESDAY, 5TH DECEMBER, 1933—		The Reserve Bank of India Bill— Discussion on the consideration of clauses not concluded ..	2846-2903-2904
Questions and Answers	2557-69	Statement of Business ..	2903-04
Unstarred Questions and Answers	2569-81		
Short Notice Question and Answer	2582-89		
Statements laid on the table ..	2590-94		
Amendment of Standing Orders— Presentation of the Report of the Select Committee ..	2594		

# LEGISLATIVE ASSEMBLY.

*Tuesday, 5th December, 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.

### TEST OF RED SEAL BRAND METAL AND SILVER POLISH BY THE ALIPORE TEST HOUSE.

28. \*Pandit Satyendra Nath Sen: (a) With reference to questions Nos. 706, 707, 708 and 709 asked by me in this House on the 6th September, 1933, are Government aware that the Alipore Test House originally rejected the sample of red seal liquid metal polish by remarking "failed to satisfy Indian Stores Department specifications for deficiency of fatty acid contents which is very low" in the first test report No. 854-C, submitted to Messrs. Sett and Dass Company on the 20th June, 1931, on receipt of usual fee of Rs. 48?

(b) Is it a fact that the fatty acid contents in the first test certificate as aforesaid were stated to be as low as 0.31 per cent.?

(c) Is it a fact that Messrs. Sett and Dass Company challenged the correctness and accuracy of the above remark in a letter to the Chief Controller of Stores and substantiated the contention by submitting a test report by Dr. H. K. Sen of the University of Calcutta, according to which fatty acid contents were 3.56 per cent.?

(d) Is it a fact that the Chief Controller of Stores ordered the Alipore Test House to re-test the same sample free of charge for "serious discrepancy" in fatty acid contents, the difference being more than eleven times as pointed out by Messrs. Sett and Dass Company?

(e) Is it not a fact that according to the re-test report No. 1897/C., of the 12th October, 1931, of the Alipore Test House, the same product was found to satisfy the Indian Stores Department specifications?

(f) Is it not a fact that according to Government specifications for liquid metal polish the fatty acid contents should not be below 2.5 per cent. and that fatty acid contents of red seal metal polish were found to be 3.0 per cent. in the re-test report?

(g) Are Government aware that the statements of the first test report of the Alipore Test House are wrong and erroneous according to their second re-test report?

(h) If the answer to parts (e) and (f) be in the affirmative, how would Government reconcile it with the statements contained in their replies

to part (c) of the question No. 706, and to parts (d) of the question Nos. 707 and 709 asked by me on the 6th September, 1933?

(i) What action do Government propose to take to prevent such discrepancy or wrong and erroneous test report being made by the Alipore Test House on a particular product tested on different occasions?

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

(b) Yes.

(c) It is a fact that the firm challenged the correctness of this report, and that they forwarded to the Chief Controller a document stated to be a copy of a report by Dr. H. K. Sen according to which the fatty acid content was 3.56 per cent.

(d) The Chief Controller of Stores instructed the Government Test House to test another sample of Red Seal metal polish free of charge.

(e) No. The re-test was not carried out on the same sample, but on another sample.

(f) The specification for liquid metal polish requires the polish to contain ammonium soap equivalent to not less than 2.5 per cent. of oleic acid. The fatty acid content of the sample covered by re-test report No. 1897/C., dated the 12th October, 1931, was found to be 3 per cent.

(g) No. The two reports refer to different samples.

(h) and (i). The re-test report showed that the sample did not satisfy the specification in other respects apart from its fatty acid content. The questions therefore do not arise.

#### AMOUNTS LAPSED TO THE GOVERNMENT OF INDIA AND CERTAIN COLONIAL GOVERNMENTS AS A RESULT OF THE ADMINISTRATION OF DECEASED INDIAN EMIGRANTS' ESTATES.

1279. **\*Mr. Gaya Prasad Singh:** Will Government be pleased to state what amounts, if any, have lapsed to the Government of India, and the Colonial Governments of Fiji, Mauritius, British Guiana, Jamaica, Trinidad and other Colonies, from the time Indian emigration to these Colonies started, as a result of the administration of deceased Indian emigrants' estate? How is the money utilized, and is it not utilized for the benefit of the emigrants themselves? If not, why not?

**Mr. G. S. Bajpai:** Government greatly doubt whether it would be possible to collect the information desired in the first part of the question. With regard to the second part, they have no precise information as to how the estates of deceased Indian emigrants, who die intestate or without heirs, are disposed of. Probably, as in British India, the value of the estate is credited to the general revenues of the territory concerned.

**Mr. Gaya Prasad Singh:** Can the Honourable Member give even an approximate idea of the total amount thus lapsed?

**Mr. G. S. Bajpai:** As I have explained, my Honourable friend's question wants information for nearly one hundred years. I have examined one or two reports of the colonies, and I find that there is no separate head showing how much has lapsed to them from unclaimed Indian estates. I do not think I can get the information.

**ALLEGATIONS AGAINST THE CONTRACTOR OF THE LICENSED COOLIES AT THE LAHORE RAILWAY STATION.**

1280. **\*Mr. Gaya Prasad Singh:** (a) Are Government aware that the contractor of the licensed coolies at the Lahore Railway Station, North Western Railway, charge exorbitantly from the coolies in contravention of the terms of agreement? Is it a fact that the question was sought to be raised at one of the meetings of the local Advisory Committee of the Railway, but it was disallowed?

(b) Have Government received any representation on the subject from the Sikh Rights Protection Society, Lahore, or any other quarter, and what steps, if any, are being taken in the matter?

**Mr. P. R. Rau:** (a) I see from the proceedings of the Lahore Committee that the question was discussed on the 20th June, 1933, and the Chairman explained that the remedy for attempted overcharges by coolies largely rested in the hands of the passengers themselves, but that the Chief Commercial Manager was proposing to make special arrangements for better supervision over coolies at important stations and for the protection of the travelling public from extortion.

(b) No.

**Mr. M. Maswood Ahmad:** Is it a fact that a complaint book is kept at the Lahore Railway Station for writing complaints against coolies?

**Mr. P. R. Rau:** Possibly, but I have no direct information on the matter.

**Dr. Ziauddin Ahmad:** Did I understand the Honourable Member to say in answer to the last part of (a), that the question was discussed at the meeting of the Local Advisory Committee?

**Mr. P. R. Rau:** I explained that the question was discussed at the Committee on the 20th June, 1933?

**Mr. M. Maswood Ahmad:** When this question was discussed, did some members raise the point that certain Railway officers discouraged passengers from entering complaints against these coolies?

**Mr. P. R. Rau:** I have given the House whatever information I can from the proceedings of the Advisory Committee?

**Mr. M. Maswood Ahmad:** Have the Government read the report?

**Mr. P. R. Rau:** I have not read it through.

**Mr. M. Maswood Ahmad:** Will the Honourable Member see whether this allegation is mentioned in the proceedings?

**Mr. P. R. Rau:** What allegations?

**Mr. M. Maswood Ahmad:** That certain Railway officers discourage passengers for entering complaints against these coolies?

**Mr. P. B. Rau:** I am sure, the Agent of the North Western Railway, who was the Chairman of the Committee, would have taken suitable action to prevent such incidents.

**Dr. Ziauddin Ahmad:** Do Government read the reports of these Advisory Committees? They are the most uninteresting documents, and what decision do Government take upon those documents?

**Mr. P. B. Rau:** On this particular question, I explained that the Agent had said that the Chief Commercial Manager was proposing to make special arrangements for better supervision over the coolies at important stations for protecting the travelling public from extortion. That shows the decision arrived at.

**Mr. M. Maswood Ahmad:** Does any officer of the Railway Board read the reports of the Local Advisory Committees which are published and supplied to all Honourable Members?

**Mr. P. B. Rau:** Certainly.

**Mr. Gaya Prasad Singh:** Do I understand the Honourable Member to say that the remedy lies in the hands of the passengers themselves?

**Mr. P. B. Rau:** I said that the Chairman explained that the remedy for attempted overcharges by coolies largely rested in the hands of the passengers themselves.

**Mr. Gaya Prasad Singh.** My question related to the exorbitant charges levied by the contractor from the licensed coolies. It was not that the coolies charged more than the prescribed rate of charges from the passengers. My question was:

"Are Government aware that the contractor of the licensed coolies at the Lahore Railway Station, North Western Railway, charge exorbitantly from the coolies in contravention of the terms of agreement?"

**Mr. P. B. Rau:** That is a question between the contractor and the coolies.

**Mr. Lalchand Navarai:** Why was it that this question was not allowed to be discussed in the Advisory Committee?

**Mr. P. B. Rau:** I am sorry I have apparently misunderstood the question. The question of overcharges by the coolies was raised at the meeting of the Local Advisory Committee. I am not aware whether the question of the contractor charging exorbitantly from the coolies was discussed or not at the Local Advisory Committee meeting. But, apparently, since it is purely a private matter between the contractor and the coolies, I do not know whether it was considered a suitable subject or not for discussion at the meeting of the Local Advisory Committee.

**Mr. B. R. Puri:** May I know what is the position of this contractor? We have been told that he is a private individual, but what is his official position? Is he recognised by the Railway Department as an official who



has to keep some sort of control over the coolies and, in return, he is paid certain portion of their daily earnings? Or, is he paid by the Government? What is his position?

**Mr. P. R. Rau:** I am afraid I am not aware of the exact relationship between the contractor and the Railway administration.

**Mr. B. E. Puri:** I believe he is appointed by the North Western Railway administration. Then, how is it a private matter between the coolies and the contractor?

**Mr. P. R. Rau:** I am sure, the administration takes sufficient steps to see that the contractor does not misbehave. I am not aware of the exact relationship between the administration and the contractor, but I shall obtain information and lay a statement on the table in due course.

**Mr. B. E. Puri:** If the charge levelled against the contractor in the question is proved against him, would it be the look-out of the Railway administration to see to it or not?

**Mr. P. R. Rau:** That seems to be a hypothetical question.

**Mr. Lalchand Navalrai:** The predomination of the Railway over the coolies and the contractor's domination over the coolies, are not these questions of policy that should be brought before the Local Advisory Committee and considered there?

**Mr. P. R. Rau:** I have no information whether the subject was discussed or disallowed.

**Mr. Lalchand Navalrai:** Will the Honourable Member get the information?

**Mr. P. R. Rau:** Certainly.

**Mr. R. S. Sarma:** Will the Honourable Member also find out whether there was any complaint from the coolies as such about the exorbitant charges collected by the contractor? Or was the question raised only by some middleman between the contractor and the coolies?

**Mr. P. R. Rau:** I shall get this information also.

**Mr. Gaya Prasad Singh:** What is the reply to part (b)?

**Mr. P. R. Rau:** The reply was that no representation has been received. But it is quite possible that, since I have misunderstood the question, the reply may not be quite accurate.

**Mr. Gaya Prasad Singh:** Is the Honourable Member aware that the President of the Sikh Rights Protection Society, Lahore, is a member of this House, Sardar Sant Singh?

**Mr. P. R. Rau:** Then my Honourable friend can easily obtain the information from him.

### STATUS AND CONDITION OF THE TAMIL LABOURERS IN SIAM.

1281. **\*Mr. Gaya Prasad Singh:** (a) Will Government please make a statement regarding the status and condition of the Tamil labourers in Siam, and the latest development, if any?

(b) Is it a fact that a report on this subject, containing affidavits, was sent to Government by Dr. Lanka Sundaram, M.A., Ph.D.? If so will Government be pleased to place a copy of that report on the table?

(c) What steps have been taken to relieve the distress of the Indian coolies there?

**Mr. H. A. F. Metcalfe:** (a) and (c). Government have nothing to add to the answer given by Major Fraser-Tytler to the Honourable Member's question No. 152 on the 29th August last, as there has been no further developments since then.

(b) Dr. Lanka Sundaram's report has not yet been received by Government.

### GRIEVANCES OF CHETTIYARS OF SAIGON, INDO-CHINA.

1282. **\*Mr. Gaya Prasad Singh:** (a) With reference to the following telegram which was sent to me by the Honorary Secretary, Nattakottai Nagarathars Association, Madras, Mylapore, in September last, will Government be pleased to make a statement on the subject?

"Chettiyar community grateful to you for questions put, and generally taking sympathetic interest safe-conduct permits have not received to any great extent rescinding expulsion order is very important and urgent."

(b) Have safe-conduct permits been received, and expulsion order rescinded by the authorities at Saigon? If so, in how many cases, and what steps have been taken by the authorities to redress the grievances of the Chettiyars concerned?

**Mr. H. A. F. Metcalfe:** (a) and (b). Since the answer given by Mr. B. J. Glancy to the Honourable Member's question No. 695 on the 6th September, 1933, Government have been informed that one of the four Chettiyars, who were expelled from Indo-China, has been permitted to return to that country and is understood to be carrying on his business without let or hindrance, while the other three Chettiyars, at present in India, have obtained leave through their local representatives to return to the Colony, and documents, enabling them to do so, have been sent to them. The expulsion orders have not been rescinded so far. Government have requested His Majesty's Government to make further representations to the French Government on behalf of the Chettiyars in order to have these expulsion orders withdrawn as soon as possible and Government will continue to do all that is possible to safeguard the legitimate interests of the Chettiyar community in Indo-China.

### REVISION OF THE TIMINGS OF THE GRAND TRUNK EXPRESS BETWEEN DELHI AND MADRAS.

1283. **\*Mr. T. N. Ramakrishna Reddi:** (a) Will Government be pleased to state if it is not a fact that the Railway Board promised in September last, to revise the timings of the Grand Trunk Express between Delhi and

Madras to suit the convenience of the public by lessening the time taken and by starting the trains later than before?

(b) Was it not proposed to start the train from Madras about two hours later and take it to Madras earlier?

(c) Will Government be pleased to state if it is not a fact that in spite of the assurance of the Railway Board, the train leaves Madras at the same time, *viz.*, 7-45 A.M.?

(d) Will Government be pleased to state if this train has been converted practically into a shuttle train between Madras and Bezvada, and if it stops at every station?

(e) Will Government be pleased to state if, in spite of the above, mail fares are charged between those stations and if so, how is it justified?

(f) Will Government be pleased to state if it is not a fact that the Howrah-Delhi Express takes only 24 hours to cover a distance of about 900 miles, that the Frontier Mail takes a similar time to cover about 850 miles, and, if so, why it takes more than 48 hours for the Grand Trunk Express to cover a distance of about 1,350 miles, that is, one and a half times the distances referred to above? Are Government prepared to take steps to see that the Grand Trunk Express does not take more than 36 hours, or at the most 40 hours, between Madras and Delhi?

(g) Do Government propose to consider the desirability of speeding up the train in both directions, and to retain its character as an express train by stopping it only at the principal stations between Madras and Delhi, as is done in the case of all other express trains throughout India?

**Mr. P. R. Rau:** (a) On the 20th September, 1933, in reply to a question by my Honourable friend I said that from October 1st the journey each way would take about 2½ hours less than at present. This statement, which, I am sorry to say, has proved incorrect, and for which I must apologize to the House, was made on the strength of a report made to the Board by the Agent, Great Indian Peninsula Railway, based on the revised timings agreed upon at a meeting of Transportation Officers of the three Railways concerned. Later on, however, these arrangements were altered by the Madras and Southern Mahratta Railway which saw as a result of the reduction of the time taken over the Great Indian Peninsula Railway, the possibility of effecting very considerable economy by using the Grand Trunk Express train as a stopping train between Ponneri and Bitragunta, thereby eliminating one train each way daily between these stations. Moreover, they saw no advantage in altering the arrival and departure hours at Madras as they considered they were convenient from the point of view of connections to the South and South West. Consequently, they adopted the present arrangements increasing the time taken over the Madras and Southern Mahratta Railway and practically retaining the original hours of arrival at and departure from Madras.

The Railway Board are at present in communication with the Madras and Southern Mahratta Railway on the subject and hope that a speedier service will soon be in operation.

(b) Yes.

(c) Yes.

(d) I am informed that between Madras and Bitragunta there are 29 stations and the down express stops at 24 out of these and the up express

at all. Between Bitragunta and Bezwada both expresses stop only at five stations out of 27.

(e) I understand mail fares are not charged for journeys between Madras and Bezwada.

(f) and (g). My Honourable friend's information as to the time taken by these trains is generally correct. I am afraid, however, it will not be possible at present to reduce the time of the Grand Trunk Express much below 47 or 48 hours, the reason being that, except for a short section of 48 miles, there is only a single line between Madras and Delhi, and on the Bezwada-Kazipet, Kazipet-Ballharshah, Ballharshah-Wardha and Nagpur-Itarsi sections most of the road-side stations are non-interlocked which necessitates a restriction of speed over points to 10 miles per hour. Moreover, through traffic on these trains is comparatively small and the train has to stop at a comparatively large number of intermediate stations to pick up traffic *en route*.

**Mr. R. S. Sarma:** Will the Honourable Member kindly state whether the traffic on the Frontier Mail and the G. I. P. Mail from Bombay is heavier than what it is on the Grand Trunk Express?

**Mr. P. R. Rau:** I think so, certainly.

**Mr. F. E. James:** May I ask the Honourable Member whether representations can be made that, in view of the fact that it takes less time and is much more comfortable to go from Madras to Bombay and from Bombay to Delhi, Members of the Assembly and the Council of State may be given the option of travelling by a route which is fairly quick and on which for two whole days food can be obtained?

**Mr. P. R. Rau:** I am afraid, Sir, that is not a question which ought to be addressed to me, and I do not know that Honourable Members have not got the option even now.

**Mr. F. E. James:** There is no option. May I address that question to the appropriate Member?

**The Honourable Sir George Schuster:** I will give my Honourable friend's suggestion the most careful consideration.

**Raja Bahadur G. Krishnamachariar:** With reference to the reply that there is no inconvenience for passengers from the South to catch the train at Madras, are Government aware that the boat mail, which is the principal line of connection between the South and Madras, arrives at Madras at 7 o'clock in the morning and the Grand Trunk Express starts at 7-45,—surely not a very convenient interval between Egmore and the Central Station which is nearly  $1\frac{1}{2}$  to two miles distant?

**Mr. P. R. Rau:** The Agent of the Madras and Southern Mahratta Railway considered that a time of  $2\frac{1}{2}$  hours between the arrival of one train and the departure of another would prove to be a source of inconvenience to passengers.

**Raja Bahadur G. Krishnamachariar:** But is it not incorrect to say that there is no inconvenience for passengers from the South? If the Honourable Member will kindly answer that question, I will come to that  $2\frac{1}{2}$  hours immediately.

**Mr. P. R. Rau:** I am only conveying to the House the explanation of the Agent of the Madras and Southern Mahratta Railway with which, I can assure the House, I am not in sympathy.

**Raja Bahadur G. Krishnamachariar:** Will the Honourable Member kindly invite his attention to my statement here and ask him why he makes incorrect statements for the information of Members of the Assembly? I hope he will. With regard to the 2½ hours, is it not a fact that, before the 1st October, the Grand Trunk Express started at 7.45 from Madras, arrived at Bezwada at 3 o'clock, Kazipet at 7, and went slow from Kazipet up to Wardha and, again, between Agra and Delhi, and all that has been changed? Is it or is it not a fact?

**Mr. P. R. Rau:** I am not aware of the detailed timings of the train, but I think my Honourable friend is correct. Formerly the time taken on the Madras and Southern Mahratta Railway was short and the time taken on the Great Indian Peninsula Railway was comparatively long. The position has been reversed now.

**The Honourable Sir Joseph Bhoré:** Sir, may I, with your permission, intervene in this matter, because I think I am personally concerned? I met certain representatives of this House and we discussed the matter. As a result, I think the Chief Commissioner and I promised that we would do our best to expedite the running of the Grand Trunk Express. We came to the final conclusion that it would be possible to expedite the running by about 2½ hours. As I say, I am personally concerned in this matter and I will see why it is that these timings have not been adhered to. I shall personally look into this matter.

**Raja Bahadur G. Krishnamachariar:** Will the Honourable Member also invite the attention of the authorities that the most rickety carriages, First and Second class, are attached to this train,—bath room leaking and the most inconvenient seating arrangements?

**The Honourable Sir Joseph Bhoré:** I think that a complaint on those lines was made and it has been arranged that the Great Indian Peninsula Railway should see that better rolling stock is run on this particular train.

**Raja Bahadur G. Krishnamachariar:** I am talking of the Great Indian Peninsula rolling stock on which I generally come from Hyderabad to Delhi in that through carriage.

**The Honourable Sir Joseph Bhoré:** I am sorry if my Honourable friend's experience has been so unfortunate, but I can assure him that the railway administration have already intervened in the matter.

**Dr. Ziauddin Ahmad:** Am I to understand from the answer that the stock of the Madras and Southern Mahratta Railway is much poorer than the stock of the Great Indian Peninsula Railway?

**The Honourable Sir Joseph Bhoré:** I am afraid I am not in a position to answer questions with regard to the rolling stock on particular railways.

**Dr. Ziauddin Ahmad:** I thought the Honourable Member said that the Great Indian Peninsula Railway have been asked to run their carriages

on this Grand Trunk Express. So the inevitable conclusion from that statement is that the Madras and Southern Mahratta Railway stock is poorer than the Great Indian Peninsula Railway stock.

**The Honourable Sir Joseph Bhoré:** I think the real reason is that there has been divided responsibility in the past, and I think the Railway Board have come to the conclusion that if one Railway is responsible for the rolling stock, it will be possible to ensure improvement. It is for this reason, I believe, that the Great Indian Peninsula Railway are being entrusted with that duty.

**Mr. M. Maswood Ahmad:** Will it not be better that in cases in which two administrations are concerned, these cases, instead of being discussed in the Local Advisory Committees, should be discussed in the Central Advisory Committee of Railways here?

**The Honourable Sir Joseph Bhoré:** As a matter of fact, three railways are concerned here; there is the Nizam's State Railway.

**Mr. M. Maswood Ahmad:** So there is more ground for taking this matter up in the Central Advisory Committee instead of discussing it in the Local Advisory Committees.

**Mr. President** (The Honourable Sir Shanmukham Chetty): It is open to any member of the Central Advisory Committee to raise it.

**Mr. Vidya Sagar Pandya:** Are Government aware that, in attempting to expedite the Express train, it takes two hours more between Madras and Bezwada?

**The Honourable Sir Joseph Bhoré:** I have just been trying to explain to my Honourable friend the reason for it.

**Mr. Lalchand Navalrai:** May I also say that the Karachi and Sind timings are not proper and that they require revision? And may I also inform the Honourable Member that an ordinary clerk in the Agent's office does prepare these timings and then we have to come up here and complain. I think these matters should come before the Central Advisory Committee.

**The Honourable Sir Joseph Bhoré:** I was not aware that the Grand Trunk Express ran to Karachi. (Laughter.)

#### NEXT GENERAL ELECTIONS OF THE PROVINCIAL AND CENTRAL LEGISLATURES.

1284. \***Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state whether the next general elections to the Indian Legislature will be held under the old Constitution or under the new Constitution?

(b) Will Government be pleased to state whether the next general elections to the Provincial Legislative Councils will be held under the old Constitution or the new Constitution?

(c) Will Government please state whether the Provincial Committees set up for the purpose of settling the questions of constituencies, franchise, etc., of the Provincial Legislative Councils will decide the constituencies, etc., of the Central Legislatures also, or will new Committees be constituted for the Federal Assembly and the Council of State?

**The Honourable Sir Brojendra Mitter:** (a) I can add nothing to what I said in reply to Mr. Lalchand Navahrai's starred question No. 1131 on 23rd November, and would refer the Honourable Member to the statement made by the Honourable the President in connection with that question.

(b) I would refer the Honourable Member to the provisions of section 72B of the Government of India Act.

(c) I would refer the Honourable Member to the reply given on the 7th February last to his questions Nos. 233 and 234 relating to the Bihar and Orissa Provincial Franchise Committee. As already stated, I have no exact information as to the lines on which these Provincial Committees have been working. Nor am I in a position at present to make any statement as to the procedure which will be adopted for settling the constituencies, etc., for the Federal Assembly and the Council of State.

**Mr. M. Maswood Ahmad:** Are Government aware that, on the 23rd November, this question was not raised in any question whether the election would take place according to the new Constitution or the old Constitution?

**The Honourable Sir Brojendra Mitter:** As I have said, so far as the Provincial Councils are concerned, this is a matter for the Provincial Governors, and the Government of India have got nothing whatsoever to do with it.

**Mr. M. Maswood Ahmad:** I am referring to part (a). it is for the Central Legislature and not for the Provincial Legislatures.

**The Honourable Sir Brojendra Mitter:** As regards that, several questions have been asked in this House, and you, Sir, stated in the House that you had taken up the matter with His Excellency the Governor General: what has happened as regards that, I do not know, and I have no further information to give to the House.

**Sir Cowasji Jehangir:** Am I to understand the position from the Honourable Member's answer just now that, with regard to Provincial Governments, it is the Provincial Governments alone that are concerned as to when the new Constitution will come into force.

**The Honourable Sir Brojendra Mitter:** No, Sir: the Honourable Member is under a misapprehension: there is no question of new Constitution; but when the Provincial Councils will be dissolved or when new elections will take place are all matters which are entirely under the control of the Provincial Governors under section 72B. So, when the existing Provincial Councils will come to an end and new elections will be held is a matter on which I can give no information.

**Sir Cowasji Jehangir:** But the question is as to whether the next elections will be under the old Constitution or the new: that is entirely a question to be dealt with by the Government here or His Majesty's Government in England?

**Mr. President (The Honourable Sir Shanmukham Chetty):** That question really involves two questions: whether the next elections will be

held under the new Constitution means whether the new Constitution will come into existence as soon as the present Provincial Councils are dissolved: that is a matter purely for the Provincial Governments.

**Sir Cowasji Jehangir:** May I point out that how long the present Provincial Councils are to exist is a question for the Provincial Governments to decide; but as to whether the new elections are to be under the new reforms is a question for the Government of India and His Majesty's Government?

**The Honourable Sir Brojendra Mitter:** No, Sir, not even the angels can say that at the moment.

**Sir Cowasji Jehangir:** I did not follow my Honourable friend: does he mean to say that the Government of India are angels?

**The Honourable Sir Brojendra Mitter:** I said, not even the angels could say that.

**Mr. Lalchand Navalrai:** May I know from the Honourable the Leader of the House or the President, how much more time it is required for the removal of our anxiety?

**Mr. Gaya Prasad Singh:** What is the anxiety, I do not understand.

**Mr. Lalchand Navalrai:** Anxiety about the time for elections.

**Mr. M. Maswood Ahmad:** Will Government be pleased to state whether the qualification of the electors for the next election will be the same as it is at present or it will be according to the proposed scheme of the Government of India?

**The Honourable Sir Brojendra Mitter:** I hope, Sir, whatever the qualifications may be, all the Honourable Members now sitting in this House will be qualified.

**Dr. Ziauddin Ahmad:** May I just put the same question in another form?

**Mr. President (The Honourable Sir Shanmukham Chetty):** The same question that has been answered need not be put in another form.

**Dr. Ziauddin Ahmad:** I mean a further question on the same topic: may I ask, whether the number of seats for each Province in the next election will be the same as it is at present?

**The Honourable Sir Brojendra Mitter:** If it be under the existing Constitution, I fancy the number of seats will be the same.

**Dr. Ziauddin Ahmad:** I want a simple answer—yes or no.

**The Honourable Sir Brojendra Mitter:** What is the question? If the question is this, whether the next Provincial elections will be under the



existing Constitution or under the new Constitution, I cannot answer. If it be under the existing Constitution, then my answer is that according to my judgment the number will be the same.

## UNSTARRED QUESTIONS AND ANSWERS.

### APPOINTMENTS CARRYING RS. 100 AND ABOVE IN THE VARIOUS STATE-MANAGED RAILWAYS.

238. **Pandit Ram Krishna Jha:** (a) Will Government be pleased to state the number of appointments carrying Rs. 100 and above, in the various State-managed railway Administrations?

(b) Will Government be pleased to lay on the table of this House a statement showing:

- (i) the number of Indians holding such posts, and
- (ii) the number of Indians so employed, from each of the provinces of India, including Bihar?

**Mr. P. B. Rau:** A certain amount of the information required with regard to posts rising to Rs. 250 and above will be found in the Annual reports on Indian Railways.

Government regret that the rest of the information called for is not readily available and cannot be obtained without an undue expenditure of labour and money.

### RATES OF DISABILITY PENSION ADMISSIBLE TO NON-COMBATANT CIVIL SUBORDINATES OF THE ARMY IN INDIA.

239. **Mr. S. G. Jog:** (a) Will Government be pleased to state what relative rank was admissible to a non-combatant civil subordinate of the Army in India in 1914—16 getting Rs. 200 to Rs. 249 per mensem and what changes in relative ranks have since been made and when, specifying the nature and date of every change?

(b) What rates of disability pension were admissible in 1914-16 to non-combatant civil subordinates of the Army in India getting Rs. 200 to Rs. 249 per mensem and what changes in rates have since been ordered and when? Will Government please intimate the rates and dates of every change?

**Mr. G. E. F. Tottenham:** The question is being examined and a reply will be laid on the table at an early date.

### APPOINTMENT OF A MUSLIM DISTRICT INSPECTOR OF SCHOOLS IN DELHI.

240. **Mr. M. Maswood Ahmad:** (a) Is it a fact that from time immemorial, at least since 1885 to 1927, not a single permanent Muslim District Inspector of Schools was appointed in Delhi?

(b) Is it a fact that the District Inspector of Schools then controlled all the vernacular teaching staff in Government, District Board and Municipal Committee services?

(c) Is it a fact that there was an unduly low proportion of Muslim school-masters in these schools, and Sir Malcolm Hailey,

the then Chief Commissioner of Delhi, issued letter No. 8197-Edn., dated the 14th May, 1917, to the Educational authorities, sending a copy of it to the Deputy Commissioner and the Municipal Committee, Delhi, in which he drew attention of these authorities to this grave disparity in the number of Muslim teachers and ordered that efforts should be made to reduce this grave disparity?

(d) Is it a fact that Muslims of Delhi had persistently drawn attention of Government, both in the Legislature, as well as by means of deputations and representations to the Chief Commissioner and the Superintendent of Education, Delhi, to the quite inadequate number of Muslim teachers, and definitely attributed this low number to the unsympathetic appointing agency?

(e) Is it a fact that Muslims are still very inadequately represented in the teaching staff in these schools?

(f) Is it a fact that the present Muslim District Inspector of Schools is now under orders of transfer to the Punjab? Do Government propose to appoint a Muslim District Inspector of Schools in his place?

**Mr. G. S. Bajpai:** (a) Since the creation of Delhi Province, Syed Fazl Mahraud held the post in 1915-1917.

(b) The District Inspector of Schools, Delhi, at one time controlled the vernacular teaching staff in the service of the District Board and Municipality.

(c) The low percentage of Muslim teachers in the District Board and Municipal schools in Delhi was due in the past to various causes. The letter referred to by the Honourable Member was issued by the Chief Commissioner, Delhi, on the 14th May, 1915, and the instructions issued therein are being followed.

(d) No record is available of any deputation or representation to the Chief Commissioner, Delhi, or to the Superintendent of Education, Delhi, though questions on the subject have been asked from time to time in the Legislature.

(e) The number and proportion of Muslim teachers have increased in these schools and there is no reason why in the matter of fresh recruitment it should not continue to improve. A statement showing the number of Hindu and Muslim teachers in the schools in Delhi in 1931 and 1933 is laid on the table of the House.

(f) The reply to the first part of the question is in the affirmative. As to the next incumbent of this post, since the post is included in the Punjab cadre, the Government of that Province will make the appointment in accordance with the recognised principles which are well understood. The responsibility for protection of certain interests rests not with the District Inspector but with the Administration who may be trusted to discharge it as fully and rapidly as circumstances permit.

*Statement showing the number of Hindu and Muslim teachers in the District Board and Municipal Schools in Delhi on the 31st March 1931 and 1933.*

	District Board,		Municipal,	
	Hindus.	Muslims.	Hindus.	Muslims.
1931 . . . . .	189	40	196	77
1933 . . . . .	203	52	194	81

**REPRESENTATION OF HINDUS IN THE EDUCATION DEPARTMENT, DELHI.**

**241. Bhagat Chandi Mal Gola:** (a) Is it a fact that in the office of the Superintendent of Education, Delhi, there is a majority of Muhammadans?

(b) Will Government be pleased to lay on the table a statement showing the number of Hindu and Muhammadan clerks in that office?

(c) What action do Government propose to take for the proper representation of Hindus in the Education Department, Delhi?

**Mr. G. S. Bajpai:** (a) and (b). If the Honourable Member refers to the Delhi establishment of the office of the Superintendent of Education, the reply is in the negative. There is an equal number of Hindu and Muslim clerks in that establishment, viz., four of each community.

(c) Does not arise.

**REPRESENTATION OF HINDUS IN THE EDUCATION DEPARTMENT, DELHI.**

**242. Bhagat Chandi Mal Gola:** (a) Is it a fact that in the Education Department, Delhi, the gazetted officers consists of Christians and Muhammadans only? Will Government be pleased to state the reasons why the majority community has been deprived of its rights?

(b) What action do Government propose to take for the proper representation of the Hindus?

**Mr. G. S. Bajpai:** (a) and (b). The Honourable Member is referred to the reply given by me in this House to Bhai Parma Nand's starred question No. 1603 on the 7th December, 1932, on this subject.

**ABOLITION OF NORMAL SCHOOL, NAJAFGARH, DELHI.**

**243. Bhagat Chandi Mal Gola:** (a) Is it a fact that the Normal School, Najafgarh (Delhi) is still running? Have Government considered the question as to whether or not it is an unnecessary burden?

(b) Do Government propose to take any steps to abolish this institution?

**Mr. G. S. Bajpai:** (a) The reply to the first part of the question is in the affirmative. In regard to the latter part of the question, the continuance of this institution is essential, not only to ensure a higher percentage of trained teachers, but also to fill vacancies resulting from the retirement of teachers and other causes.

(b) No.

**CONSTITUTION OF BALUCHISTAN INTO A SEPARATE PROVINCE.**

**244. Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state whether their attention has been drawn to the resolution passed by the All-India Muslim Conference about the constitution of Baluchistan into a separate province?

(b) Have they received a copy of the resolution referred to in part (a) above from the Secretary of the Muslim Conference?

**Mr. H. A. F. Metcalfe:** (a) The Honourable Member does not specify the particular meeting of the All-India Muslim Conference to which he refers; but Government are aware that according to reports appearing in the Press, the Executive Board of the All-India Muslim Conference which met in Delhi in March, 1933, passed a resolution to the effect that a substantial measure of reform should be immediately introduced in Baluchistan.

(b) No copy of that resolution was forwarded to Government by the Secretary of the Conference.

#### EMPLOYMENT OF ADDITIONAL CLERKS IN THE CENTRAL PUBLICATION BRANCH.

**245. Mr. S. C. Mitra:** (a) Is it a fact that a proposal for the employment of additional twenty-five clerks to cope with the work, has been forwarded to Government by the Manager of the Central Publication Branch for sanction?

(b) Is it a fact that several Record-Suppliers possessing the minimum qualifications for Government service have been working in that branch as clerks since their appointment?

(c) Is it a fact that they were conferred clerical posts on a fixed pay of Rs. 40 per mensem during the commercial period of that office?

(d) Is it a fact that after expiry of the period they were reverted to their former position?

(e) Is it a fact that the claims of these men have been consistently overlooked whenever chances for promotion arose?

(f) Do Government propose to consider their case favourably in the event of future appointments in the clerical cadre?

**The Honourable Sir Frank Noyce:** (a) No. But a proposal has been submitted to the Controller of Printing and Stationery by the Manager.

(b), (c), (d), (e) and (f). Government have no information on any of the points referred to by the Honourable Member which relate to matters of detail within the competence of the Head of the Department. It is open to any employee who considers that he has a grievance in the matter of clerical appointments to make a representation to the proper authority in the ordinary way.

#### OVERSTAFFING OF PRINTING AND STATIONERY DEPARTMENT OF THE GOVERNMENT OF INDIA.

**246. Mr. S. C. Mitra:** Are Government aware that the Printing and Stationery Department of the Government of India is overstaffed in respect of gazetted appointments? If so, do Government propose to retrench them immediately for the sake of saving public revenue? If not, why not?

**The Honourable Sir Frank Noyce:** The answer to the first part is in the negative. The other parts do not arise.

#### EMPLOYMENT OF A FARASH FOR THE PERSONAL WORK OF THE MANAGER, CENTRAL PUBLICATION BRANCH.

**247. Mr. S. C. Mitra:** (a) Is it a fact that one of the *farashes* of the Central Publication Branch is employed for the personal work of Mr. d'Eca,

officiating Manager of the Central Publication Branch at his residence and for taking care of his car at office?

(b) If the reply to part (a) be in the negative, is he competent to employ such a Government servant for his personal work?

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

#### FEELING OF INSECURITY AMONG THE STAFF OF THE CENTRAL PUBLICATION BRANCH.

248. **Mr. S. C. Mitra:** Are Government aware that the staff of the Central Publication Branch are in constant dread of being punished and dismissed?

**The Honourable Sir Frank Noyce:** No.

#### RETRENCHMENT DUE TO THE AMALGAMATION OF THE EAST INDIAN AND EASTERN BENGAL RAILWAY PRESSES.

249. **Mr. S. C. Mitra:** (a) Is it a fact that on the amalgamation of the East Indian and Eastern Bengal Railway Presses, Calcutta, a large number of industrial hands, such as binders, compositors, etc., were retrenched?

(b) Is it a fact that not a single one among the supervising staff, such as Assistant Superintendents, overseers, readers, etc., has been retrenched?

(c) Will Government be pleased to lay on the table a statement showing the number of compositors, distributors, binders and impositors and the number of Assistant Superintendents, overseers, section-holders, readers, copy-holders, computers and clerks whose services have been dispensed with as a result of retrenchment, from 1931 to 1933, year by year?

(d) Is it a fact that this drastic retrenchment has been effected for the purposes of economy? If so, will Government be pleased to state the reasons for:

(i) appointing fresh and new hands, such as clerks and mono-operators in the amalgamated press within the last two months;

(ii) filling up the abolished posts; and

(iii) keeping intact the personal pay of several employees?

(e) Is it a fact that large number of binders have been retrenched, being regarded as surplus in the binding section?

(f) Is it a fact that several employees of different departments, such as, Abdul Majid and Nawab Ali Chaudhuri formerly paper-issuers in the East Indian Railway Press, have either been transferred or employed in the binding section? If so, will Government be pleased to state the reasons for retrenching as surplus the binders who were actually working in the binding section?

(g) Is it a fact that the surplus hands of the East Indian and Eastern Bengal Railway Presses have submitted memorials to the Honourable

**Member in charge, Railway and Commerce Department**, in September last through proper channel? If so, will Government be pleased to let this House know the contents of the same and the action taken, or intended to be taken by them on the same? If not, why not?

(h) Is it a fact that the demoted employees of the amalgamated press have submitted memorials to the Honourable Member in charge in September last? If so, will Government be pleased to let this House know the contents of the same and the action taken or intended to be taken by the Government on the same? If not, why not?

**Mr. P. R. Rau:** With your permission, Sir, I propose to reply to this and the following 15 questions together. Government are obtaining whatever information is readily available and will lay a statement on the table in due course.

#### RETRENCHMENT DUE TO THE AMALGAMATION OF THE EAST INDIAN AND EASTERN BENGAL RAILWAY PRESSES.

†250. **Mr. S. C. Mitra:** (a) Is it a fact that the Honourable Member in charge, Railways and Commerce, received a telegram from the President of the National Trades Union Federation and President of the Press Employees' Association, Calcutta, on 1st September 1933, informing him of the serious situation created by the arbitrary actions of the East Indian Railway authorities in dealing with the amalgamated Press staff in connection with the recent retrenchment in the said Presses? If so, will Government be pleased to lay on the table a copy of the said telegram, and state the action taken on the same? If not, why not?

(b) Is it a fact that the Secretary, Press Employees' Association, Calcutta, addressed a letter to the Honourable Member in charge Railway and Commerce, on the 12th September, 1933, requesting an immediate enquiry into the arbitrary way of retrenching and demo the industrial staff of the amalgamated East Indian and Eastern Bengal Railway Press? If so, will Government be pleased to inform this House of the contents of the said letter, and state what action has been taken or is intended to be taken on the same? If not, why not?

#### RETRENCHMENT DUE TO THE AMALGAMATION OF THE EAST INDIAN AND EASTERN BENGAL RAILWAY PRESSES.

†251. **Mr. S. C. Mitra:** (a) Is it a fact that the East Indian and Eastern Bengal Railway Presses at Calcutta have recently been amalgamated on the recommendation of the Retrenchment Committee 1931?

(b) Is it a fact that one of the reasons for this amalgamation was that the overhead charges would be considerably diminished thereby?

(c) Is it a fact that heavy reductions of the industrial staff in the Railway Presses had been effected just before and after the amalgamation but there was no corresponding reduction of supervising and clerical staff either before or after the amalgamation?

(d) Is it a fact that after the amalgamation of the Railway Presses the total amount of work done by the industrial hands remains almost the same as when the two Presses were separate and the work of the supervising and clerical staff has considerably decreased as a result of the amalgamation?

†For answer to this question, see answer to question No. 249.

(e) Is it a fact that the total amount of pay of the discharged industrial hands of both the Presses will not be more than Rs. 1,600 per year?

(f) If the answers to parts (a) to (e) be in the affirmative, have Government considered whether the retention of the services of the highly paid and supervising and clerical staff, instead of the industrial hands is not uneconomical? If not, why not?

(g) Will Government be pleased to lay on the table a statement showing:

- (i) the present total strength of the industrial hands, section by section, in the amalgamated East Indian and Eastern Bengal Railway Presses, with their average monthly pay;
- (ii) the present strength of the supervising staff of the amalgamated Press with respective designations, pay and duties they are to perform; and
- (iii) the expected savings due to the amalgamation under the different heads of expenditure?

#### AMALGAMATION OF THE EAST INDIAN AND EASTERN BENGAL RAILWAY PRESSES.

†252. **Mr. S. C. Mitra:** (a) Is it a fact that recently the Eastern Bengal Railway Press has been amalgamated with the East Indian Railway Press and the whole of the Eastern Bengal Railway Press including the machines have been transferred to the premises of the East Indian Railway?

(b) If so, will Government be pleased to state:

- (i) the estimated cost sanctioned for this removal;
- (ii) the actual cost incurred;
- (iii) the agency for removal; and
- (iv) the authority under whose order this removal was made?

#### EMPLOYMENT OF A HIGHLY PAID MECHANIC AND ASSISTANTS IN THE EAST INDIAN RAILWAY PRESS.

†253. **Mr. S. C. Mitra:** (a) Is it a fact that a highly paid mechanic and several assistants are employed in the East Indian Railway Press?

(b) Is it a fact that in spite of this staff outside assistance is frequently called for and heavy amounts are spent for the purpose? If so, will Government be pleased to state:

- (i) how the work of this section was managed previous to the appointment of the mechanic and his staff;
- (ii) how much was spent for paying the outside experts before as well as after the appointment of the mechanic and the staff;
- (iii) what savings have been made by the appointment of the present mechanic; if no savings have been made, the reasons for creating the post of a mechanic with such a high pay?

#### QUALIFICATION, PAY, ETC., OF THE SUPERINTENDENT OF THE EAST INDIAN RAILWAY PRESS.

†254. **Mr. S. C. Mitra:** (a) Is it a fact that passed "Printers" from home are regarded as experts in the line and expected to manage business economically?

†For answer to this question see answer to question No. 249.

(b) Is it a fact that the Superintendent and the Deputy Superintendent of State Railway Presses are recruited from among the passed "Printers"? If so:

- (i) Is the present Superintendent of the East Indian Railway Press a passed printer?
- (ii) Where did the present permanent Superintendent of the East Indian Railway Press work before he was appointed to the present post?
- (iii) What was the amount of salary in his former posts?
- (iv) What are his qualifications?
- (v) How was he selected for the present appointment?
- (vi) What was his initial salary and what is his salary at present?
- (vii) What is his present age and the length of the period of his present service?

#### BINDERS OF THE EAST INDIAN RAILWAY PRESS.

†2 5. **Mr. S. C. Mitra.** (a) Is it a fact that in compliance with the Government of India's Notification, No. L-1714, dated the 13th August, 1931, a Court of Enquiry was formed under the Trades Disputes Act, 1929, with the Honourable Mr. Justice Murphy as Chairman?

(b) Is it a fact that the Committee recommended for re-instatement of men whose names appeared in list "A" of the report, as they had a genuine grievance?

(c) Is it a fact that four binders of the East Indian Railway Press, Calcutta, were re-instated on the recommendation of the Committee, their names having been included in the list "A"?

(d) Were the said binders allowed any wages or compensation for the period from the date of their discharge to the date of their re-instatement?

(e) Is it a fact that they submitted a memorial to the Secretary, Railway Board, for granting them wages or compensation for the afore-said period?

(f) Do Government propose to give their wages or compensation for the said period?

(g) Will Government be pleased to state from which date their service will be counted and on what basis will they be allowed Provident Fund and gratuity on their retirement?

(h) If the answer to part (d) be in the negative, will Government give their reason therefor?

#### BINDERS OF THE EAST INDIAN RAILWAY PRESS.

†256. **Mr. S. C. Mitra:** (a) Is it a fact that several binders of the East Indian Railway Press, Calcutta, have been discharged or transferred to other sections on smaller pay, being regarded as surplus in the binding section?

(b) Is it a fact that several hands from different departments are engaged for pulling up the work in the binding section?



(c) Is it a fact that extra men are engaged and overtime allowed to meet the growing demands of work in the Press?

(d) If the answers to parts (a) to (c) be in the affirmative, will Government be pleased to state the reasons for making several binders surplus?

#### COMPOSITORS OF THE EAST INDIAN RAILWAY PRESS.

†257. **Mr. S. C. Mitra:** Will Government be pleased to state:

- (i) the strength of the compositors in the East Indian Railway Press when it was Company-managed;
- (ii) the strength of the compositors after the amalgamation with the Oudh and Rohilkhand Railway in 1925;
- (iii) the strength of the compositors after the amalgamation with the Eastern Bengal Railway Press?

#### INTRODUCTION OF NEW SYSTEM OF SERVICE IN THE EAST INDIAN AND EASTERN BENGAL RAILWAY PRESSES.

†258. **Mr. S. C. Mitra:** (a) Is it a fact that under the Railway Board's order a new system of service has been introduced in the East Indian Railway and Eastern Bengal Railway Presses?

(b) Is it a fact that the Board's order was the same in respect of both the Presses?

(c) If the answers to parts (a) and (b) be in the affirmative, will Government be pleased to state the reasons for different scales of increased percentage allowed in the pay of the industrial hands of both the Presses?

(d) Will Government be pleased to state whether any specific order as regards the increase in the percentage of pay of the piece-workers has been made?

#### PROMOTIONS IN THE EAST INDIAN RAILWAY PRESS.

†259. **Mr. S. C. Mitra:** (a) Is it a fact that no fixed principle is followed in the East Indian Railway Press, Calcutta, in granting promotions?

(b) Is it a fact that several of the senior industrial hands are drawing less pay than the junior hands?

(c) Is it a fact that outsiders are appointed and the claims of the experienced and officiating incumbents of the posts ignored?

(d) Will Government be pleased to state:

- (i) when was the present assistant binding foreman of the East Indian Railway Press, appointed;
- (ii) whether the work of the post was being carried out by an experienced old employee of the section;
- (iii) whether he is related to his immediate superior officer in the office?

**PRINTING OF "ECONOMY REPORT" IN THE EASTERN BENGAL RAILWAY PRESS.**

†260. **Mr. S. C. Mitra:** (a) Is it a fact that the "Economy Report" was printed in the Eastern Bengal Railway Press in 1930?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state what was the saving and under what items?

**CERTAIN APPOINTMENTS IN THE GOVERNMENT OF INDIA PRESS, CALCUTTA, AND THE EAST INDIAN RAILWAY PRESS.**

†261. **Mr. S. C. Mitra:** (a) Is it not a fact that the proportion of clerks and supervising staff, viz., overseers, office superintendent, foreman, section-holder, jemadar, assistant foremen, computers, checkers, time-keepers, etc., to the actual workers, viz., compositors, readers, copy-holders, mono-casters, lino-mono-operators, distributors, binders, pressmen, machine-men, ink-men, etc., in the East Indian Railway Press is greater than those in the Government of India Press, Calcutta?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to give the reasons therefor?

(c) Will Government be pleased to lay on the table a comparative statement of the number of men now holding the following appointments in the Government of India Press, Calcutta, and East Indian Railway Press, Calcutta and Howrah:

Assistant Superintendent, office superintendent, overseer, section-holder, foremen, assistant foremen, computer, checker, clerks, workshop accountant, time-keeper, jemadar, store-keeper, compositor, reader, copy-holder, distributors, binders, pressmen, machinemmen, inkmen, lino-mono-operators and mono-caster?

(d) Is it not a fact that the number of the supervising staff and clerks as mentioned in part (a) in the East Indian Railway Press was greatly increased after 1920?

(e) Will Government be pleased to state the number of supervising staff and clerks and that of the actual workers as mentioned in part (a) in the East Indian Railway Press, in 1919 and 1930?

**EXTRA WAGES OR CREDIT LEAVE FOR COMPOSITORS OF THE EAST INDIAN RAILWAY PRESS WORKING ON HOLIDAYS.**

†262. **Mr. S. C. Mitra:** (a) Is it a fact that the employees of the Government of India Press, get extra wages or credit leave when they work during a holiday?

(b) Is it a fact that the compositors of the East Indian Railway Press get no extra wages or credit leave when they work during holidays?

(c) Is it a fact that the clerks of the East Indian Railway Office and the East Indian Railway Press get travelling allowance when they are employed on work during holidays?

(d) If the reply to parts (a), (b) and (c) be in the affirmative, will the Honourable Member in charge of Railway and Commerce be pleased to state the reasons therefor?

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†For answer to this question, see answer to question No. 249.

### EXTRA WAGES FOR COMPOSITORS OF THE EAST INDIAN RAILWAY PRESS WORKING AFTER 2 P.M. ON SATURDAYS.

† 263. **Mr. S. C. Mitra:** (a) Is it a fact that the employees of the Government of India Press and of other State Railway Presses get extra wages if they work after 2 p.m. on half-holidays when the offices close?

(b) Is it a fact that the compositors of the East Indian Railway Press get no extra wages for their work from 2 p.m. to 5 p.m. on Saturdays when their office closes at 2 p.m. and extra wages are allowed for their work after 5 p.m.?

(c) If the reply to parts (a) and (b) be in the affirmative, will the Honourable Member in charge of Railway and Commerce Department be pleased to state the reasons therefor, and does he propose to take proper steps for the payment of extra wages to the compositors for their work immediately after office hours?

### CUT IN THE PAY OF THE INDUSTRIAL EMPLOYEES OF THE EAST INDIAN RAILWAY PRESS.

† 264. **Mr. S. C. Mitra:** (a) Is it a fact that deduction is being made both from the pay of the ministerial as well as industrial employees of the East Indian Railway Press, Calcutta and Howrah?

(b) Is it not a fact that the industrial employees, such as compositors, distributors, binders, etc., of the East Indian Railway Press, Calcutta and Howrah, are not allowed the privileges of closed holidays, bank holidays, and special early holidays like Armistice Day, like the ministerial staff in the same Press?

(c) Is it not a fact that the industrial employees, like the compositors, of the East Indian Railway Press, Calcutta, are allowed only 13 days' leave in a year under Annexure (ii), whereas the ministerial staff enjoy more holidays under Annexure (i)?

(d) Is it not a fact that the earnings of the employees like compositors, binders, etc., have come down considerably owing to the stoppage of the overtime system in the said Press?

(e) Is it not a fact that under the new revision of the scale of pay, as has been introduced from the 1st of November, 1930, the earnings of the industrial staff like the binders, compositors, etc., in the East Indian Railway Press, Calcutta and Howrah have decreased as is evinced from the fact that the binders who used to get Rs. 42 per month before November, 1930, now get Rs. 36 and even that after two years?

(f) Is it not a fact that the industrial employees, like the compositors, binders, etc., submitted a memorial to the Honourable Member in charge, Railway and Commerce Departments so far back as 12th January, 1931, stating that no consideration was paid at the time of fixing the initial wages to the fact that the actual earnings were higher during the preceding twelve months and even in the past few years than the monthly wages then introduced?

(g) Is it not a fact that in the memorial, dated the 12th January, 1931, the memorialists submitted that they were to work compulsorily for about 47 hours more than what they did before the 1st of November, 1930?

(h) If the answers to parts (a) to (g) be in the affirmative, will Government state the reasons for introducing a cut in the pay of the industrial

employees like binders, compositors, etc., of the East Indian Railway Press, Calcutta and Howrah?

### NON-APPOINTMENT OF INDIAN APPRENTICES OF LILLOOAH WORKSHOPS AS TRAIN EXAMINERS.

**265. Sardar G. N. Mujumdar:** (a) Is it a fact that the Indian ex-apprentices of the East Indian Railway Workshop, Lillooah, who passed in the first division from the Technical School and had training in one or more shops as referred to by Government in their reply to starred question No. 631(a) of the 4th March, 1932, are not appointed as Train Examiners? Is it a fact that European and Anglo-Indian ex-apprentices of the same workshop who had no training even in one shop as referred to above and who passed in lower divisions from the Technical School, are so appointed in preference to Indians? If so, why?

(b) Is it a fact that the answer given in reply to unstarred question No. 22(c) of the 5th September, 1932, is not correct and that both of the apprentices were not sent back to shops for unsatisfactory work and irregular attendance, and that one of them was retained there for faithful work and regular attendance for a few days more after the strike was over?

(c) Is it a fact that six ex-apprentices of the East Indian Railway workshop, Lillooah have been appointed as Train Examiners under the Chief Operating Superintendent, East Indian Railway, in Howrah Division, this year?

(d) Is it a fact that four of them were junior to many ex-apprentices of 1930, who are still waiting and had similar training?

(e) If the answer to part (a) above be in the negative, will Government please state the reasons for appointing (i) one Anglo-Indian who completed his training on 9th February, 1930 and failed in Technical School (failed to obtain 40 per cent. average marks in Technical School examination) and (ii) one European or Anglo-Indian who completed his training on 18th September, 1930, and passed in the second division (obtained below 50 per cent. marks) from the Technical School, as Train Examiners under the Chief Operating Superintendent, East Indian Railway, in Howrah Division? Is it not a fact that both of them had no training even in one shop as referred to in the reply to starred question No. 631(a) of the 4th March, 1932? What were the grounds for not selecting these senior apprentices of 1930?

(f) If the answer to parts (b), (c) and (d) above be in the affirmative, will Government be pleased to state the reasons for selecting those juniors for the posts and what were the grounds for not selecting the senior ex-apprentice of 1930? Do Government propose to consider his case and take necessary steps to appoint him to a suitable post under the Chief Operating Superintendent when next vacancy arises, and issue order to the officer concerned to this effect without delay? If not, why not?

(g) If the answers to parts (b), (c) and (d) above be in the negative, are Government prepared to make an inquiry into the matter and take necessary steps without further delay? If not, why not?

**Mr. P. B. Rau:** With your permission, Sir, I propose to reply to this and the next question together. I have called for certain information and will lay a reply on the table, in due course.

### NON-APPOINTMENT OF INDIAN APPRENTICES OF LILLOOAH WORKSHOPS AS TRAIN EXAMINERS.

†266. **Sardar G. N. Mujumdar:** (a) Will Government please state whether they have acted in accordance with the procedure cited in answer to starred question No. 291(a) of the 10th September, 1929, in the matter of appointing the ex-apprentices of East Indian Railway workshop, Lillooah, as Train Examiners under the Chief Operating Superintendent, East Indian Railway, in Howrah Division this year?

(b) If the answer to part (a) above be in the affirmative, will Government please state:

(i) whether one European or Anglo-Indian who completed his training on 18th September, 1930, from the East Indian Railway workshop, Lillooah, and who passed in the second division, was appointed as Train Examiner in Howrah Division, East Indian Railway, superseding many better qualified and senior ex-apprentices of the same workshop; if so, why;

(ii) whether one European or Anglo-Indian ex-apprentice of the East Indian Railway Workshop, Lillooah, who completed his training in April, 1933, was appointed as Train Examiner in Howrah Division, East Indian Railway, without even being called for an interview on 14th August, 1933, ignoring the claims of many senior ex-apprentices of the same workshop; if so, why; and

(iii) whether 33·3 per cent. European and Anglo-Indian ex-apprentices of the East Indian Railway Workshop, Lillooah, have been appointed as Train Examiners in Howrah Division, East Indian Railway in these days of progressive Indianisation, although better qualified and senior ex-apprentices of the same workshop were available? If so, why?

(c) Will Government please state:

(i) whether they propose to replace the European or Anglo-Indian, referred to in part (b) (i) above, by some senior Indian, whose name is on the waiting list;

(ii) whether they propose to put a stop to such practice of appointing junior ex-apprentices in supersession of their seniors, as Train Examiners; and

(iii) whether they propose to appoint, in all future cases, ex-apprentices of the East Indian Railway Workshop as Train Examiners under the Chief Operating Superintendent, East Indian Railway, from the waiting list strictly according to seniority and certificates of the Technical School without making any racial discrimination, and issue orders to the Chief Operating Superintendent to this effect?

If not, why not?

†For answer to this question, see answer to question No. 265.

## SHORT NOTICE QUESTION AND ANSWER.

## BERAR UNDER THE INDIAN FEDERATION.

**Mr. S. G. Jog:** (a) Is it not a fact that His Excellency the Viceroy made an announcement during his recent visit to Hyderabad about the successful conclusion of the negotiations which were going on with regard to the important question of Berar under the contemplated Indian Federation?

(b) Is it not a fact that His Exalted Highness the Nizam has given his assent for acceding to the Federation in respect of the territory known as Berar and to be placed in the Federation along with the Central Provinces?

(c) Is it a fact that His Excellency the Viceroy did not give the full details of the above arrangement?

(d) Will Government please make an announcement giving the full details of the arrangement which they propose to make in the matter?

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

(b) Attention is invited to the terms of His Excellency's announcement in his speech at Hyderabad on the 29th November 1938.

(c) Yea.

(d) The Government of India are not prepared at this stage to go beyond the terms of His Excellency's announcement.

**Mr. S. G. Jog:** May I know whether the terms have been definitely settled and the Government do not want to make announcement, of whether they are yet to be settled?

**The Honourable Sir Brojendra Mitter:** I can only repeat my answer, that I cannot make any statement beyond what has already been announced by His Excellency the Viceroy in his speech at Hyderabad.

**Mr. B. Das:** May I inquire if as has been declared about the recognition of sovereignty of His Exalted Highness the Nizam over Berar, whether my Honourable friend, Mr. Jog, in future can attend this Assembly and also the Nizam's State Assembly?

**The Honourable Sir Brojendra Mitter:** The answer to that question depends on full knowledge as to Mr. Jog's domicile, of which I am not aware.

**Mr. K. C. Neogy:** Are we to depend upon the newspaper report of His Excellency's speech in this matter, or, having regard to the importance of the question, will Government consider the desirability of issuing a Press communiqué on this matter?

**The Honourable Sir Brojendra Mitter:** So far as I can judge, the newspaper report is substantially correct.

**Mr. S. G. Jog:** Is it not a fact that in this arrangement the people of Berar are also vitally concerned?

**The Honourable Sir Brojendra Mitter:** I dare say they are.

**Mr. S. G. Jog:** Are the Government of India conscious of the fact that just as His Exalted Highness the Nizam's satisfaction is essential, is it not also equally important to secure the satisfaction of the people of Berar and of other interests concerned?

**The Honourable Sir Brojendra Mitter:** I have no reason to differ from my Honourable friend: it is a matter of very vital interest to the people of Berar . . . .

**Mr. S. C. Mitra:** And to the people of India also.

**The Honourable Sir Brojendra Mitter:** I may remind the House that on three important points His Excellency has made a definite pronouncement: first is the sovereignty of the Nizam over Berar; secondly, that for purposes of administration, Berar will be linked to the Central Provinces; and, thirdly, that in the Federation, Central Provinces *plus* Berar will be a unit. I have made it perfectly clear that beyond these three points I cannot give any further details which do not appear in His Excellency's speech.

**Mr. K. P. Thampan:** May I know whether the people of Berar will continue to remain as British subjects or they will become the subjects of the Nizam?

**Raja Bahadur G. Krishnaamachariar:** They were never British subjects!

**The Honourable Sir Brojendra Mitter:** The people of Berar are directly the subjects of His Exalted Highness the Nizam; they are not British subjects, but His Exalted Highness the Nizam has got his treaty with the British Government, and, by virtue of that, the ultimate suzerainty is in His Majesty the King.

**Mr. K. P. Thampan:** Do I understand the Honourable Member to say that the people of Berar are even now the subjects of His Exalted Highness the Nizam?

**The Honourable Sir Brojendra Mitter:** I leave my Honourable friend to draw his own conclusions from the fact that the sovereignty of His Exalted Highness the Nizam over the Berars will continue under the suzerainty of His Majesty.

**Mr. S. G. Jog:** May I know, Sir, whether the representative of Berar will have further opportunity of expressing his views as regards the details of this settlement later on?

**The Honourable Sir Brojendra Mitter:** I can give no information on that.

**Mr. B. V. Jadhav:** Do I correctly understand, Sir, when the Honourable gentleman says that Berar and the Central Provinces will form one unit in the Federation, that Berar will not form a separate unit?

**The Honourable Sir Brojendra Mitter:** That is what appears from His Excellency's speech.

**Mr. K. C. Neogy:** Do I take it that His Exalted Highness the Nizam, as the sovereign of Berar, has assented to Berar forming a part of the Federation?

**The Honourable Sir Brojendra Mitter:** It appears from His Excellency's speech that in the Federation Berar will be linked to the Central Provinces, and the two will form one unit.

**Mr. K. C. Neogy:** I am talking of His Exalted Highness the Nizam's assent to Berar forming a part of the Federation.

**The Honourable Sir Brojendra Mitter:** That is so, Berar will come into the Federation.

**Sir Cowasji Jehangir:** As a matter of principle, Sir, may I ask the Honourable the Leader of the House whether he thinks it right that a statement should be made,—it does not matter by whom,—outside this House, on a question of such great importance, and that though this House is in Session, the Leader of the House should not make a similar statement, and that it should have been left to a private Member to ask a short notice question?

**The Honourable Sir Brojendra Mitter:** I do not understand what statement my friend, Sir Cowasji Jehangir, is referring to. If it is with regard to Berar's position in the new Constitution, His Excellency the Viceroy has made his pronouncement. That was available to all Members of this House, because, as I said, the newspaper report is substantially correct. What more information is wanted, I do not know. If it be on questions of details of the arrangement with His Exalted Highness the Nizam, well, as I have said already, I cannot go into those details at this stage.

**Sir Cowasji Jehangir:** I presume, Sir, that His Excellency the Viceroy is a Member of the Government of India, and that if a statement is made by a Member of the Government of India, I presume that it should not be left to this House to hear or to get to know that statement through newspaper reports and that we should be told that those reports are substantially correct. We may have read it in different newspapers, and different newspapers may have given out different reports. As a matter of principle, I ask the Honourable the Leader of the House whether it would not have been right for him to make a similar statement in this House thus giving an opportunity to this House for asking for a day for discussion if necessary? We have read the statement merely in newspapers. It has not been authoritatively placed before this House. It is a question of principle, and the matter is of such importance to this House that it has been often raised in this House. I raise this question of principle.

**The Honourable Sir Brojendra Mitter:** As a question of principle, my answer is, that this is not a proper subject for discussion in this House. This is a matter of agreement between His Majesty's Government and His Exalted Highness the Nizam, and as such it is entirely outside the scope of this House. When on this matter of agreement His Excellency the Viceroy was speaking the other day, he was speaking in the proper quarter, and it would have been grossly improper for me or for any Member of Government to have made a statement in the House upon an agreement which is outside the scope of this House.



**Sir Cowasji Jehangir:** May I remind the Honourable Member that he seems to forget that there are in India on this question three parties, the Government of India and the Indian States and the Indian public of Berar, because a part of the Central Provinces is now supposed to come into the Federation as a whole? Has the Federation nothing to do with this House? Has this House never expressed an opinion on Federation or on the constitutional question, and may I ask the Honourable the Leader of the House whether this question and this statement are not constitutional questions with which India as a whole is concerned?

**The Honourable Sir Brojendra Mitter:** My answer is simple. As a constitutional question, there are only two parties to it, and not three parties, the two parties being the British Government on the one side and His Exalted Highness the Nizam on the other side. I do not agree to the Honourable Member's proposition that there are three parties to it.

**Sir Cowasji Jehangir:** Does the Honourable Member mean to say that India as a whole is not concerned with the question as to who should come into the Federation and who should not? Does not Berar by this agreement come into the Federation, and, in such an important matter, is not India as a whole interested as to who should make up the Federation?

**The Honourable Sir Brojendra Mitter:** I never suggested for a moment that India was not interested: what I said was that British India was not a party to that arrangement. There are only two parties to the arrangement, and British India is not a party to that arrangement. It does not mean that India is not interested in the question.

**Sir Cowasji Jehangir:** Does the Honourable Member mean to say that India as a whole has no voice in the formation of this Federation or as to which should be the units in this Federation and that we can merely talk and can have no effective voice? If that is so, I would agree with the Honourable Member that it is the constitutional position that we can only talk, we can only express an opinion, but we can have no effective voice; but if the Honourable Member once admits that this House has discussed questions of Federation, then I ask him whether this House is not interested in any agreement which Government may make with an Indian State whereby the position of the Federation is vitally affected?

**The Honourable Sir Brojendra Mitter:** I have answered that question. This House is interested in the question.

**Sir Cowasji Jehangir:** What does the Honourable Member mean by "interested"?

**The Honourable Sir Brojendra Mitter:** That is the Honourable Member's expression. I have given my answers to Mr. Jog's questions. My answer is not complete, because it deals with the broad aspects of the question. So far as the details are concerned, I am not in a position at the moment to inform the House what these are.

**Sir Cowasji Jehangir:** If this House disagrees with the broad aspects and if it does not want that Berar should come into the Federation, then what about it?

**The Honourable Sir Brojendra Mitter:** If the House disagrees, it disagrees, and there is an end of it.

**Sir Cowasji Jehangir:** Therefore, the House has no further voice in the matter if it disagrees? Is that the position?

**The Honourable Sir Brojendra Mitter:** The constitutional position is, if the House disagrees, it disagrees; it cannot force its opinion on the parties to the agreement.

**Mr. S. G. Jog:** May I remind the Honourable Member that the attitude he is taking on the floor of the House today has never been taken by the Government of India so far? (Hear, hear and Applause from the Opposition Benches.)

**The Honourable Sir Brojendra Mitter:** I do not understand the question, nor do I understand the applause or the meaning of 'Hear, hear'. What is the attitude I am taking up today? Here is a matter of agreement between His Majesty's Government and His Exalted Highness the Nizam, which is outside the scope of this House.

**Mr. S. G. Jog:** It is not the correct position.

**The Honourable Sir Brojendra Mitter:** In the matter of that agreement, this House has no effective voice although this House may be vitally interested.

**Mr. K. C. Neogy:** With regard to the constitutional position, is it not a fact that the people of Berar enjoy direct representation on this House, and is it not quite correct to say that there are only two parties to this agreement, and that the people of Berar who are represented in this House are less interested in this question than His Exalted Highness the Nizam or the Viceroy?

**The Honourable Sir Brojendra Mitter:** I have never said that this House is not interested in the question.

**Mr. K. C. Neogy:** What steps did the Government take either to ascertain the views of the people or to acquaint the people of Berar with that position before this announcement was made by the Viceroy?

**The Honourable Sir Brojendra Mitter:** The views of the people of Berar are well known to His Excellency the Viceroy as well as to the Government of India. This question has been debated for the last three or four years. Numerous meetings have been held in Berar, numerous resolutions have been passed, and these are well known to the Government of India. His Excellency the Viceroy, in negotiating with His Exalted Highness, has taken into account the views of the people of Berar.

**Dr. Ziauddin Ahmad:** In view of the fact that the coming of Berar into the Federation will substantially affect the constitution of the Federation, and in view of the fact that we cannot rely always on the Press information, as has been repeatedly maintained by Members on the Treasury Benches on the floor of this House, in view of the fact that the rumour of remission of Rs. 25 lakhs or otherwise will affect seriously the budget of this

country, and, above all, in view of the fact that we should also see that the proper proportion of the different minorities, specially Muslims, which has been fixed by the Communal Award in these things is maintained or not (the question being of vital importance to Muslims),—in view of these four points, will Government not give us an opportunity to discuss authoritatively the whole question on the floor of the House?

**The Honourable Sir Brojendra Mitter:** I can only repeat my answer that I cannot go into any details of this Berar question. If Honourable Members are not satisfied with the newspaper report, it may be possible to have His Excellency's speech printed and circulated among Honourable Members for their information. But beyond that, at the moment, I cannot go.

**Dr. Ziauddin Ahmad:** And give us an opportunity to discuss . . . .

**Mr. Amar Nath Dutt:** May I know the principle of law by which a contract between two parties can bind a third party?

**The Honourable Sir Brojendra Mitter:** Very often. If you enter into a contract with me that we should pay a thousand rupees to Sir Cowasji Jehangir . . . (Laughter.)

**Sir Cowasji Jehangir:** I shall gladly take it. (Laughter.)

**The Honourable Sir Brojendra Mitter:** . . . . he becomes a beneficiary under that contract and he immediately becomes interested in that contract although he may not enforce that contract.

**Raja Bahadur G. Krishnamachariar:** Is it not a fact that Berar is not directly represented in this Assembly, but that the representative of Berar has got to be nominated by His Excellency the Governor General after election? Is it not also a fact that, if the Rs. 25 lakhs rent is remitted, my Honourable friends will be very much benefited, because it will come into our budget without the Rs. 25 lakhs going out of it. And the question having been fully discussed, is it not the privilege of the Governor General to announce the decision of His Majesty's Government with which this House has no concern?

**The Honourable Sir Brojendra Mitter:** That is so.

**Mr. B. Das:** Is not that *ultra vires* to say that . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Order, order.

**Mr. B. Das:** May I put a supplementary question? Arising out of the question which the previous speaker has asked just now, is it not a fact that the Member, who represents Berar in this House, is nominated by the Governor General and that His Exalted Highness the Nizam is never referred to by him for nomination? Is it not also a fact that His Exalted Highness the Nizam is never referred to about the 12 Members sitting in

the C. P. Council? Therefore, His Exalted Highness is not interested in the Berars except in respect of the Rs. 25 lakhs?

**The Honourable Sir Brojendra Mitter:** I have not been able to follow the Honourable Member's speech. I should like to know what the question is.

**Mr. B. Das:** May I repeat it again?

**Mr. President** (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member is really attempting to make a speech.

**Mr. B. Das:** I will ask it in three questions. Is it not a fact that the Member for Berar in this House is nominated by His Excellency the Governor General after he is elected by the people of Berar and that no reference is made to His Exalted Highness the Nizam himself?

**The Honourable Sir Brojendra Mitter:** I do not know. What passes between His Excellency the Viceroy and His Exalted Highness the Nizam is outside the scope of this House.

**Mr. B. Das:** Is not the nomination of the representative of Berar in this House, who is elected by the people of Berar, provided in the Government of India Act?

**Mr. President** (The Honourable Sir Shanmukham Chetty): If the nomination is made by His Excellency the Governor General and not by the Government of India, then the House cannot ask questions as to how His Excellency exercises his discretion.

**Mr. B. B. Puri:** May I know what is the principle of constitutional law involved in this particular deal? Am I right that, if the Governor General and His Exalted Highness the Nizam between themselves were to decide that Delhi was to be made over to the Nawab of Rampur, that becomes a constitutional issue?

**The Honourable Sir Brojendra Mitter:** It is a hypothetical question,—if certain absurdities happen according to the imagination of my Honourable friend, what will be the consequences? That sort of question ought not to be asked nor should it be answered.

**Mr. B. B. Puri:** What is the constitutional position of the people, say, of Berar, or for the matter of that, any other province which at present is a British province?

**The Honourable Sir Brojendra Mitter:** That is a matter which ought to be known to anybody who pretends to be a lawyer.

**Mr. B. B. Puri:** For that reason I put this blunt question, because, on the other side, it seems to have been forgotten altogether.

**The Honourable Sir Brojendra Mitter:** What is the question?

**Mr. B. E. Puri:** The question is: what is the constitutional position of the people belonging to a British province when that province is, as the result of a private deal between two very high officials, going to be transferred from one to the other as if they were goods and chattels?

**The Honourable Sir Brojendra Mitter:** This question does not arise from Mr. Jog's question. Mr. Jog's question referred to Berar which is not a British province, and the present question is, what is the constitutional position of a British province and what will happen if that British province is overtaken by a disaster.

**Mr. R. S. Sarma:** On a point of order, Sir. Is any Honourable Member of this House right or relevant or in order in characterising a big constitutional agreement between the representative of the King Emperor and His Exalted Highness the Nizam as a great private deal?

**Mr. K. C. Neogy:** Not a private deal. He did not say that.

**Mr. President** (The Honourable Sir Shanmukham Chetty): There is no point of order in this.

**Mr. Goswami M. R. Puri:** In view of the announcement by His Excellency the Viceroy, may I know if the Governor of the Central Provinces will be required to pay homage to His Exalted Highness the Nizam?

**The Honourable Sir Brojendra Mitter:** That is a matter which is not mentioned in His Excellency's speech at Hyderabad, and, as I have said repeatedly, I cannot give any further information than what is contained in His Excellency's speech.

**Mr. C. S. Ranga Iyer:** Will Government be pleased to state when they will make a full statement in regard to this matter including matters of detail?

**The Honourable Sir Brojendra Mitter:** I can give no date.

**Dr. Ziauddin Ahmad:** May I know what would be the constitutional position of the Central Provinces Government when a part of that unit owes allegiance to the British Government and a part to an Indian State? Can it not be kept as a distinct unit?

**The Honourable Sir Brojendra Mitter:** I shall be in a position to answer that question when we know the Federal Constitution.

**Sardar Sant Singh:** May I ask one question with your permission? Supposing elections to this House take place next year . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Questions cannot be asked on suppositions.

## STATEMENTS LAID ON THE TABLE

**The Honourable Sir George Schuster** (Finance Member): Sir, I lay on the table the information promised in reply to unstarred question No. 111, asked by Lala Rameshwar Prasad Bagla, on the 18th September, 1933.

### INCOME-TAX AND SUPER-TAX PAID BY THE TEA-PLANTERS IN ASSAM.

111. A statement is placed below.

*Statement showing net collections of income-tax and Super-tax from the Tea growing concerns of the province of Assam.*

Year.	Income-tax.	Super-tax.
	Ra.	Ra.
1930-31	6,74,169	4,36,000
1931-32	3,58,440	1,24,106
1932-33	3,13,961	85,229

*N.B.*—The figures include tax realised in, and the refunds paid by the Income-tax Department, Bengal, in respect of tea concerns carrying on business in Assam but assessed in Calcutta.

**The Honourable Sir Harry Haig** (Home Member): Sir, I lay on the table:

- (i) the information promised in reply to unstarred questions Nos. 10, 11, 13 and 14, asked by Mr. M. Maswood Ahmad, on the 5th September, 1933;
- (ii) the information promised in reply to starred question No. 955, asked by Mr. S. C. Mitra, on the 15th September, 1933;
- (iii) the information promised in reply to parts (a) and (b) of starred question No. 942, asked by Mr. S. C. Mitra, on the 15th September, 1933; and
- (iv) the information promised in reply to part (a) of starred question No. 970, asked by Maulvi Syed Murtuza Sahib Bahadur, on the 16th September, 1933.

### PERSONS GETTING EXTENSIONS AFTER REACHING THE AGE OF SUPERANNUATION IN THE DEPUTY COMMISSIONER'S OFFICE, DELHI.

10. (a) Five.

(b) Extensions have been granted in the interests of the public service and in accordance with the rules.

# GRIEVANCES OF APPRENTICES WORKING IN THE DEPUTY COMMISSIONER'S OFFICE, DELHI.

11. (a) There are no paid or unpaid apprentices in the Deputy Commissioner's office with 10 or 11 years' service.

(b) Does not arise in view of the reply to part (a).

(c) Two exchanges have been made in the first an English Office clerk was sent to the Vernacular office, and a Vernacular office clerk brought over to the English office. Later, the English office clerk who was transferred to the Vernacular office was brought back to the English office and another clerk from the English office was sent to the Vernacular office. The clerk who came back to the English office the second time subsequently resigned.

Information in respect of apprentices is not available.

The clerks concerned are drawing the following pay:

(a) The Vernacular office clerk who is now in the English office is drawing Rs. 71 per mensem.

(b) The English office clerk who is now in the Vernacular office is drawing Rs. 78 per mensem.

(c) The apprentices were unpaid men.

The transfers were made in the interests of office work.

(d) No. The second portion does not arise.

# COMMUNAL COMPOSITION OF THE CLERKS IN THE DEPUTY COMMISSIONER'S OFFICE, DELHI.

13. (a)

	Paid.	Unpaid,
Hindus . . . . .	87	30
Muhammadans . . . . .	65	16
Christians . . . . .	3	..
Sikhs . . . . .	2	..
	157	46
(b)	Delhi.	New Delhi, Rural areas in the Province of Delhi.
	139	NZ. 64

# DETERMINATION OF SENIORITY IN THE DEPUTY COMMISSIONER'S OFFICE DELHI.

14. (a) Seniority is determined according to the date of confirmation in a particular grade.

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

## ACQUITTAL OF MR. NIKHIL RANJAN GUHA ROY BY THE CALCUTTA HIGH COURT.

\*955. (a) Yes.

(b) to (d). As I informed the Honourable Member subsequently on the 17th December 1932, Babu Nikhil Ranjan Guha Roy was dealt with under the Bengal Criminal Law Act, and two Judges were as usual consulted. This finding established a clear breach of certain of the conditions on which the prisoner had been released, and is in no way affected by the subsequent trial on a specific charge. The question of his release does not therefore arise.

## MENU OF DIET SUPPLIED TO CERTAIN PRISONERS IN THE ANDAMANS.

\*942. (a) and (b). I place on the table a statement showing in parallel columns the diet which "B" class prisoners get in the Cellular Jail, Port Blair, and in Bengal.

*Statement showing the diet which is prescribed for the "B" class prisoners in Cellular Jail, Port Blair and in Bengal.*

	Andamans.	Bengal.
	Chataks.	Chataks.
<i>For early morning meal—</i>		
Bread . . . . .	2	2
Sugar . . . . .	1	1
Butter . . . . .	3/8	3/8
Tea . . . . .	$\frac{1}{4}$	$\frac{1}{4}$
Milk . . . . .	1	1
<i>For other meals—</i>		
Fine rice . . . . .	8	8
Dal . . . . .	2	2
Vegetables . . . . .	4 + $1\frac{1}{2}$ for wastage.	4
Potatoes . . . . .	2 $\frac{3}{8}$	2
Meat or fish or eggs . . . . .	2 or milk 6 ch.	2 or milk 6 ch.
Condiments . . . . .	3/16	3/16
Tamarind or lime . . . . .	1/16	1/16
Salt . . . . .	$\frac{1}{4}$	$\frac{1}{4}$
Goor . . . . .	$\frac{1}{4}$	$\frac{1}{4}$
Mustard Oil . . . . .	5/16	5/16
Ghee . . . . .	$\frac{1}{4}$	$\frac{1}{4}$
Dahi . . . . .	2	2
Coal . . . . .	8	8

## REMOVAL OF MR. DEVIDAS GANDHI TO MULTAN JAIL IN A THIRD CLASS COMPARTMENT.

\*970. (a) Yes. Under the Punjab Jail rules, which apply to the Delhi jail, "A" Class prisoners are provided with third class accommodation unless they choose to pay the difference between the III class fare and that of the higher class selected by them. The position was made clear to Mr. Gandhi six hours before his transfer, but he did not elect to travel by a higher class.

**The Honourable Sir Frank Noyce** (Member for Industries and Labour):

Sir, I lay on the table the information promised in reply to starred question No. 865, asked by Bhai Parmu Nand, on the 12th September, 1933.



## COMMUNAL INEQUALITY IN INFERIOR APPOINTMENTS IN THE JHELUM HEAD OFFICE.

\*865. (a) As regards the first part of the question the reply is in the affirmative except that there are 17 non-clerical superior appointments and not 18 as stated by the Honourable Member.

As regards the latter part, Government are not prepared to go further than to ensure that their orders regarding communal recruitment as in force from time to time, are carefully observed.

(b) As regards the first part, for each of the two cadres referred to there are two candidates both of whom are Muslims. No Hindu has been recruited during the last five years. The second part does not therefore arise. As regards the last part, Government understand that the Postmaster-General who is competent to deal with the matter is taking necessary action.

(c) No special facilities have been provided in the Jhelum Head Office for the supply of water to any community. The services of the *bhishtee* referred to have been sanctioned for watering the compound of the office building and not for the supply of water to the officials of any community.

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**Mr. G. S. Bajpai** (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to unstarred question No. 146, asked by Mr. Bhuput Sing, on the 20th September, 1933.

## MOTOR AND ELECTRIC OMNIBUS SERVICE IN DELHI.

146. (a) A motor bus service was started from the 1st September, 1933. The question of starting a Trackless Trolley Bus service is under the consideration of the Company.

(b) The Company submitted a proposal to the Delhi Municipal Committee to run a Trolley Omnibus Service from Paharganj to Subzimandi Terminus. The Municipal Committee agreed to the proposal subject to the Service being extended from the Subzimandi terminus to Azadpur. The Company refused to run such a Service, and the Municipal Committee, on re-consideration, agreed to the Service being run provided the Company extends it from the Subzimandi terminus to Tripolia.

(c) Does not arise.

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

- (i) the information promised in reply to starred question No. 571, asked by Mr. Muhammad Azhar Ali on the 4th September, 1933;
- (ii) the information promised in reply to starred question No. 910, asked by Bhai Parma Nand, on the 13th September, 1933; and
- (iii) the information promised in reply to a supplementary question to part (b) of starred question No. 248, asked by Mr. Bhuput Sing, on the 14th September, 1932.

## POSTING OF EUROPEAN EX-SOLDIERS WITH NO KNOWLEDGE OF RAILWAY WORKING ON THE ROHILKUND AND KUMAON RAILWAY.

\*571. Government are informed that it is not a fact that European ex-soldiers are being appointed on the Rohilkund and Kumaon Railway.

USE OF AN OFFICER'S CARRIAGE FOR JOY RIDES UNDER ORDERS OF THE DIVISIONAL SUPERINTENDENT, MORADABAD DIVISION, EAST INDIAN RAILWAY.

\*910. The Agent, East Indian Railway reports that during the past eight months the carriage was used for 24 journeys to Dehra Dun and Hardwar, being used either by the Superintendent, Transportation, Moradabad Division or his Assistant and that, as during the period, the preparations for the Adh Kumbh Mela at Hardwar had to be made, the number of journeys cannot be considered excessive.

RE-INSTATEMENT OF CERTAIN EMPLOYEES OF SOUTH INDIAN RAILWAY AS RECOMMENDED BY THE RAILWAY COURT OF INQUIRY.

\*248. (b). Eight men were re-instated in September, 1932, and the ninth in October, 1932.

AMENDMENT OF STANDING ORDERS.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I beg to present the Report of the Select Committee on the proposed amendment of Standing Order No. 17.

THE RESERVE BANK OF INDIA BILL.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the amendment\* proposed by Mr. S. C. Mitra to clause 4 of the Bill. The Chair would like to make in this connection one observation. The House would have observed that the Chair has allowed very considerable latitude to Honourable Members in the discussion that has proceeded in all stages of this Bill. Honourable Members would appreciate that, during the first four days of the discussion, the whole of the discussion was practically concentrated on the issue whether the Bank is to be a State Bank or a Shareholders Bank. The amendment now before the House definitely raises the same issue and the Chair, would, therefore, appeal to Honourable Members not to repeat all the arguments over and over again, which have been advanced during the discussion at an earlier stage.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadan Rural): Sir, bearing in mind your observation that we should not waste the time of the House by repeating the same argument which has been thrashed out threadbare on the floor of this House for several days, I shall try to say a few words on the amendment of Mr. Mitra. If I rise at all, it is because I feel that I should not record a silent vote on this matter.

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"That for clause 4 of the Bill, the following be substituted :

"4. The original share capital of the Bank shall be five crores of rupees which shall be fully subscribed by Government."

The question of a State Bank or a Shareholders Bank was first the subject of discussion in the Reserve Bank Bill of 1927 and there the principle of a State Bank was accepted by the Government. Then, again, in the Central Banking Inquiry Committee of 1931, the unanimous recommendation of that Committee, of which, you, Sir, also happened to be a member, was that there should be a State Bank. I would like to know from the Honourable the Finance Member what has happened since then to change the opinion in favour of a Shareholders' Bank. In view of the provisions of the Bill of 1927 as also the recommendation of the Central Banking Inquiry Committee of 1931, I would like to know from gentlemen, who went from this country to London, to state what led them to ignore altogether those recommendations, and they have not a single word in their report as to why it should be a Shareholders' Bank and not a State Bank. I do not know whether any of the members has any explanation for them. It may be that some members were not aware of the same, and that would be deplorable. I respectfully submit that they ought to have pressed these points in the Committee and embodied the same in their report. If there is any one here who resents any suggestion on my part, I beg to submit that I can only appeal to him that he cannot excuse himself his own ignorance. Be that as it may, what I was submitting was, that I have not been able to find out anything convincing in all the speeches in this House by the supporters of a Shareholders' Bank to change my opinion on the point. I have always been of opinion and I am still of that opinion, subject to change, if really any convincing reason is placed before me. But, till any cogent reason is placed before me, Honourable Members will excuse me if I still stick to that antiquated idea, if they would say that these ideas are antiquated, because they refer to events of 1927 and 1931. The only two arguments that are generally put forward against a State Bank is that other countries have got Shareholders' Banks, forgetting that some other countries have also got State Banks. The fur coat may be suitable to Canada, but not to India. So the analogy of other countries does not apply and I will not tire the patience of the House by citing examples of countries which have accepted a State Bank. I for one have always been suspicious of the words that all such banks should be free from political influence or control. Sir, politics is the life and breath of our existence at the present moment in every country in the world. If you take away politics from us, you take away our very life breath. That being so, I have not been able to follow what is exactly meant by "free from political influence". Is it meant by that "free from the influence of the Indian agitators, beginning from the moderate opinion like that of Sir Cowasji Jehangir to that of the revolutionaries who want to upset the whole machinery of Government". I beg to submit, if it is the desire of Government that the political influence of revolutionaries or terrorists should not come into this Bank, then I agree; but, if it is the desire of Government that the political influence of men like Sir Cowasji Jehangir, or, for the matter of that, my friend, Mr. Neogy, the Leader of the Democratic Party, should not in any way shape or mould the policy of the Reserve Bank, then I must respectfully submit that I cannot agree to the principle. The State Bank appealed to the Government at that time. I do not know what the Government will gain if they do not listen to almost the unanimous voice of the country which demands a State Bank.

12 NOON.

One point upon which I want to lay stress for a State Bank is this that the State Bank will derive enormous profits by means of a small capital of five crores of rupees, and what is five crores of rupees to the

[Mr. Amar Nath Dutt.]

Government of India, who have to prepare a Budget including the Railway Budget of nearly Rs. 250 crores yearly? If, by these five crores of rupees, the Government of India can get the handsome profit that the Bank is likely to derive, being a State Bank, I submit nothing should stand in the way of the Government accepting a State Bank. The profits which would otherwise go to the shareholders would go to the tax-payer, and, considering the economic plight of all the people of this country from the high to the low, I submit, it is time the Government should try to raise revenues from other sources than by touching the pockets of the poor tax-payers of this country. Sir, with these few words, I beg to submit that the Government should see their way to accepting a State Bank and accepting my friend's amendment.

**Mr. B. V. Jadhav** (Bombay Central Division: Non-Muhaminadan Rural): Sir, I rise to support the amendment put forward by my friend, Mr. Mitra. The question whether a Shareholders' Bank is preferable to a State Reserve Bank is a very intricate one and the oratorical flashes of my friend, Diwan Bahadur Mudaliar, had almost succeeded in carrying me away to vote with him for a Shareholders' Bank. However, my friend, Mr. Yamin Khan, came to my rescue. That esteemed friend of mine advanced a number of arguments in favour of a Shareholders' Bank which convinced me that I ought not to support such a scheme (Hear, hear.) He imported also other matters into the debate and pointed out that the share of the share capital that was reserved for his province in the Delhi Circle was not an adequate one, and so on, and that also convinced me that a Shareholders' Bank was a very dangerous thing in India as it would lead to provincial jealousies and acrimonies. So I have to thank my friend, Mr. Yamin Khan, for destroying the spell under which I was being carried by the gifted orator from Madras, the Deputy Leader of the Independent Party, and setting me free, body and soul, to advocate the cause of a State Bank.

Sir, a Reserve Bank India must have. The Government and the majority of the Select Committee have come to the conclusion that a capital of five crores of rupees should be subscribed by shareholders who should have the right to elect eight out of thirteen voting Directors on the Board. The principal reason given for having a scheme of Shareholders' Bank is that the Bank should be free from political influence. For argument's sake, I accept this principle that the future Reserve Bank should be free from political influence and I also admit that the Reserve Bank should be a very stable institution and that its policy ought not to be changed with the change of parties in this House. But, if the same object of having a Directorate free from political influence is achieved by a State Bank, I think the Finance Member should have no objection to giving up the shareholders idea and thus simplifying the working of the Bank. My friend, Mr. Vidya Sagar Pandya, has conclusively shown that in the case of ordinary small banks as well as in the case of the Imperial Bank and other big concerns, a candidate for a directorship is not generally successful unless he is supported by the Board. In cases where a number of Directors retire in rotation and the retiring Directors are eligible for and offer themselves for re-election, in every case the old Directors are returned and the outsider has no chance. In the present case, the maximum number of voters on the Bombay register will be about 28,000, on the Calcutta register about 29,000, on the Delhi register about 23,000, on the Madras register 14,000 and on the Rangoon register 6,000. Candidates for

election to a directorship will have to canvass nearly 10,000 votes in each Circle, the expenses will be considerable, and, as the Directors will be honest men, the gain will be almost nil. Under such circumstances, few will make a serious attempt to get elected to the Directorate. The first Directors will be nominated by the Governor General in Council and these gentlemen or their nominees will get themselves elected nominally by the shareholders of each circle, but, in reality, by the pocket burgh of the sitting directorate, while the farce of an election will be carried on year after year. The Board will consist of 13 members of which five will be the declared nominees of the Governor General in Council and afterwards of the Governor General at his discretion, and the remaining eight will be indirectly nominated by the same authority. On the other hand, if Government accept the amendment and subscribe the whole capital, then the Board will consist of exactly the same numbers. The Board will be equally free from political influence, and the Finance Member will get the credit of acceding to the public point of view.

It is said that the electorate will be a wide one and really clever and independent men, who will be qualified to express the popular view point, will be elected and will exercise a potent influence in the service of their country. I am sorry, I cannot think that these hopes will ever be fulfilled. I again repeat that the work of securing proxies from such a vast number of shareholders will be very troublesome and expensive. On the other hand, the proxies of European shareholders and of the numerous friends of the Directors and of the vast number of people, who have to do business with the Bank; will all be in the safe keeping of either the Governor or one of his Deputies, and, on the strength of this reserve strength, the future elections will be fought with the result that the really popular candidates will certainly fail and the nominees of the sitting Board will be triumphantly returned. This is almost a certainty. I, therefore, ask, why this farce of an election? Why not save all this bother by providing the whole capital by the State?

It is said that the working of a Shareholders' Bank is economic and efficient as the Directors, behind whom stand the shareholders, are interested in keeping down expenditure and increasing efficiency. It has been abundantly shown that, as long as the dividends are regularly paid at a certain good level, the shareholders do not care to see how a concern is run. So, the efficiency of the management depends upon the choice of the staff and not upon any vigilance on the part of the shareholders. But, for argument's sake, I take for granted that the vigilance of shareholders in shareholders' concern is instrumental in maintaining efficiency and putting down waste in expenditure, as everyone is interested in cheap and efficient working. In this Reserve Bank the inducement of getting higher and higher dividends is non-existent as the maximum profit is to be five per cent., or a little more, perhaps six per cent. So, an average shareholder will not at all care how the show is run. The management, therefore, will be very costly. Government, which is the principal beneficiary, will not have a direct voice in the management and will probably lose to some extent.

There is another aspect which ought not to be lost sight of. Consider for a moment the cost of preparing and maintaining a share-register containing over 1,00,000 names, addressing all these shareholders at least twice a year, sending them a copy of the balance sheet and invitations of ordinary and extraordinary meetings, posting them the dividend warrants and cashing so many warrants, the printing of these papers and despatching them,—all this will cost a very big amount every year. This will be

[Mr. B. V. Jadhav.]

required if the Bank is a Shareholders' Bank. A State Bank, on the other hand, will save all this big expenditure, because there will be only one shareholder, the Government of India, and its nominees will run the show. In a State Bank, all this expenditure will not be needed and it will save a lot of money.

**Mr. N. N. Anklesaria** (Bombay Northern Division: Non-Muhammadan Rural): May I know how much money will be saved approximately?

**Mr. B. V. Jadhav:** I cannot say off-hand how much money will be saved, but it will be about a lakh of rupees.

**An Honourable Member:** How has the Honourable Member come to this conclusion?

**Mr. B. V. Jadhav:** If the Honourable Member will see me in the leisure time, I shall try to satisfy him.

Diwan Bahadur Mudaliar stated that, in a large number of countries, Reserve Banks are started with capital supplied by the shareholders and that the instances of State Banks are very few and of recent origin. I was reminded of a verse by the famous poet Kali Das. He says:

*"Purāṇa mityewa na sādhu sarwan, na chāpi kāvyam nawamityawadyam,  
santah parikshyānyatarad bhajante moodah parapratyayaneya buddhihi."*

In English it means: A thing is not good for the simple reason that it is ancient nor is a poem inferior simply because it is lately composed. Wise men accept the good one after examination, and a fool is guided by the opinions of others.

**Mr. N. N. Anklesaria:** The question is who is guided by whom?

**Mr. B. V. Jadhav:** The answer is evident and need not be repeated. One cannot say that a Shareholders Bank ought to be founded for the simple reason that no less than 24 or 30 countries have Shareholders Banks, and that a proposal for a State Bank cannot be entertained as only three countries have very recently started them. These three countries had the old model of the Shareholders Banks before them. In spite of this, they took a bold step and brushed aside the old model and adopted a new policy. Two other countries also took the same step. There is something, therefore, in this new idea.

**Sir Cowasji Jehangir:** Bombay city: Non-Muhammadan Urban): May I ask the Honourable Member to try and again remember the speech of my friend, the Diwan Bahadur, with which he was so much impressed and in which he was informed that a large number of banks which had been started after the War were Shareholders Banks?

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): With considerable State control.

**Mr. B. V. Jadhav:** That may be true, but those countries, which have accepted the principle of State-owned Banks, are not also to be rejected on any account.

**Sir Cowasji Jehangir:** I think the Honourable Member said that the few countries that had started Reserve Banks lately had started State Banks, although they had before them the example of Shareholders' Banks. I would like to point out that that fact is not correct.

**Mr. B. V. Jadhav:** With all due deference, I wish to say that I am not wrong. The first of the three countries, when it started the State Bank, had the instance of so many Shareholders Banks before that country, and, in spite of that, it thought that a State Bank was preferable.

**Sir Cowasji Jehangir:** How many countries have started State Banks since the War?

**Mr. B. V. Jadhav:** I think Australia.

**Sir Cowasji Jehangir:** How many more? Who are they?

**Mr. B. V. Jadhav:** I have tried to show that the personnel of the Directorate in the case of the Reserve Bank will be identically the same, in the Shareholders Bank as well as in the State Bank. In the case of the State Bank, the Directors will be nominated. In the case of the Shareholders Bank, the farce of an election will be gone through in the case of some, but, all the same, they will be the nominees or the proteges of the Directors. The management of the Shareholders Bank will be unnecessarily costly. The State Bank will be cheaper in the matter of stationery, printing, postage and such other things. This is another advantage. It will set at rest the mind of my Honourable friend, Mr. Yamin Khan, whom I do not see yet. There is a great deal of provincial jealousy and all provinces consider that Bombay and Calcutta are unduly favoured and other provinces are unduly neglected. Mr. Yamin Khan complained that his province did not get adequate share according to its population. If the share system is done away with, then my Honourable friend ought to be satisfied, because then there will be no jealousy and no province will have any cause to grumble as none will get less than their due share nor will any one get more. If, for no other reason, at least to set at rest this provincial internal jealousy, Government ought to accept the amendment and give up the idea of a Shareholders Bank. Whatever may be the assertions or the opinions of the advocates of Shareholders Bank, it is certain that Directors will be susceptible of being directed by Government; that is by the Secretary of State, who will, on the other hand, be guided by the old Dame of the City of London, the Bank of England. This House will have no opportunity to discuss the policy of the Bank, and, even when the policy comes up for discussion, Government will evade all responsibility and throw it on the Directors of the Bank. In the case of the State Bank, there is the same danger of its being guided by Whitehall. In the case of the Shareholders Bank, there is no direct responsibility on the Secretary of State or his agent, the Governor General. In the case of the State Bank, the responsibility will be directly upon them both. We have come to realise that a British gentleman with direct responsibility over his head can be fully relied upon to do his duty; but, freed from direct responsibility, he will not be so careful and will not be found deficient in intrigue. I should like, therefore, to place the whole responsibility

[Mr. B. V. Jadhav.]

on the Government of India by making the Bank a State Bank. The days of Shareholders Reserve Bank are almost going. Socialism is making great strides in Europe. Communism has received a set-back and there is no danger of its spreading. But the old conservatism is also rudely shaken and even Tory die-hards are not against socialism as they were 20 years or even 15 years ago. One of the planks of the socialist programme is nationalisation of banks. India has unequivocally accepted the policy of nationalising the railways. It is high time that some thing ought to be done to take at least the first step in nationalising the Reserve Bank. A bankers Bank ought to be nationalised first and other banks will follow gradually when the National Reserve Bank will supervise and control the working of the other banks who are all Shareholders Banks. With these words, I support the amendment of Mr. Mitru.

**Mr. N. N. Anklesaria:** Sir, so much has been said about the comparative merits and demerits of a State Bank and a Shareholders Bank . . .

**An Honourable Member:** But, you were not here.

**Mr. N. N. Anklesaria:** . . . that a mere layman like me is apt to say in the wake of the poet.

"For forms of Reserve Banks let Pandyas contest  
What is best administered is the best."

A perusal of the provisions of the Bill will show that some thing of the same view is taken by its framers. Anybody who has listened to the debates on the present question will be struck with one dominant note about it.

**Mr. K. C. Neogy:** But you have not heard it.

**Mr. N. N. Anklesaria:** But I have read them. That dominant note is suspicion, suspicion of the British Government, suspicion of the Indian Government, and suspicion by Honourable Members of their own countrymen.

**An Honourable Member:** Who went to London?

**Mr. N. N. Anklesaria:** Suspicion, as is well said by an eminent author, is the child of ignorance. If my Honourable friends, who have delivered orations on the present topic, had taken one-tenth of the trouble to look into standard works on the subject like Schmoller's or George Raphael Levi's or Leroy Baulieu's—one-tenth of the trouble which they have taken in committing by heart the writings of experts and pseudo-experts in the local dailies and weeklies and in the propagandist pamphlets, I think they would have benefited greatly and they would have helped in the present discussion and much valuable time of this House would have been saved.

**Mr. B. V. Jadhav:** Why are you wasting it?

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muham-madan): Then the Honourable Member can sit down.



**Mr. N. N. Anklesaria:** Sir, the standard works on the subject show that both the Shareholders Bank and the State Bank have their advantages and disadvantages and the latest utterance on the subject which should command respect in this House is by the Minister of Finance of New Zealand who has recommended a Reserve Bank for his country. He says:

"As the functions of a Central Bank are so important and purely national in character, at first sight, it would appear that it should be controlled directly by the State; but the experience of other countries have shown certain dangers to obviate which many Central Banks have both shareholders and private capital. Although there were stringent restrictions and all earnings over a fixed dividend go to the State, the whole idea being to combine the advantages of private management with State control while avoiding the disadvantages of both as far as possible."

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): What is the book you are reading from?

**Mr. N. N. Anklesaria:** I am reading from the *Times of India* of 13th October, 1938.

**Mr. S. C. Mitra:** So it is also a newspaper and not an authority.

**Mr. N. N. Anklesaria:** It is a sane newspaper and not a rag, publishing the views of the New Zealand Minister.

**Mr. K. C. Neogy:** That shows his confidence in his own countrymen.

**Mr. N. N. Anklesaria:** Sir, a study of the Bill shows that this ideal is closely approximated in it. It avoids the disadvantages of both the systems and it incorporates in it the advantages of both. It being a wise compromise, it has been declared by a competent authority that, so far as its provisions regarding the functions of the Central Bank are concerned, it is "the last word in central banking"; and I think if one notices the very efficient way in which the central bank idea is adopted to the peculiar conditions of this country, one can justly extend the description to the whole Bill. And, I say, a very heavy burden lies on those who would suggest any amendments as regards any portion of it. I have looked into the various minutes of dissent and I find that that onus is by no means discharged. I am not going to trouble the House with a detailed examination of the various minutes of dissent, but I will take only one, that signed by nine members. The dissenters point out the disadvantages and dangers of a Shareholders' Bank, but, if their statements are examined even cursorily, it will be found that they do not come off well from that examination, and as many of the speakers for the idea of a Shareholders' Bank will be able to show the untenability of those grounds. I would proceed to mention some arguments, much stronger, against the Shareholders' Bank pure and simple that can be advanced and show that those dangers and disadvantages of a Shareholders' Bank have been successfully obviated in the present Bill. Firstly, it must be admitted that, in a pure Shareholders' Bank, the shareholders look to their dividends first and the national interests afterwards, but the framers of the Bill have carefully avoided this danger by restricting the amount of dividend which the shareholders can claim. Five per cent. of their capital is not such a very great amount as would attract adverse criticism against a Shareholders Bank. You can get five per cent. by investing in Post Office Cash Certificates.

**Mr. K. C. Neogy:** What interest do you expect shareholders to take in this Bank?

**Mr. N. N. Anklesaria:** I am coming to that. The shareholders will take just that interest which shareholders in all concerns the world over take generally. Then, it is said, Sir, and I believe rightly said, that the Shareholders' Bank, being dominated by the desire of increasing the dividend, will enter into competition with ordinary commercial banks, and it would be a very unfair competition, because the Central Bank would be utilising the resources of the State. Now, Sir, that danger is also provided against if we look to the provisions of clause 19 which debars the Central Bank from performing some of the ordinary functions of commercial banks. Thirdly,—and this is a very strong argument against a Shareholders' Bank,—it is urged that it will be a monopoly of the capitalists and possibly of foreign interests. Sir, I quite agree that this would be a real tendency to be guarded against as regards a Shareholders' Bank in India. And the provisions of the Bill regarding the agricultural interests and other interests through the powers of control and management assigned to Directors nominated by the Governor General, who is *prima facie* above all party influences, I believe, affords a sufficient safeguard against this danger.

**Mr. K. C. Neogy:** What about Whitehall influences?

**Mr. N. N. Anklesaria:** As my friend, Mr. Neogy, just interrupted, it is possible that the Governor General may use his powers in furtherance, not of Indian interests, but of British interests, as directed from Whitehall. This difficulty was seen by the London Committee and a discussion did take place there and it was unanimously decided to recommend that, in order to obviate this danger, a provision should be inserted in the Instrument of Instructions to the effect that the powers assigned to the Governor General should be exercised primarily in the interests of India rather than in the interests of Britain. Unfortunately, Sir, that recommendation of the Committee is not to be found in the Report . . . .

**Mr. K. C. Neogy:** Why so?

**Mr. N. N. Anklesaria:** I am not in a position to answer that question but the fact remains that the recommendation of the London Committee is not to be found in the London Committee's Report. I am, however, quite sure, my Honourable friend, the Finance Member, will bear me out when I make that statement on the floor of this House, that the recommendation was made . . . .

**Mr. Gaya Prasad Singh:** Which recommendation?

**Mr. N. N. Anklesaria:** You have not listened to me: I am not going to repeat it.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Will you kindly read it out from your draft final report?

**Mr. N. N. Anklesaria:** I have not got it with me: but, I am quite sure, my Honourable friend, the Finance Member, will bear me out. . . .

**An Honourable Member:** If you bear him out, he will bear you out.

**Mr. N. N. Anklesaria:** Like criticism was addressed to the New Zealand Finance Member by people in New Zealand, and this was the answer which the New Zealand Finance Member gave to this criticism. He published five explanatory articles to explain his scheme, and the last article replies to some general criticisms not specifically covered in the previous articles, principally the idea that the establishing of a Central Bank means placing the control of the New Zealand monetary system under the domination of the Bank of England and other outside influences. In answer, the Minister points out:

"That the prosperity of the Dominion hinges to a great extent on events in Great Britain, and that it is useless to pretend that we can be indifferent to the monetary policy of Great Britain or do other than work in close touch with the British authorities; also that the Bank of England is always ready to give us the benefit of its knowledge and experience, but that all this does not alter the fact that we are free to manage our own affairs as we think best."

Like answer applies to like criticism in India.

As I said before, the dominant note of criticism addressed against this idea of a Shareholders Bank has been suspicion, and the Honourable the Finance Member has appealed to the House to eschew suspicion. It must be understood by my Honourable friends on this side of the House, who oppose this idea of a Shareholders Bank. . . . .

**Mr. K. O. Neogy:** Nobody opposes on that side!

**Mr. N. N. Anklesaria:** . . . . . that the destinies of India and Britain are indissolubly united for all time to come. . . . .

**An Honourable Member:** For all time?

**Mr. N. N. Anklesaria:** Yes, because I say it is a connection made by Providence Himself; and I say it is butting your heads against a stone wall to ignore it and work against that which has been called a divine dispensation. You have got to take account of British interests, British susceptibilities have got to be respected (*Ironical cries of "Hear, hear"*), just in the same manner as the susceptibilities of our countrymen, if this Central Bank is to work smoothly in the interests of this country. The greatest danger of a State Bank is that pointed out by the Finance Member, namely, that the Government are tempted to resort to the printing press instead of to taxation. It must be remembered that the future Constitution of India will be on democratic lines.

**An Honourable Member:** Really?

**Mr. N. N. Anklesaria:** That is what is said; and, in all democratic Constitutions, party Government prevails. There are always two parties, the party in power and the party in opposition and the Government are really the party in power, and the party in power, if it has got the choice when election times come, eschew proposals for taxation and resort to the printing press rather than face the electorate with proposals for fresh taxation. An instance in point is furnished by what is happening in France for the last

[Mr. N. N. Anklesaria.]

three years. Government after Government have gone down, because they have dared to propose taxation in order to balance their budget and not loans as political influences would dictate. If we remember what the real *raison d'être* of a Central Bank is, then I believe there could be absolutely no question as to which sort of bank we must go in for in India—Shareholders Bank or State Bank; I shall read from page 27 of Leaf's book on Banking:

"The problem everywhere has been the same—to obtain the benefits of a 'fiduciary' currency, that is a currency based upon the credit of the issuer, while avoiding its great danger. The benefits of a paper currency are first a great economy, namely, the use of a very cheap machine of paper in place of a very expensive one of gold; and, secondly, an immense elasticity; a fiduciary currency can be expanded at will to meet the needs of commerce and industry. . . ."

**Mr. S. C. Mitra:** What is the substance of it all?

**Mr. N. N. Anklesaria:** The substance of it is that when the printing press for currency notes is controlled and is in the hands of the Government, the Government are likely to print more notes than is necessary or advisable in the country. . . . .

**Mr. B. Das:** Is that not an insult to the present Government?

**Mr. N. N. Anklesaria:** You are abusing the Government for it sometimes. History furnishes us with very instructive instances of how Governments have resorted to the printing press when the power has been with them rather than face electorates with proposals for taxation. Instances are suggested by the French "Assignats", the American "Greebacks" and possibly as my friend, Dr. Ziauddin Ahmad, would say, the ratio question in this country. . . . .

**Mr. K. C. Neogy:** What about Bradbury's notes in England when the Bank of England refused to issue them?

**Mr. N. N. Anklesaria:** Another disadvantage of a State Bank is its inability to transact ordinary commercial business with efficiency. Ordinary commercial banking business first and foremost requires foresight and daily touch with the daily changing conditions of the market. You cannot expect a Government officer, as compared to a private individual, to come up to the required standard, and a very instructive instance of what a great disadvantage this is in the case of a State Bank is furnished by the instance of Russia. A detailed account of how the Russian State Bank was unable to sufficiently work as a commercial bank to the great detriment of the financial interests of that country is to be found in the book of George Raphael Kevi and, as I have not got the book here, I cannot quote from it; but the whole thing, this particular danger of the State Bank, is well pointed out in the book.

**Mr. B. Das:** You are an anti-communist, I find?

**Mr. N. N. Anklesaria:** I am, Sir.

Then, Sir, the third great disadvantage of a State Bank is the facility with which all nascent democracies monopolize executive functions to the

great detriment of national interests. As is shown by the history of France, in the second and third year of the French Republic, France was governed without a Government. The Legislature put up its own Committees to govern France. The result was a financial chaos and it took several years for France to recover from it. And I say, Sir, if we do not profit by the lessons of history, if we do not profit by the advice based on the knowledge and experience of the best banking and currency authorities in the British Empire, then, I am afraid, history is likely more than not to repeat itself in India. For all these reasons, Sir, I support the idea of the Shareholders' Bank, and I oppose this amendment.

**Nawab Major Malik Talib Mehdi Khan (North Punjab : Muhammadan):**

Sir, at the outset, I must admit that I make no claim to possess expert knowledge of monetary problems, but I have kept my eyes open and have been reading in the papers that the world is passing through economic depression, the like of which has very seldom been witnessed at least in recent years. Several causes are being ascribed to it, the foremost being that, after the Great War, many nations indulged in very heavy output of raw materials and finished articles, which the world could not absorb. Another school of thought holds it to be the result of defective monetary system, in vogue in many countries. India has her share of these calamities, a lion's share of them, because her chief industry, namely, the agriculture, is ruined. It was, therefore, a wise step on the part of Government to bring out a measure which contemplated (with some improvements of course) to remedy these evils. The present policy is defective, because its function is divided. The currency and exchange problems are controlled by the Finance Department, while the credit by the Imperial Bank. This cleavage often gave occasion to outside influence to be exerted to the detriment of Indian interests. The Reserve Bank has clear functions assigned to it, which will be open to public criticism and ought to satisfy Indians and gain their confidence. Another salient point of the scheme is that there will be co-operation between the Central Bank and other Banks.

I have shown above that the creation of a Reserve Bank was a desideratum, and it was not done a day too soon. The next point for consideration is, whether a State Bank or a Shareholders Bank will suit this country. I fail to understand when every effort is being made to reduce State interference to a minimum in every department, why an exception is sought to be made in this very important measure, namely, the monetary policy of the country. The present policy practically all over the world is that the people should be left free to run their own business, and the same principle is being gradually adopted in India. It is, therefore, quite inexplicable why this most important scheme is denied the privilege of democracy. Honourable Members of this House know that most advanced countries of the world have Shareholders Banks. Sir Basil Blackett, on the Reserve Bank Bill of 1927, said in the Legislative Assembly:

"The Government believe that the shareholders' plan is far more satisfactory than any which has yet been before them, and they have other reasons for preferring it, namely, that the plan is one which would be understood in the rest of the world, and the rest of the world will feel that in dealing with the Reserve Bank of India, it is dealing with something it can understand and whose constitution it can appreciate."

[Nawab Major Malik Talib Mehdi Khan.]

Sir Purshotamdas Thakurdas' reply was:

"What does it matter whether that (Reserve Bank of India) is applauded by the rest of the world forthwith or not? The question is whether the institution is suitable to India or not";

and, according to him, it was not. He goes on further and says:

"We at any rate cannot be a party to what may be approved of in England, America, Germany, France and Russia."

With due deference to the opinion of such an eminent authority on economics, as Sir Purshotamdas Thakurdas, I cannot agree with him, because India is not a self-contained country. She has to deal with the outside world, which must satisfy itself whether her (India's) monetary policy is sound and acceptable to it. He must be devoid of senses who is ready to sacrifice the interests of his country simply to purchase the goodwill of the other parts of the world; but we cannot afford to ignore its opinions, where we have such large stocks of raw material to dispose of. We have to depend on foreign markets for the purchase of all sorts of finished articles. I admit, the Bill before us is not perfect, we must try to improve it and work hard to make the Honourable Sir George Schuster accept our view where the measure does not do justice. But I will appeal to the House not to throw it out as was done in 1927, a mistake which is being realised by every one now.

Mr. Jain, Reader and Head of the Economics Department in the University of the Punjab, in his book, "A Reserve Bank for India" describes a Central Bank as "the people's agency to govern their supply of currency and credit, free from any undue influence of politics or profits". Reviewing the present position of Indian currency and credit, the same authority says:

"Nor is there effective provision for meeting seasonal variations so prominent in an agricultural country like India due to the requirements for financing the movements of crops."

We have now to see whether the new Bill removes this defect and I am constrained to point out that it has fallen very very short of doing it. It is an admitted fact that agriculture holds the foremost position in the industrial world, as all other industries depend on it. India being predominantly an agricultural country, the prosperity of all classes is dependent directly or indirectly on the cultivator, and any policy that affects him adversely affects every one else. I cannot do better than quote Lord Linlithgow, Chairman of the Royal Commission on Agriculture, who said on the subject:

"Raise the purchasing power of the ryot, and help him to raise himself out of his present terribly depressed condition, and, in one stroke, you will give to industry, to manufacture, and to commerce an extended field for service, and so for legitimate gain."

The agriculturists constitute 85 per cent of India's population, and I take this opportunity to raise my voice on their behalf, who are called the backbone of India's population. We all profess that we follow the majority. We all say that we desire the greatest good for the greatest number. May I put a direct question to those who express those sentiments. Does our action follow our word? I leave them to answer it. Now, I appeal in the name of India's teeming population, of agriculturists and depressed classes, that we should not ignore their interests. We should not sacrifice the interests of 85 per cent for the benefit of 15 per cent. I desire to visualise in what manner the interests of the landed

gentry will be safeguarded. I wish to know whether the poor ryots deserve greater sympathies and their case will receive adequate consideration in the Bill before the House. The Government always professed that they had great regard for the interest of land, but they never legislated anything for extricating those who work on it from the slough of despond. The urban classes are served liberally in every respect due to their favourable position, because they live near the seat of Government or their officers. We do not entertain any grudge whatever against them; all we desire is that step-motherly treatment should not be vouchsafed for their brethren who toil day and night to provide them with necessities of life.

It was a real surprise to me the other day when I saw a highly polished gentleman and a statesman of the front rank losing temper on a very trivial matter. I strongly deprecate bringing up communal questions in the House, but occasions arise when the interests of minorities have to be pushed forward and justice requires that their case be heard with patience. The most depressing aspect of the case is that no regular effort is made to study their condition on the spot, and, if an attempt is made to ventilate it on the floor of the House, a storm of indignation is the result. I appeal to my friends that they should patiently hear their tale of woe and help them to stand on their legs. This state of affairs is very aptly described by the famous Persian poet Hafiz in a passage which runs as follows:

*Shab-i-tarik, bim-i maj gardabe chunin hai*

*Kujā dānand hāle mā subuksārāne sāl hā.*

When translated, it means:

"The night is dark, the waves are howling, and the whirlpool is so dangerous, how do those who are perched on lofty coasts know the condition of those sufferers of the storm?"

Sir, I apologise for this digression, namely, alluding to the unfortunate incident mentioned above, but I had reasons for it which have been explained.

Reverting to the Bill, I am grieved to find that it makes no definite provision for landed classes. The Reserve Bank is defective in ignoring indigenous banking. There is no doubt that in many respects their accounts are often irregular, and are not properly audited. These defects and others ought to be rectified and they should be linked with the Reserve Bank. They discharge very useful purpose in financing trade and agriculture. The modern banks serve the upper surface, while these bankers and moneylenders reach the bottom and help all those petty traders and zamindars who will starve but for the help they receive from these agencies. The most important branch of this system is the co-operative banks, which function under quasi-official agency. These banks practically hold the monopoly of serving the landed interests and hence are most useful to the economic life of the village. But they suffer from inadequacy of funds, and have thus failed to save the agriculturists from running into very heavy debts by raising funds from other sources.

Sir, a motion was moved in the Assembly the other day for the creation of a separate department under the Reserve Bank for this particular service, but it was withdrawn in order to be moved in some other form. The Finance Member, as far as I remember, held that the Local Governments were the proper authorities to move in the matter. No doubt, but we want a specific and liberal provision in the Act as we cannot live on pious hopes any longer.

[Nawab Major Malik Talib Mehdi Khan.]

Sir, I would be failing in my duty if I omit to put up a definite but very urgent point for the consideration of the House. The interests of the land now rest on two points, (1) that some way is to be found for raising the prices of agricultural products . . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair has allowed very considerable latitude to the Honourable Member, but the amendment before the House is whether the capital of the Bank should be subscribed by the shareholders or by the State.

**Nawab Major Malik Talib Mehdi Khan**: All this is related to that. (2) That the rate of interest prevailing in towns and villages should be reduced to a level comparable to the bank rate of interest.

If the prices are not immediately raised, the whole fabric of village organisation will break down and this will lead to a situation much more disastrous than the break down even of the monetary position of the country. Sir, it is a fact that the rate of interest in villages is 10 to 40 times, if not more, as great as the bank rate of interest and several times greater than the Government revenue. The tenants and the landlords are groaning under the heavy burden of debt, which runs to thousands of crores. The Bank cannot reduce the indebtedness, but it should be able to stop further accumulation of it. This is the point which we should have most prominently in mind as all other problems are of secondary importance in comparison with it.

Sir, I have dealt with one aspect of the Reserve Bank only, namely, its shortcoming with regard to agricultural interests. The other points have been very ably discussed by my Honourable friends, Dr. Ziauddin Ahmad, Sir Cowasji Jehangir, Diwan Bahadur Mudaliar and Mr. Neogy, and I have nothing to add to their statement of the case. I have only one or two further remarks to make before I close. The Reserve Bank has been described as the foundation stone of the Reforms structure. They are overdue and everyone is most anxious to start with them. It has been made quite plain that the British Cabinet is not going back on its word, but none can foretell a change, which may come any moment, because European Cabinets are working under high pressure nowadays and it is no wonder that one or the other may break. If it happens in England who can say that we may not have to deal with Mr. Churchill and his other colleagues? Hence it is to our advantage that the bank controversy is finished and we set to work the new reforms after it is established.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

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**Sardar Sant Singh** (West Punjab: Sikh): Sir, when the Bill was first introduced in this House, I knew very little of the subject. I began to study it with a view to understanding the subject, so that I might be able to intelligently take part in the deliberations over this Bill. After going



through the various books on the subject, I formed the opinion that, as the other countries have adopted a scheme of Shareholders' Bank, this should be the best for this country as well. At the same time, I found on reading paragraph 3 of the recommendations of the London Committee that the committee accepted the principle "That the Reserve Bank should be free from any political influence". The Committee proceeds:

"The best device which the practical experience of other countries for achieving this object has evolved is that the capital of the Bank should be held by private shareholders and we recommend that this plan should be adopted in the case of India."

Therefore, the obvious course to adopt for India was to constitute a Central Bank on the Shareholders Scheme. At the same time, it was clear that a Shareholders' Bank would be more or less in line with the present democratic ideas when constitutional problems were on the anvil. There did not seem to be any reason why the Bill should adopt a scheme of a State Bank when other countries had come to the conclusion that a Shareholders' Bank was the best plan. I had no suspicions then that a Shareholders' Bank would not fit in with the actual conditions of India. The first shock came to me when I began to study the meaning of the phrase "free from political influence". What did it, what could it, mean in the case of India? Obviously, Sir, it is desirable that a Bank which is going to control the credit and the currency policy of India should be free from political influence. There can be no doubt with regard to the principle, and no objection to its being given effect to in the scheme of the Bank which was to be constructed for India. But, what did the phrase mean? At this time I came across a writing in a British financial journal, *The Banker*, wherein the writer wrote, while commenting on this Bill:

"All this shows that in its foundations at least the Bank will be completely free from any Indian political influence."

The word "Indian" jarred on my ears. I re-examined the provisions of the Bill, especially those relating to the management and control (clauses 4, 7, 8, 9 and 15). I found that the paper was quite correct in its comments when it said that Indian political influence had been eliminated from the constitution of the Bank. But, what about the British political influence? The influence of the City of London? Is it going to be a policy designed in the interest of India, or is it going to be a policy dictated by the interest in Whitehall? That was the question which was to be looked into. Looking into its provisions, I found that the scheme, as adumbrated in the Bill itself, would not give us a Bank which would be free from "any" political influence. In the whole scheme, we found that, out of 13 voting Directors four would be nominated by the Governor General in Council. The Governor and two Deputy Governors will be appointed by the Governor General in Council, though on the recommendation of the Central Board. The life of the first Central Board, which will be an entirely nominated body, will be long enough to set a policy for the Bank. In all other minor matters, I found that this bank, as constituted, would not be free from political influence of all sorts. Sir, I am willing to subscribe to a Shareholders' Bank if the Honourable Member is prepared to eliminate at least these two provisions from the Bill that there would be no power of nomination vested in the Governor General, that the Central Board, as constituted, would have full liberty

[Sardar Sant Singh.]

to control the credit and the currency policy of India as it thought fit, and that, in the appointment of the Governor and the Deputy Governors, the Governor General in Council shall have no voice.

**Hony. Captain Rao Bahadur Chaudhri Lal Chand** (Nominated Non-Official): Then who will have the voice?

**Sardar Sant Singh:** The Central Board, as elected by the shareholders.

Sir, I do not attach much importance to the fact, as has been argued by some Honourable Members on this side of the House, that the electors have very little voice in the election of the Directors. I am quite willing to concede this argument that, if the electors do not choose to elect, it is not the fault of Government or other authorities. Neither would it be the fault of the Central Board, but it would be the fault of the electors themselves. The one point, Sir, which makes me very suspicious about this Bank is that this Bank, I am afraid, is not going to be free from political influence of all sorts. My friend, Mr. Anklesaria, while speaking on this motion this morning warned us that the dominating note in the speeches on this side of the House was suspicion. Soon after, while discussing his own work in the London Committee, he found that probably he would have been better advised if he had been a bit suspicious when he signed the report of the London Committee. He told us that, during the discussion, he was given to understand that a clause in the report will be put in by which, in the Instrument of Instructions, it will be laid down . . . . .

**Mr. N. N. Anklesaria:** I never said that.

**Sardar Sant Singh:** I understood the Honourable gentleman to say that he did put forward a point of view in the London Committee that, in the Instrument of Instructions of the Governor General, some provision will be made whereby freedom from Whitehall will be guaranteed.

**Mr. N. N. Anklesaria:** That is so.

**Sardar Sant Singh:** But where was it in the report? It is not to be found in the report. My point is, why did he sign the report when this recommendation was not put in?

**Mr. N. N. Anklesaria:** I never said that it was decided that the matter should be put in the report. I said that provision should be made in the Instrument of Instructions. I think the Committee took it for granted that that would be done.

**Mr. B. V. Jadhav:** May I ask the Honourable gentleman whether the Committee accepted that view?

**Mr. N. N. Anklesaria:** Oh, yes.

**Mr. B. V. Jadhav:** Then why was it not put in the report?

**Mr. N. N. Anklesaria:** I do not know.

**Sardar Sant Singh:** The position of my Honourable friend becomes a little awkward when he says that he did not want it to be put in the report.

**Mr. N. N. Anklesaria:** I did not say that. I said there was no talk about its being put in the report. Possibly everybody took it for granted that it would be put in the report.

**Mr. R. S. Sarma (Nominated Non-Official):** The Honourable Member is a signatory to the report and if any decision had been taken unanimously, as he pointed out this morning, then it ought to be incorporated in the report and, if it was not put in, was it not his clear duty to read the report before he signed it? Inasmuch as he has signed the report, was it not extraordinary that he did not know the reason why it was left out?

**Sardar Sant Singh:** I am glad that I have got the advocacy of a staunch speaker like Mr. Sarma who has come to my help and I am thankful to him. To me, Sir, trusting others is a virtue. A trustful nature is a virtuous nature and I give my friend the credit for it; but, in political matters, when we know what has been the experience of this House, we have to be a bit careful when we are signing a report and when we are dealing with monetary matters. If we look to the recent speech, made by Lord Lloyd in England, about the condition which will prevail in England if India got out of the hands of the British, and look at the description he gave that England will become absolutely poverty-stricken if India got out of her hands, we find that the past theory of their being the trustees of the voiceless millions of India goes to the winds. If England has derived so much benefit from India as a trustee, I think the ordinary principle of law is that, if a trustee gets any benefit out of the trust, it belongs to the *cesta que trust* and not to the trustee. I think the Honourable the Law Member will agree with that view point. Under the circumstances, in matters relating to currency and credit of India, we should naturally be on our guard in finding out whether a particular scheme is in the interests of India or not. I will certainly support a shareholders scheme; I myself like it; I love it, provided the Honourable the Finance Member were to give us an assurance that political influence from Whitehall or from the City of London will be entirely eliminated from the management and control of the Bank. It will go a long way to satisfy us if he were to take away the powers of the Governor General for the nomination of persons to the posts of Governors and Deputy Governors. With these words, I am constrained to support the amendment proposed by Mr. Mitra.

**Dr. F. K. DeSouza (Nominated Non-Official):** Sir, with your permission, I should like to make a very few observations on this amendment and I shall bear in mind your warning to be as brief as possible and not to repeat any of the arguments that have so far been advanced.

Honourable Members will remember that the issue as to whether the Bank should be a State Bank or a Shareholders Bank was the rock on which the Reserve Bank Bill of 1927 crashed. Much water has flown under the bridges since then, and today it must have been a most edifying sight to the Honourable the Finance Member to see leader after leader walking to the Stool of repentance and recanting their heresy. The first amongst the penitents was my friend, Mr. B. Das, who sorrowfully confessed that, if he had voted in the right way in 1927, the economic history of this country during the last five or six years would have been differently written. Then came my Honourable friend, Bhai Parma Nand, who bluntly stated that the vote of 1927 was a perverse vote and, if today, the Honourable

[Dr. F. X. DeSouza.]

the Finance Member had come out with a proposal for a State Bank, the opposition would have voted for a Shareholders Bank. Then came my Honourable friend, Mr. Ranga Iyer, the young man eloquent of the Assembly, who seemed to have a prophetic vision of himself being haunted by despair five years hence if he voted for a State Bank today. I do not mean to say that there are no die-hards on the opposite side who still adhere to the State Bank view. Amongst these is my Honourable friend—who, I regret to say, is not in his seat—Dr. Ziauddin Ahmad. In describing the position of the shareholders under the Reserve Bank, he described them in a phrase which has become almost a current coin in this Assembly. He said, they were *nimboo-nichor* shareholders, meaning to say that they belonged to the happy fraternity which apparently exists in Delhi who, for squeezing a few acid lemon drops in the meal of their host, were rewarded with a sumptuous meal which they could partake. But, if my Honourable friend had reflected a little more, he would have found that the position of the shareholders under the Reserve Bank Scheme is different from the position of the *nimboo-nichor* guests; for, the meal that the shareholders will enjoy, by subscribing to a Rs. 100 or Rs. 500 share, will be a meal consisting of a five or six per cent. dividend, and the rest of the profits under the scheme will go to the State. The sumptuous meal, therefore, which they will enjoy will be more or less a vicarious meal and I will almost call it a meal of Tantalus. It is this consideration that makes me throw out a suggestion to the Honourable the Finance Member whether it would not be worth his while to keep alive the interest of the shareholders and to provide not a fixed rate of dividend of only five or six per cent., but to provide a sliding scale up to ten per cent. according to the profits made by the Bank in the course of its working. That is only a suggestion that I throw out for such consideration of the Honourable the Finance Member, because I think it is possible that, by a provision of this kind, an incentive will be supplied to the shareholders to take greater interest in the working of the Bank.

The next die-hard was my Honourable friend, Mr. Neogy, who described the position of the shareholders in this Bank as being that of a smoke-screen in order to enable the Governor General to bring his influence to bear upon the shareholders. But, as was pointed out by the Honourable the Finance Member, the position of the Governor General in this matter is that of a constitutional ruler and, as in all constitutional countries, he will have his part to play in guiding the finances of the country. But that does not mean that, when he makes suggestions on questions of high finance, it is a question of politics; it is rather a question of high policy; but when the Minister of the day interferes in the day-to-day administration of the Bank, it is a question, not of policy, but it is a question of party politics and, as pointed out by my Honourable friend, Mr. Anklesaria, this morning, when it is a question of party politics and when the Finance Minister is at his wit's end to balance the Budget, and chooses to resort to the printing press rather than fresh taxation, it is more than politics, it is a matter of knavish tricks which have to be frustrated.

How then does the shareholders plan, as outlined in the Reserve Bank Bill, differ from the plan of a State Bank as imagined by Honourable Members on the other side? In a most brilliant and exhaustive speech, my Honourable friend, Mr. Mudaliar, attempted to show that, so far as the practical working of the Bank goes, there will be no difference whatsoever between a State Bank and a Shareholders Bank, because he said that when once this Assembly, under the scheme of the State Bank, nominated a

certain number of Directors to serve on that Bank, this Assembly would be *functus officio* and will not be in a position to exercise any further influence on the policy of the Directors. But I venture to think that my Honourable friend, Mr. Mudaliar, has proved too much or attempted to prove too much, because I think the Directors nominated by the Legislature will have to be grateful to the Assembly for so nominating them. Some cynic has defined gratitude as a lively sense of favours to come and to obtain future favours and to obtain re-nomination, is it not likely that the Directors would always have an eye on the party in power of the day in directing the policy of the Reserve Bank?

Curiously enough, none of the Members on the opposite side has disclosed what scheme of nomination of Directors they have in view but if they follow the scheme, as agreed to finally by the majority of the Members in the Bill of 1927, it would include four members nominated by the Governor General, three elected by the Central Legislature, three elected by the Provincial Legislatures and two each by the Federated and Associated Chambers of Commerce and one by the Provincial Co-operative Bank. Now, I would ask, if Members of this Assembly were elected by their constituents for representing them in the Assembly, would it be right that their activities should be directed to the working of the Reserve Bank which, after all, is a purely business concern? I venture to submit that the result would be bad politics and bad business. And if the Directors in the State Bank are not responsible to any body, the result will be, to my mind, they will function *in vacuo* and gradually they will become subservient to Government.

To me it is a matter of surprise that the champions of democracy, who occupy the opposite Benches, should have advocated not a Shareholders Bank, but a State Bank. This Bill is probably the greatest measure of financial liberalism which the Government of India have introduced in this Assembly. If it is passed into law, it will become the Charter of the Financial Swaraj of the country just as the White Paper will become the Charter of Political Swaraj in the country. No doubt, there are safeguards in both, but as my Honourable friend, Mr. Ranga Iyer, has said, half a loaf is better than no bread, or there is another English proverb, equally appropriate, which says "Enough is as good as a feast".

Sir, if really the democratic instincts of the opposite Benches were consulted, it is not for a State Bank that they should agitate, but it should be rather for lowering the franchise, it should be for giving one vote for one share of Rs. 100, it should be for abolishing the plural voting, so that not only we shall have one share, one vote but one shareholder, one vote. By this means, as pointed out by my Honourable friend, the Leader of the Independent Party, the danger of predominance of non-Indian interests will be avoided.

There is one more point. If Honourable Members on the other side were to go on stumping the country asking every rural voter to buy shares and to register votes, and if a provision is made in the Bill or by rules under the Act that general meetings should be held in such manner as to enable all the rural shareholders to register a vote, we shall have a democratic financial régime. My Honourable friend, the Leader of the Opposition, said that the elections by the shareholders would be held in such manner as to enable all the shareholders to register their votes, and it would be just as the election was held for the local Legislatures. I have carefully read the Bill, but I find nothing in the Bill to justify that statement.

**Mr. N. N. Anklesaria:** That will be in the rules.

**Dr. F. X. DeSouza:** If those are to be the rules, I respectfully suggest that meetings should be so arranged that all the shareholders in the rural areas will be able to register their votes, and that the meetings should not be held in large capital cities like Madras, Bombay or Calcutta, because it would be impossible for shareholders to attend and register their votes.

**Sir Cowasji Jahangir:** He can vote by proxy.

**Dr. F. X. DeSouza:** Even by proxy it would not be possible for a man living in a remote district like Canara, for instance, to register his vote in Bombay. That is a suggestion which I very respectfully throw out for the consideration of the Finance Member, because I think it is in this way that this Bill would be liberalised and the clear object of democratising the finances of the country would be achieved.

**Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural):** Sir, I have not put forward my view on this very vital and important question. The sole question before the House on this amendment is whether we are in favour of a Shareholders Bank or a State Bank. On this point I must, first of all, say that my view is not for a Shareholders Bank, but for a State Bank. In this view I am backed by the majority of the people outside, and the first point to be considered in connection with any matter that the Legislature passes here is to respect the views of persons whom they represent here in this House. On this question there can be no doubt. It cannot be denied that at present there is a good deal of discussion outside this House on this momentous question. I have come to this view after full consideration and after I have been put in possession of facts concerning this very essential question and also after hearing the eloquent and able speeches of several Members here. I have not yet been made to convert myself from the opinion that I held when this discussion was going on in the party to which I belong. In the Democratic Party, to which I belong, the question was considered from all points of view and specially from the national view point. The Democratic Party stands no doubt,—and I hope no one will dispute it,—for the national welfare. In that party, we have the full strength and I have no complaint to make, as was made the other day by an Honourable Member on this side of the House that, when they considered it in their party, they were only four. But, Sir, this question was very thoroughly considered and I think the Democratic Party solidly sticks to what they have decided in that meeting. Then, Sir, I was also not like some of my friends here who were not apprised of full facts. I am referring to Bhai Parma Nand on this point. I very much respect him for his views and I was very glad to hear him say that he considered this question more impartially. I give him credit for doing so, but I must tell him that he did it without the full implication of the facts before him. When he was putting the matter before this House, perhaps he had an impression that whether it is a State Bank or whether it is a Shareholders Bank, this House or the representatives of the people will have some voice. It was pointed out to him then that it would not be so. If so, then I must say that it would be still more impartial not to differ from his party on this question.

Then, Sir, coming to this question of State Bank or Shareholders Bank the first question to me is this: Is it or is it not that, in the Shareholders

Bank, the masses do not get the benefit that they will get in the State Bank? That is the main question with me and I think the answer is very obvious. The point to be considered is, where will the dividend go? Will the dividend go to only a few or even to a large number of shareholders, or will it go to the people at large? If the dividend goes to the shareholders then I would not call it a Shareholders Bank, but a rich man's Bank. Rich men, who have large capital to invest in banks, will be benefited and will hold a prominent position in the Bank, and so they have got a justification for coming here and saying that a Shareholders Bank will be much better than a State Bank.

In considering this question, there is another point that strikes me very much. In this House, beginning from the Finance Member down to those who support Government, everyone has said that we should not be suspicious, we should leave off distrust; and we are told that in this matter there is nothing underhand and that we should not be at all doubtful. But, Sir, I may say that to me the facts give a different story. In my humble opinion, it seems to me that the people have a just cause for distrust. What has been the history of the past up to now, and what is it that is expected? In 1919, we got the reforms, and it was expected that, within ten years, we shall have another instalment of reforms. The people thought that to wait for ten years more would be too much and they asked earlier that they should have dominion status, or a very large instalment towards dominion status. Then came the Simon Commission. The Simon Commission came apparently to hasten matters; but not only those ten years have passed, but the deliberations are still going on endlessly, and dominion status is still to come. But, on the facts and the past history, the point to consider is whether the reforms are being whittled down or not before we actually get them. Take the first instance which will show you that there is no dominion status to be obtained nor even any substantial reforms. The first instance is the Railway Board. We have had a little voice in the Railway Board even though we are usually answered that matters are under investigation, and so forth. But still we have some voice. Where will be that voice of the House, or, in other words, the voice of the public when the Statutory Railway Board comes into being? The next instance was the Indian Medical Council Bill. There also we saw the attempt made to give preference to the British people; and, even with the Bill that has been passed, that will be done. This was the second thing we got in advance of the reforms. Those gentlemen who went to London and attended Committees may say that we are still going to get what we want; but the people have every reason to be disappointed. And now comes this Reserve Bank Bill. This means a hold on our finances—before we get any reforms they are going to take away our powers in this manner: the currency is going to be taken into the hands of persons in whose choice the people will have no voice. Considering all this, I say that the people have a strong case for asking their representatives to give their free views on this very important public question. Certain arguments have been put forward in some quarters very eloquently and forcefully. I am sorry, the Honourable Diwan Bahadur Mudaliar is not here. I must give him credit for his advocacy at least on the question to which he was committed: I will admit, it was powerful advocacy; but, after all, it was advocacy which has not converted many people. I may not have any right to touch the higher personage, Sir Cowasji Jehangir, the Leader of the Opposition. I believe, when he was in England, he also had committed himself on this question; and, having

[Mr. Lalchand Navalrai.]

so committed himself. I think the remark that was made the other day on this side of the House was perfectly correct—that he was not acting like the Leader of the Opposition, but like a leader of the position.

An argument has been put forward very forcibly that other countries have all Reserve Banks and Shareholders Banks, excepting three; and why should not India have a Shareholders Bank also? That was the argument that came from Diwan Bahadur Mudaliar, and when we investigate it, it shows an one-sided view. It is true that other countries do have Shareholders Banks; but is there no distinction or difference between this country and those countries? Are not those other countries, countries of the people for the people and governed by the people? Or are they countries like India dependent upon other people? In those countries, it is not only the Shareholders Bank that is in the hands of the people, but they have a hand in every walk of life: they have the destinies of their own countries in their own hands. Here we are in the hands of the British people and we are being guided in this manner.

On this question of the Reserve Bank, both sides have been put very plainly before the House, and it is now for this House to decide for themselves and with their conscience and not to be guided away by any one. First of all, we are still at a disadvantage with regard to the decision that is going to be taken on this question: there is no doubt about that—I mean about our strength on this side; it is to a large extent our own fault: we are always keeping our strength less than the other side of the House: the House knows that there are many absentees in this House and so the national cause is affected many a time; and even now some of them are absentees. . . . .

**An Honourable Member:** Whose fault is it?

**Mr. Lalchand Navalrai:** I have already said, it is our own fault; but the remedy is partly in our hands: let this voice reach the country to bring forward those people who are absenting themselves, so that they may be present here: otherwise they should resign from this House. On this vital question of the Reserve Bank, we stand in need of the advice and guidance of the stalwarts in this House: and may I not ask, why is it that Sir Ibrahim Rahimtoola, our ex-President, and that able lawyer, Mr. Rangachariar, are not in the House? If only they had been here, they would have guided us and not only given us their support in argument, but also to increase our votes. . . . .

**An Honourable Member:** But they are ill.

**Mr. Lalchand Navalrai:** There are two provisions in the regulations: if members go to England or foreign countries, then it is for the Governor General to appoint others in their places. That is electoral rule 26; and then section 98 (2) of the Government of India Act says that, if a member is absent for two consecutive meetings, then his place may be filled up. If that is done, we will have no cause at any rate to say that our strength in voting is reduced. I know the Government are adamant on this Reserve Bank Bill, and I would only ask. . . . .

**Mr. D. N. O'Sullivan (Bombay: European):** Are you in favour of a State Bank or not?



**Mr. Lalchand Navalrai:** I presumed that the Karachi lawyer understood me. I have already said that I am in favour of a State Bank from the very beginning and very loudly too. (Laughter.) The point that has now to be decided by the House is whether, in the public interest, we should vote for the State Bank or for a Shareholders Bank. I have said enough upon that.

There is one thing that remains: the debt that I have to pay to the Honourable Mr. Sarma. He has been asking me to pay that debt with some interest, but I have told him that I will not treat him in the manner in which he treats other Members in this House. In my absence, he referred to me—of course I cannot reproduce exactly what he said: but I must tell him that it is no use taking advantage of the absence of Members; because if I had been present, perhaps in the heat of the moment, I might have given back with compound interest, but at present I will only say this. . . . .

**An Honourable Member:** Pay him back in his own coin.

**Mr. Lalchand Navalrai:** I will not even do so. I will say only this, that if he thinks, that any one is a jack of all trades, he must know that he himself is master of none. With these words, I close.

**Mr. Gya Prasad Singh:** Sir, this is a very important point, and I do not want to cast a silent vote. That is the reason for my standing up to say just a few words in support of the amendment which has been moved by my Honourable friend. My first contention is that the Assembly in 1927 and 1928 unanimously adopted the principle of a State Bank as opposed to a Shareholders Bank; and, so far as my recollection goes, the Government of India of the day also accepted the principle of the State Bank: I do not know what has happened during these four or five years that has made the Government change their position: that is one aspect of the question on which I hope my Honourable friend, the Finance Member, in the reply which he will give will enlighten the House.

Then, Sir, as we all know, clause 17 of the Bill enumerates in great detail the functions which the Reserve Bank will be called upon to perform in the new orders of things, and, considering the important and far-reaching character of some of the business which it will have to perform, it is necessary that the Bank should be placed in the hands of those in whom the public of this country will have great confidence.

Sir, as has been pointed out in this book, a very useful book, called "A Reserve Bank for India" by Professor L. C. Jain, it is absolutely necessary that the people of this country should have utmost confidence in the Bank. This is what Professor Jain says at page 9 of this Book, which I commend to Honourable Members:

"A Central Bank is thus both a Banker's Bank and a State Bank in the sense that it serves both the Banks as well as the State. But it is more. It is the nation's Bank which exists for the larger service of the nation sectional interests having no place in it. This fact will explain the importance which attaches to the proper constitution of a Central Bank, for an ill-conceived Central Bank can be a source of much national harm, just as a well-planned Central Bank is an asset of great national good."

It is obviously essential that the Central Bank should be established with the utmost confidence of the people. I do not want to say that the Government, as at present constituted, command to a very large extent

[Mr. Gaya Prasad Singh.]

the confidence of the people; but, in the new order of things, which some of us envisage, because the reforms are going to come soon and the representatives of the people will have a larger voice in the Government of the country, it is very desirable that this Bank should be run by the State irrespective of sectional interests as will be inevitable in the scheme of a Shareholders Bank.

Some of my friends like Diwan Bahadur Mudaliar and Mr. Anklesaria referred to the constitutions of most of the other countries of the world where Shareholders Banks have been established. Now, the first condition is wanting so far as this country is concerned. Are the political conditions prevailing in the other countries the same as those obtaining in this country at the present time? I know, in Austria, they have a Shareholders Bank, but Austria is being governed by Austrians. In Japan, they have a Shareholders Bank, but Japan is being governed by the Japanese, and, in other countries where Shareholders Banks exist, they are being run and managed by their own nationals; while, in this country, the facts are otherwise, and, therefore, the parallel examples quoted by my friends do not quite apply so far as this country is concerned. Will my friends, who are advocates of a Shareholders Bank, persuade my friends sitting on the Treasury Benches to help us in reproducing the same political conditions in India which exist in other countries? If so, I shall be prepared to subscribe to the scheme of a Shareholders Bank in this country.

Sir, one plea which has been advanced in support of a Shareholders Bank is that it will be free from political influence. There is common ground of agreement between this side of the House and the other side that the Bank, in its day to day administration, should be free from political influence of all sorts. I freely and frankly admit this proposition, but I should like to ask whether the sort of Bank which is adumbrated in the scheme before the House at the present moment can really be free from all sorts of political influences. I quite admit that it is free from political influence so far as it can be exercised from this part of the House, I mean the political influence of Indians; but I should like to know whether it is free from the political influence of the Government, as represented by the Governor General in Council who, in his turn, is dictated to in matters financial, political, and in many other important respects by the Secretary of State and the British Cabinet; and they are responsible, Sir, not to this Legislature, but to the Parliament, which is an essentially political institution. Sir, in matters financial, as we all know from our past experience, the City of London also plays a very important part through the British Cabinet and the Secretary of State. Casting aside all quibblings, I should really like to ask my Honourable friend, the Finance Member, whether he honestly believes that the plan of a Shareholders Bank, as adumbrated in this Bill, is altogether free from all political influence? Is it not possible to find out and discover any other better arrangement on which the Reserve Bank might be planned, and which will be free from all sorts of political influence? The High Courts, for instance, in this country have been established by the executive Government, but, in their day to day administration, they are free from political influence. Therefore, on the same lines, it should not be difficult for us to sit down without any prejudices or predilections either in favour of one scheme or the other and devise a plan which, while keeping the day to day administration of the Bank free from political

influence, will go a great way in satisfying the demands of the public for a State Bank. Sir, in a properly-planned Central Bank, the profits derived from the resources and support of the State should go to the taxpayer. But this Bank will be run by the shareholders and the shareholders mostly will be concerned with their dividends. The well being of the masses at large, the agricultural interests, the economic interests and the rural interests of the country will not receive as adequate an amount of support in the scheme of a Shareholders Bank as they are likely to receive in a State Bank. It has already been pointed out that the shareholders have very little practical influence and control over the administration of the Bank. The reins are likely to be concentrated more and more into the hands of the Directors who, when they are first nominated by the Governor General, will naturally try to entrench their position so as to be perpetually in their places. Then, again, Sir, Indian recruitment in a State Bank is likely to be more rapid than in a Shareholders Bank. These are some of the considerations which ought to be given proper weight.

Sir, my friend, Mr. Anklesaria, referred to the suspicion which we on this side of the House entertain towards some of the proposals emanating from the Government. When this question was debated in the Simla Session, I clearly expressed myself in favour of a State Bank, and that is the position which I maintained in the Joint Select Committee here. Sir, it was rather tactless on the part of my friend, Mr. Anklesaria, to refer to the suspicions on this side of the House, while, as a signatory to the London Committee's Report, he must be aware that he and others were responsible for the recommendation that the Governor General in Council in the Federal Government will mean only the Governor General at his discretion, which, in plain language, means Governor General dictated to by the Secretary of State in the interests of foreign capitalists.

**The Honourable Sir George Schuster** (Finance Member): My friend is quite incorrect on that particular point. If he would read the London Committee's Report, he would find that it was only in one case that that recommendation was definitely made.

**Mr. Gaya Prasad Singh:** Even in that case the position, which I take up, stands unchallenged, because, does it not breed suspicion of the future Minister in the Federal scheme of Government? I pause for a reply. Sir, may I know, why in one place alone the Governor General means Governor General at his discretion? The words "Governor General" as they have been counted by my friend, Mr. Vidya Sagar Pandya, and checked by our eminent mathematician, Dr. Ziauddin Ahmad, occur 92 times or more in this Bill. Does my Honourable friend, the Finance Member, mean to say that in other places, the remaining 91 places, "Governor General in Council" means "Governor General as advised by his Finance Minister"? That was just the amendment that we discussed the other day. If my Honourable friend is prepared to accept that, I for my part will have no objection in accepting my Honourable friend's contention in that respect. Is he prepared to say that it is only in one respect that "Governor General in Council" means "Governor General at his discretion", and that, in other places, where the words "Governor General in Council" occur in the Bill, the phrase means

[Mr. Gaya Prasad Singh.]

"Governor General as advised by his Indian Finance Minister of the Federal Government"?

**The Honourable Sir George Schuster:** I was taking up my Honourable friend's point about the London Committee's recommendation. He was trying to create a prejudice against the Honourable Member, Mr. Anklesaria, by, I must state, a very misleading account of what the London Committee had recommended. I invite my Honourable friend to read paragraph 32 of the London Committee's Report and then reconsider what he has said. It is too long for me to read it now.

**Mr. Gaya Prasad Singh:** However, I have asked a plain question of the Finance Member. He says that in only one place "Governor General in Council" means "Governor General at his discretion". May I take it that, in other places in the Bill, "Governor General in Council" means "Governor General as advised by His Finance Minister", and did the London Committee take it in that sense and in that light—that in only one place it means "Governor General at his discretion", and, at other places, it means "Governor General as advised by his Finance Minister"? However, I leave it at that.

I have briefly attempted to show that the merits of a State Bank are superior to those of a Shareholders Bank. I know that those of our colleagues, who have had the benefit of a trip to London, have their views transformed in particular directions in some matters, and we have had the pleasure of hearing their views in this House. But the point of view, which I am representing, and it has been represented very ably and eloquently by my other Honourable friends on this side of the House, is the point of view which is echoed in the country outside. I would stress that it is very desirable to start the Bank under the most favourable auspices. There should be no distrust or suspicion in our minds. There should be no ascribing of motives. Therefore, unless the Government are dictated to in this matter by the Secretary of State, and if the Secretary of State has taken up a position from which he cannot resile, I would earnestly invite my Honourable friend, the Finance Member, to revise the position which he has taken up in this Bill with regard to this question and then arrive at a common formula by which the Bank, when it will be constituted, will be free from political influence which we all desire, but, at the same time, which will go to satisfy the claims and the demands of those people who want it to be a State Bank. With these few words, I support the amendment.

**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): Sir, to me it is a very delicate and not altogether a pleasing position to stand up after the speech of the Secretary of my Party. Mr. Gaya Prasad contributed his wisdom day after day and with his characteristic vigour and impartiality to the Committee in which he served. I admit he has spoken earnestly, honestly, and has not tried to be a mere echo of the opinion outside, to borrow a phrase he used. I think he is more an echo of his own voice within, that little inner man, and when I speak, I am trying to echo what I honestly feel is the right position in regard to this matter.

At the very outset, I must dispute the contention of my Honourable friend, Mr. Gaya Prasad, that opinion in the country is on his side. I

dispute that fact altogether, even though, if it were so, it would have made no difference whatever to me, for I would have gone to the country to educate it and change its opinion if it happens to hold a wrong view. Fortunately, however, the opinion of the country, the echo of public opinion, as he said, is quite different from the echo that we have heard from this side of the House in its opposition to a Shareholders Bank. The *Hindu* of Madras . . . .

**Mr. Gaya Prasad Singh:** Was not the editor of this paper a signatory to the London Committee's Report?

**Mr. C. S. Ranga Iyer:** The *Hindu* of Madras is much bigger than Mr. A. Rangaswami Iyengar. The Editor of the *Hindu* was not a signatory to the Report in his editorial capacity. (*A Voice*: "Two capacities?") Sir, my Honourable friend was whispering, two capacities, dual capacities? But he ought to know that he himself once filled dual capacities in his own life, an eminent position as the Vice-Chancellor of the Aligarh University and also as a Member of the Muslim League. Sir, there can be two capacities. The *Hindu*, as I said, is a great newspaper, probably the greatest newspaper, Indian-edited, in India today with a very large circulation, and the *Hindu* will be interested in echoing public opinion, at any rate, to the same extent as my friend, Mr. Gaya Prasad, for it will not like to lose its subscribers. The *Hindu* of Madras says in a recent editorial—I sent for that paper from the Library as my friend, Mr. Gaya Prasad, was referring to what he called "sectional interests" giving a quotation from a book. I shall present him with quotations from more books than one if necessary. He said sectional interests have no place in a national bank,—that is a quotation and I think it is a correct quotation. All of us, who support a Shareholders Bank, support it, because we want to avoid the play of sectional interests as the Bank may not altogether be national if it were a State Bank. That is what happened, and, in this matter, Mr. Gaya Prasad and Mr. A. Rangaswami Iyengar are two good authorities, because they had the experience which I did not have, at any rate to the same extent, of the stages through which the last Reserve Bank Bill went when it had to be abandoned. I was at that time in Europe, and when I arrived, I found how things had gone wrong. It was too late to save the situation, and it seems that in negotiating the breakers and rocks ahead they found it difficult—the Honourable gentlemen sitting on these Benches and Honourable gentlemen sitting on those Benches found it very difficult indeed to avoid sectional interests, and this is what the *Hindu* and its editor have to say on that point.

The *Hindu* says:

"As the basis of discussion before the London Committee and the basis of the present Bill before the Assembly were definitely that the Bank should be free from any political influence, the elimination of Directors to be elected by Legislatures and by Chambers of Commerce, Indian and European, became inevitable. There were also misgivings in the minds of some Indian members that having regard to the possibilities of development of communal and class claims in the future Federal Constitution in India and the difficulty of providing for a Directorate from which political, communal or class considerations might be eliminated, the picture of a State Bank plan originally contemplated might undergo essential modifications, by no means desirable under a Constitution in which communal and class interests and guarantees of various kinds were going to be incorporated. It was as a compromise between the two positions and in order to have the Reserve Bank established soon, that the stockholders scheme was put forward by the Leader of the Swaraj Party, Mr. S. Srinivasa Iyengar, during the discussions in 1927 (at that time the late Pandit Motilal

[Mr. C. S. Ranga Iyer.]

Nehru the Leader, was also away in Europe) before the Legislative Assembly a scheme which had been virtually accepted by Sir Basil Blackett, but which the India Office subsequently turned down",

and so on. Sir, I shall not go on with the quotation from the *Hindu*. I merely wanted to bring out this fact that they were faced with the difficulty to which Mr. Gaya Prasad Singh referred in his opposition to this measure,—the difficulty of a State Bank satisfying sectional interests so that it might be a truly national Bank. They realised the difficulty of fixing communal and class and other proportions, and, therefore, they preferred a Shareholders Bank in which the shareholders to whatever community they may belong, will have ample opportunity to have their influence felt.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): You said that the article was definitely in favour of a Shareholders Bank. There is nothing about it in what you have quoted.

**Mr. C. S. Ranga Iyer:** The Editor of the *Hindu* was definitely for a Shareholders Bank. I thought my friend knows the position of Mr. Rangaswami Iyengar from the quotation which the Honourable the Finance Member gave on a former occasion, but I would certainly be willing to inform my friend further as to what the *Hindu* wrote on this particular matter. It goes on to say:

"The stockholders plan proposed in 1927 was no doubt a workable compromise. That could well have been accepted, and we consider that the present shareholders scheme of the London Committee, with the improvement effected by the Select Committee, are as near an approach as possible to the stockholders plan and could not be damned because it does not in terms constitute a State Bank."

I hope that is sufficient for my friend's purpose. May I go on? He shakes his head. I hope by the time he comes to vote, he will agree with the views of the *Hindu*.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Pass on the paper to him. That is simpler.

**Mr. C. S. Ranga Iyer:** Yes, I will do so with this observation of the *Hindu* that:

"The shareholders of the Reserve Bank are thus in a very different position from the shareholders of an ordinary private profit-making concern, and much of the confusion in the discussion has arisen owing to a non-realisation of the essential fact."

Here is a strong and reasoned support in the very able way of the *Hindu* for a Shareholders Bank.

**Mr. Gaya Prasad Singh:** Was not Mr. Rangaswami Iyengar in favour of a State Bank in 1927-28?

**Mr. C. S. Ranga Iyer:** Yes. If my Honourable friend was listening to the quotation carefully, he explained why he held that view then and why he has changed his view now. Probably my friend is trying to suggest in his own innocent way that Mr. Rangaswami Iyengar is not consistent. I refuse to recall the old story of the young lady who said she was consistent. I know that all of you know that the lady was 17. When asked her age, she said "sweet 17". After 14 years, she still said "sweet 17", and when she was older still, she was asked her age and she still persisted

"sweet 17". Mr. Rangaswami Iyengar, I admit, is not so consistent as the lady. (Interruption by Mr. B. Das.) Mr. B. Das is flippant as usual. I should leave his interruption alone. In politics one should not be a stickler for consistency. We are being dragged through the track of centuries. We have to move with the times. We cannot be like a puddle on a public road after the rains. We cannot be a stick-in-the-mud. Consistency, as Emerson well put it, is the hobgoblin of little minds. As has been truly said by a British statesman, consistency is the virtue of an ass. It was, I believe, Justin McCarthy or Randolph Churchill who said that consistency in politics is the virtue of an ass.

**Mr. Gaya Prasad Singh:** Government's policy is very consistent?

**Mr. C. S. Ranga Iyer:** Government have also been trying to move with the times, not so fast as some of us would like. My friend whispers "do not insult the ass", I suppose because it does not injure itself by kicking against the pricks. An ass carries sandalwood on its back without knowing the value thereof.

Mr. Vidya Sagar Pandya, speaking from his great knowledge of the working of public companies, said that this shareholders scheme differed from the companies which he had known. Quite so, and that is why I tell the advocates of the State Bank that they should accept *this* shareholders' scheme, not the shareholders' scheme that he knew. There was not in the companies he had in mind that State control, at least the extent of State control that you find here. In the Shareholders companies that he knew, there was not that State contact which you find here, because a Reserve Bank in all the countries of the world, whether before or after the War is not absolutely left to the will and pleasure of the shareholders. On a Reserve Bank hangs the destiny of a people and its Government. It is a bankers' bank. It is not run for the profit of the shareholders and that is its strength. It is run for something higher than that, to serve the purposes of the State and the people. I cannot understand the quarrel of my Honourable friends on this side when they condemn on the one side the control or contact with the State of a Reserve Bank and, on the other hand, they want a State Bank. Surely you cannot have a State Bank except in the light of the White Paper scheme and the White Paper scheme does not make India a sovereign State and I cannot understand really how Honourable gentlemen on the Opposition Benches can advocate with the enthusiasm with which they have been advocating the cause of a State Bank. What is the State that we are going to get? You condemn very vehemently the White Paper scheme. You are not going to be satisfied with the State that is going to emerge from the White Paper scheme. They have said so on many an occasion, and yet the Honourable gentlemen very seriously say: "we want a State Bank. This arises from a study of State Banks in self-governing countries". If India were a self-governing country today, even then I would oppose very strongly a State Bank unless and until India rose to the level or fell to the depths of Russian communism or socialism and tried to convert each and every bank in this country into a State Bank. On this matter the other day the very well-informed Leader of the Democratic Party said that his authority, Mr. Cole, had said it nowhere. Well, Sir, I shall quote from Mr. Cole's "The Intelligent Man's Guide through World Chaos".

**Mr. B. Das:** When was that book published?

**Mr. C. S. Ranga Iyer:** Well, as late as the book from which the Honourable the Leader of the Democratic Party quoted,—1932, Second Impression; and he says, on page 308:

“Any system of organized economic planning, therefore, seems to involve the co-ordinated control of ordinary banking as well as of the Central Bank, and it is significant that in Great Britain the idea that the joint-stock banks as well as the Bank of England ought to come under national control has made headway side by side with the development of the notion of national economic planning. The two things indeed obviously go together, for a national economic plan, unaccompanied by control over the distribution of the available supply of credit, might easily be brought to ship-wreck by a divergence of ideas and policy between those responsible for the plan and the joint-stock banks.”

He (Mr. Cole) goes on to say:

“A managed credit policy even more than a managed currency is the foundation on which a rational banking system must rest. But such a policy is unattainable without the close co-ordination of the separate banks under a unified control and co-ordination among these banks would obviously create far too powerful a monopoly to be left in private hands.”

Sir, I need not quote that authority further, but as the Honourable the Leader of the Democratic Party did not quite realize that what I was saying was right, I thought it was just as well to place it on record that the advocacy of a State Bank has no value in it unless and until the banks are prepared to come to the logical conclusion, namely, the socialisation of all banks . . . .

**Mr. K. C. Neogy:** Has that conclusion been accepted in all the countries where they have State Banks? Is that an inevitable conclusion?

**Mr. C. S. Ranga Iyer:** It is not, except in regard to the authority on which the Honourable gentleman relied.

**Mr. K. C. Neogy:** I did not rely for my opinion on that; I relied on it for the purpose of pointing out that it was not quite correct to say that opinion was all on one side,—that there was no opinion on the other side advocating a State Bank in any other part of the world.

**Mr. C. S. Ranga Iyer:** If my Honourable friend, after all the ransacking that he did, could only get for his authority a socialist, I would at least say: “be generous to him, do not misrepresent him”. If he wanted to quote the authority of people who justified State Banks, probably if his research work had taken a little different direction, he might have found that authority. But I must frankly admit that, so far as the socialists of Great Britain are concerned, who want a change in the present banking system in England and who said so during the last election, they want really to socialise the banking institutions in England.

Sir, coming now to my Honourable friend, Mr. Jadhav, he said that a Shareholders Bank was dangerous as that would lead to provincial jealousies. Now, I can elaborate that argument a little further and say that the policy of provincial autonomy is panicky, that plan is risky, because it will lead to provincial jealousies. On the contrary, I should have thought that if he wanted to placate provincial jealousies, he would have conducted some study of the banking system of the United States of America and gone to its early days and said that each State must have a State Bank. The Honourable gentlemen, who were dwelling on the American system



and the American democracy's latest achievement probably in 1913, forgot that America had to go through various stages of banking. In the first place, each small State had a State Bank of its own. If you say: "We want each province to have a State Bank of its own", I can understand if you contend that you are attempting to placate provincial jealousies. Our anxiety, on the contrary, is to avoid provincial jealousies—not to begin as America began, but to profit by American experience: and, again, my friends on the other side who relied a great deal on the American system and the Federal Reserve system forgot that America had to pass through the stage of banks going into liquidation though they came into existence with popular support, because the Parliament of America would not sanction its continuance. The First Bank of the United States met with the same fate, the second known as "The Second Bank of the United States" also met with the same fate, the National Bank of America also met with the same fate, but that paved the way for the present system. Sir, I need not proceed further with these observations regarding the development of the banking system in America, but I would ask Honourable Members to bear in mind this particular point and not try to transplant the trans-Atlantic oak from beyond to this country which must grow in its own way and according to its own genius.

**Mr. Jagan Nath Aggarwal** (Jullundur Division: Non-Muhammadan): Sir, speaking at this late hour of the day, I can only say as a layman that during these eight or ten days debate on this question we are left in a bewildering maze of confusion. It certainly adds to our confusion when we find an Honourable Member from the Nationalist Party, our friend, Mr. Gaya Prasad Singh, getting up and telling us that the public outside is all for a State Bank and, straightaway after him, his Deputy Leader, Mr. Ranga Iyer, telling us with a quotation from the *Hindu* and with all the varied arguments at his command and with extracts from various sources that the public outside is all for a Shareholders Bank . . . .

**Mr. C. S. Ranga Iyer**: All that I said was that opinion in the country was divided, and it is open to me to say that on my side was the larger opinion just as it is open to my Honourable friend to say what he likes and to quote only from those authorities he likes.

**Mr. K. C. Neogy**: Which other newspaper has supported the scheme of a Shareholders Bank?

**Mr. C. S. Ranga Iyer**: I do not keep a register of Indian newspapers and I do not want to take up at this late hour that point, but if my Honourable friend comes to me in the Lobby or to my house, I can show him a number of newspapers which have published valuable articles . . . .

**Mr. K. C. Neogy**: British-edited?

**Mr. C. S. Ranga Iyer**: No.

**Mr. K. C. Neogy**: I challenge my Honourable friend to give us the names.

**Mr. C. S. Ranga Iyer:** Almost every newspaper in India has been decent enough not to shut out articles on a Shareholders Bank, and that shows that the papers were not so very anxious for a State Bank. . . .

(Interruption by Mr. K. C. Neogy.)

**Mr. President** (The Honourable Sir Shanmukham Chetty): Order, order, Mr. Aggarwal.

**Mr. Jagan Nath Aggarwal:** I am sorry that the controversy has not so far finished, and it certainly leaves a layman in a maze of confusion. Well, Sir, if I try to summarise what I can say as the outstanding points in this controversy, it is not an easy matter. My Honourable friend, Bhai Parma Nand, said that it was all sheer cussedness on our part to oppose a Shareholders Bank, for, if the Government had proposed a State Bank, we would have wanted a Shareholders Bank and *vice versa*. That was not so. Similarly the attempt of my Honourable friend, Mr. Anklesaria, to show that it was all a spirit of suspicion which led people away from the scheme of a Shareholders Bank was not justified. In fact, if one were

4 P.M. to look at the matter closely, one would come to the view that the tendency of the Indian Government had been towards a State Bank. On the previous occasion, when the Bill came before the Assembly, although we started with a Shareholders Bank in the original Bill, the Select Committee made it a State Bank and what is more, Sir Basil Blackett, on behalf of the Government, accepted the amendment to clause 4. So, it became a State Bank. It broke down on the question of the Directorate, the representation of the Legislature, but the Government accepted the principle of a State Bank. Then, Sir, coming to the Central Banking Inquiry Committee, I do not think one can attach much importance to that, because the Chairman refused permission for any questions on the constitution of the Reserve Bank, but the assumption, if I may say so, in the paragraphs referred to was that we should have a State Bank. Then comes the most difficult stage in these matters, namely, the London Committee. We are told that this question of a State Bank *versus* a Shareholders Bank did not excite even the slight interest. That leaves us in a very great confusion indeed. My Honourable friend, Mr. Anklesaria, and others must have known that the Indian Government had accepted the principle of a State Bank and that opinion, to put it at its lowest, was fairly divided in this country. In that charming Palace in London, we are almost amazed to know from those who were there, no one mentioned a word that it should be a State Bank till Rai Bahadur Lala Ram Saran Das, my fellow townsman, opened his mouth and said that he dissented from the conclusion of having a Shareholders Bank. I say, all credit is due to him and it is well that he said so. Most of the credit goes to him for emphasising an issue on which opinion in India was so sharply divided and, if I may say so, with all respect to Mr. Ranga Iyer, that opinion is very largely in favour of a State Bank. (Interruption.) I refuse to accept any correction from Mr. Ranga Iyer. The opinion of the country is definitely in favour of a State Bank for reasons which I will try to give you, Sir, even at this late hour of the day. The reason is that the State Bank is an institution which controls credit at home and stabilises currency abroad. No one can question the statement that a Shareholders Bank is an institution which is for the benefit of the shareholders, and who are out to make money, otherwise there is no point in having a Shareholders Bank. If it is going to be a concern which is to control credit at home

and to stabilise currency abroad, then it affects every department of national activity. If affects trade, commerce, industry and agriculture, most of all. That being the case, it becomes a public utility concern and who would like such a concern to be handed over to the shareholders? Therefore, it must be a State institution. It is conceded that the State has a good deal of interest in it and it can exercise a good deal of influence too. What kind of political influence is to be used I shall mention presently. But let me repeat that a scheme of this kind is a public utility concern and the shareholder's interest in it is not predominant, because the State itself has a good deal of influence in it. That goes to show that it is of a kind of public institution or at least a semi-public institution.

Now, Sir, let us look at the conditions prevailing in India. It is no use going to England or to other places in the whole world, where conditions are quite different. We are unlike the rest of the world. Now, what has been the tendency of the Indian Government in the case of a public utility concern, which concerns every department of the State and every industry of the country. The Indian Government has acted as a half-socialist Government for a long time past. Railways, forest, mines and all kinds of other activities are controlled by it. It has been the biggest employer of labour, and why is it so much afraid of this Bank? Up till now it has been a State concern. Do my Honourable friends maintain that the Government have bungled so badly in the past with currency and exchange that they are not prepared to trust it any further? No doubt they have made mistakes. I think it was on the advice of men like my friend, Mr. Mody, who have always landed them in bad scrapes. I do not forget the mistakes made by the Indian Government in the case of reverse councils and other financial deals, but you must allow the Government like every one else to make some mistakes. I say, if the Indian Government has managed currency so well, and nobody has said anything against it, why should we not expect the future Government to manage its currency and note issues equally well? Why is there this element of suspicion about it? Since the opinion of Mr. Kisch has been cited on this question, may I also refer to his opinion on this very subject in the Hilton-Young report when he gave evidence. The matter was put to him as to what he thought with regard to India, and this is what he said. After referring to the Brussels and Genoa Conferences, he said:

"But in dealing with India we have to realise that we are dealing with a country where banking progress is comparatively recent and where the people have been habituated for very long periods to look to the Government with a degree of confidence which is probably not vouchsafed to Governments anywhere else."

It is a compliment for the Government to be told that they have been so much trusted on their work in the past that we want them to continue. The argument in some cases has been really more or less in the nature of a vote of censure, but Mr. Kisch says:

"The people have been habituated for very long periods to look to the Government with a degree of confidence which is probably not vouchsafed to Governments anywhere else."

From that point of view, I think, there is a great deal of difference between India and other countries. If the Indian Government has done so well in the past, the onus of proof is on its critics to displace the existing condition of things. Why is it that in the future you do not want to trust the Government to do it? Is that element of suspicion due to the fact

[Mr. Jagan Nath Aggarwal.]

that new changes are going to take place in the Constitution? I expected Mr. Anklesaria to tell us how it was that he remained tongue-tied in the London Committee and did not say a word with regard to the past history of this question. Sir, the money that is earned by the State from the State-managed railways is made available to the general tax-payers and there is no reason why the interest on five crores of rupees which will come to a considerable sum at the rate of five or six per cent. should not be so made available to the general tax-payers?

**An Honourable Member:** Where will the money come from to pay the shareholders?

**Mr. Muhammad Yamin Khan:** The capital.

**Mr. Jagan Nath Aggarwal:** My friend, who is living in this town of New Delhi, ought to know that we have spent 14 crores of rupees on it and the sum of five crores is a mere flea bite to the Government. Well, Sir, I refuse to be interrupted in this way. My friend knows that if he were to ask for passages to London we would be prepared to find 100 passages again. We can well afford that. I just wish to condense the discussion in as short a compass as possible. I say, the attempt is to get this out of political influence. Grant that. What does that mean? Apply it to the conditions of those countries in which the Government last a month or two, such as France. If political influence means the influence of party politics in the sense that a party comes into power and disappears in two months time and, during that time, it obtains a huge credit by note issue, by all means keep the Bank out of such influence. But if you are going to have freedom from political influence in the sense that the Government of the day is to have no say in the matter, then I submit, this Bill itself is the best answer to it. You find in the Bill the words "Governor General in Council" occurring in so many places that you cannot pretend that the Bill has nothing to do with such influence. As my Honourable friend, Mr. Gaya Prasad Singh, put it, we have independence for the Bank in the sense that the judges are independent of the executive. Nobody suggests that the judges should not be appointed by the executive, or that the general policy of administration, etc., should not be under the control of the executive, but the judges decide cases in their own way and the executive does not determine that for them. Similarly, how the Bank advances money and questions of credit are not determined by the executive. In a matter of this kind, the real thing is, does the shareholder, who is being brought in in place of the State, furnish a real guarantee that the administration of the Bank will be carried on on sound business lines, and so forth? So far as this is concerned, my Honourable friend, Mr. Pandya, has given us the answer that these shareholders are a sleeping body. If that is so, the shareholders should be out. I hope, from another point of view, there is a danger that one might visualise, if this shareholder is not the sleeping body which Mr. Pandya found him to be, if he is a wakeful body, and if we are to have a very large number of shareholders spread all over the country, what would happen is that all kinds of funny and new-fangled ideas, communist ideas may be reproduced in the Directorate. If that is so, and we are going to have such ideas introduced in the Bank, then I would much rather trust the Finance Department of the Government of India where they shut out all kinds of new ideas (Laughter) than

to have a body of shareholders. My Honourable friend found them sleepy, but, I am afraid, in the near future, they would be very much awake, and I, for one, would not like to be a shareholder. But that does not save me, because, after this Bank is started, even if I do not put my money in the Bank, yet it will bring all sort of difficulties in my way, it may halve the value of my silver and gold and all my savings may disappear into thin air. Therefore, I say this, that the shareholder is neither a smoke-screen nor a partner in a funny kind of marriage which my Honourable friend, Mr. Pandya, proposed, but he may be a real danger and what is the fun of having such shareholders all over the country running into millions. This shareholder scheme is one of the old stunts which, I may say, does not mean really anything. In fact if one were to look to the history of these institutions in the world, absolute shareholder institutions, which have nothing to do with the Government, are only two,—the Bank of England and the Reichsbank of Germany. Both of them have a history behind them which I will give in a few words. On page 18 of "Central Banks" by Sir Cecil Kisch and Mr. Elkin it is said:

"The English Bank Act was passed at a time when individualism was the guiding doctrine in political and economic theory, and to have given the State a part in the direction of the Bank would have been in conflict with the teaching of the day. Nevertheless, there can be little doubt that in practice there is at all times close and continuous co-operation between the Bank and the Government when important issues are involved, and in exceptional periods of stress there is even more than this."

Now, I put it to you, Sir what is the point in referring to England? From a constitutional point of view, in reality the Government of the day has much more influence than that. As regards the Reichsbank, the same authors say:

"The Reichsbank is a bank independent of Government control, so much was this independence stressed by the organisers of the Bank. But the re-organisation of the Reichsbank was part and parcel of a scheme for the payment of reparations and of the financial rehabilitation of Germany devised by foreign experts at a time when the financial policy of the German Government was politically suspect and had proved to be economically unsound."

If these are the two places where you find a Shareholders Bank . . . .

**Mr. C. S. Ranga Iyer:** Will the Honourable Member read the second paragraph, first sentence, on page 20, of the same book?

**Mr. Jagan Nath Aggarwal:** I am not going by the opinion of this book. With regard to this measure, I can give the Honourable Member more quotations if I had the necessary time. I am referring to this for the sole purpose of showing that, in these two countries, where you have a Shareholders Bank, really it is so on paper, but in reality it is something different. If that is so, I say, why not make the reality go on paper? If the Bill is to be for a Shareholders Bank on paper, but in reality the State is to have a good deal of influence and a good deal of say, not only in times of crisis, but also on other occasions, where is the point in not giving the true picture? So far as this is concerned, you may also note that in the evidence, before the Hilton-Young Commission, Sir Cecil Kisch and Mr. Keynes were both witnesses and they both deposed at fairly great length that, so far as the direction by Government was concerned, they would not support the proposal of Government having a suspensory veto. If that is not given, you concede the proposition that

[Mr. Jagan Nath Aggarwal.]

the Government of the day is to have great power. If that is so, one need not wonder if you are to give the Government of the day full power to work the Bank and that it is just as well to give it its true position in the Constitution. My Honourable friend, Mr. Ranga Iyer, told us that the constitution of a Reserve Bank could only be really a State Bank if it was exactly on the model of Soviet Russia. My Honourable friend, Mr. Mudaliar, also said that a real State Bank was only to be found in Soviet Russia and that argument was used for the purpose of frightening us. Does anybody, who suggests a State Bank, want to copy the institutions which they have only in Soviet Russia? If you permit me to mention, Sir, I have in this book "The Reserve Bank for India and the Money Market" by Dadachanji at page 156 a chart showing State Banks and joint stock banks in the world and I find among private shareholding banks there are a number of important countries, but in the other list of mixed shareholding banks, there are equally a large number. It cannot be said that pure shareholding holds the field anywhere in the world. The other extreme pointed out by the last speaker was that if you come to the type of State Bank as visualised in Russia, you must insist on socialisation of all banks. I really do not see how that follows. The real point, if I may say so, is that in Russia the credit machinery like everything else of general utility is State-owned. Whoever suggested that, if you have a State Bank in this country, it would lead to socialisation of all banks in the land?

**Mr. O. S. Ranga Iyer:** The Honourable Member, I am afraid, is so hopelessly misrepresenting me that I have got to interfere. I said, even if you want to face the question of a State Bank fair in the face, have the courage to say as Mr. Neogy's authority has said that all banks should be socialised.

**Mr. Jagan Nath Aggarwal:** I do not know whether the whole object of the quotation from that book of Mr. Coles was that the State Bank only comes in as the apex of the system in which every other bank is socialised. I do not see how that arises at all. Any way, here you have the Imperial Bank, a half socialised institution with 165 branches, and this Reserve Bank may very well be a fitting culmination of that banking edifice. So far as the evils of State Banks are concerned, that is the last topic to which I would address myself. After the elaborate enquiry into the evils of State institutions in the domain of banking, one can only turn to two occasions in which the reserves of banks have been misused by the State. One is the case of Spain in about 1896 or so, and that, I submit, is hardly a first rate example at all. The other was the case of France after the War. And I say, Sir, if one finds only two cases of mismanagement of these State institutions, one after the War and the other one of Spain,—hardly a first-class example,—I will say that the States have behaved much better than my friends would give them credit for; and these banks have also dealt in these exceptional circumstances in a manner which is commendable. I would say, therefore, without taking much time of the House at this late hour, that the scheme of my friend, Mr. Mitra, should command the acceptance of every one in the House, particularly as it is a very modest measure that has been put forward that the shareholder is not imported into the show at all.

The question of Directorate, etc., should be dealt with as and when they arise, but for the present we should all support the scheme of a State Bank.

**Several Honourable Members:** The question may now be put.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is that the question may now be put.

The motion was adopted.

**The Honourable Sir George Schuster:** Sir, my Honourable friend, Diwal Bahadur Ramaswami Mudaliar, in an eloquent passage in one of his recent eloquent speeches, paraphrased the words of that well-known hymn "When the wicked cease from troubling and the weary are at rest" by asking us to look forward to the day "when the Modys cease from troubling and the Schusters are at rest". Thus, I may incidentally remark replacing by our names the appropriate epithets in each case. (Laughter.) I do not know whether that day is yet here; but certainly in the present debate my Honourable friend, Mr. Mody, has refrained from troubling while I myself have had certain periods of rest,—rest at least when Honourable Members opposite were making speeches in advocacy of my own case; and, let us at least hope that the day when this particular troublesome issue will be settled has now come. You, Sir, asked all speakers not to go over all the old arguments, and I will try to obey your instructions. Therefore, on a good deal that has been said I would ask Honourable Members who have spoken to read some of my own speeches in past debates on this particular question. But there are certain points which must be touched on, and I must attempt in some way to sum up this discussion. I want to start by saying that I myself am most anxious not to overstate this case.

The issue between a State Bank and a Shareholders Bank is an arguable issue. It is an old controversy. Honest men can hold opinions on both sides and honest men also, I would remind my Honourable friend, Mr. Gaya Prasad Singh, may change their opinions on this subject. Sir, it is desirable not to overstate this case, because, as my Honourable friend, Mr. Aggarwal, has just pointed out, there are no real examples of Central Banks which are so essentially Shareholders Banks that they can work in complete detachment from the Government of the day. There must always be the closest co-operation between the Central Bank and the Government of the day. But that co-operation should arise when the two are facing a common danger. There are, on the other hand, many occasions when the two should represent two different parties, one representing its own interest, the other the interest of sound finance calling upon the Government to put its house in order. Therefore, Sir, I submit that because on occasions or on most occasions a Central Bank and Government must co-operate, it would be very unwise to ignore those other occasions when the Central Bank is required to put up an independent front to the Government of the day. That idea has always been present in the minds of all those who thought on this subject and who have made plans on this subject. That those plans have not easily been settled is evident from the history of central banking. Honourable Members have done a good deal of study of the history of central banking recently, and I daresay this House could pass an examination paper in central banks which would have surprised its Members if they had been

[Sir George Schuster.]

asked to answer the questions six months ago. Now, looking at the history in the past, we find, for example, that in Switzerland this controversy went on for 25 years, and for 25 years Switzerland denied itself the advantages of a Central Bank, because it could not make up its mind whether it should have a State Bank or a Shareholders Bank. But that was in a fairly distant past and they took their decision, I believe, in 1905. Since then I do think that it is fair to put the position as being one which indicates that there has been a very marked swing-over of opinion in all countries in favour of emphasising the shareholder idea as against emphasising the State control idea. I want to be very careful how I choose my words. This is a question of emphasising one idea rather than the other. It is not a question of saying that all connection between the Bank and the Government is wrong; it is a question of putting the proper emphasis and the proper balance between the two sides. Now, Sir, I do maintain that the history of the past 25 years, and particularly the years since the War, has shown a strikingly marked tendency in favour of emphasising the shareholder idea when you are setting up a Central Bank. And I do think that, taking account of that experience of many varied countries in the world, it is fair for us who support that idea to say to those who attack it, "The onus of proof is on you". And, Sir, I do maintain that Honourable Members who support the other idea have not discharged that onus. It seems to me that among the motives and lines of thought which influence Honourable Members opposite one may select three classes. There are first of all those who honestly object to the shareholder idea on its merits, and the representatives of that idea are those who signed the main minority report and who have given their main reasons for objecting to the shareholders idea and have come down in favour of a State Bank. Let me just take those reasons. The first of them is this:

"It is an admitted fact that the Government is compelled to assume almost entire responsibility in the administration of Central Banks at the time of financial crisis. The Central Bank functions smoothly only during normal times; for normal working, shareholders are as much unnecessary as the State. It is the Governor of the Bank that counts."

Now, Sir, I think it would be very difficult in a few short lines to find,—and I hope Honourable Members will not take it amiss when I say so,—a more misleading account of the situation. In the first place, it is not an admitted fact that the Government is compelled to assume almost the entire responsibility at the time of crisis. The Government has to step in and stand behind a Bank on these occasions undoubtedly; but it is quite wrong to say that the Government assume the entire responsibility; and unless the Government in times of crises has a strong Central Bank to turn to, then its powers to deal with those crises will be terribly weakened; and when I say that I mean particularly this: that if the State has too much influence on a Bank, the tendency—and that is the experience of all countries—is that the Bank will get too much loaded up with credit operations in favour of the State, and it is just at a time of crisis that obligations on the part of a State become completely unrealisable. It is just because you want a Bank, a strong Central Bank, to help you to deal with crises when they occur, that it is desirable to keep it independent during the times that intervene between those crises. Then they say: "A Central Bank functions smoothly only during normal times; for normal working, shareholders are as much unnecessary as the State. It is the Governor of the Bank that counts."



This division of times and conditions into normal times and times of crisis is a misleading one. For instance, what are we living in now? Are we living in normal times or are we living in times of crisis? The sort of crisis which my Honourable friends, who signed this memorandum, presumably had in mind was the sort of crisis that arose at the beginning of the Great War or the sort of crisis that occurred when England went off the gold standard in September, 1931. You could not on such an interpretation describe the present occasion as a time of crisis, and yet this present occasion is one of extreme difficulty when it is most essential that a Government's finances should be soundly and bodily handled, and if you have not got a Central Bank which can stand up against the Government, then in times like these you will find that a weak situation is created, which will make it impossible for you to deal with a crisis when a real crisis occurs. My Honourable friend, who has just spoken, has said that he can only find instances of two Central Banks that have really failed. I think his reading must have been more "selective"—let me say—than is quite worthy of my Honourable friend. Let him examine the history of the Central Bank in Russia before the War. It is a very interesting history, a history which might well be paralleled in a country like this in the early days of its new constitutional experiments. Then, again, my Honourable friend surely has not forgotten how currencies in all the central European countries went wrong, because the Government imposed its will upon the Central Bank and made the currency authority work for its own purposes and not in the interests of sound finance. History is full of instances of the failure of Central Banks to perform their operations properly. The next point is that "the State Bank will always command greater confidence within a country like India than a Shareholders Bank". If I may say so, that entirely begs the question. I quite agree that the Government in India has at present a prestige which no other body in India has got or could rival, but it does not follow from that that the sort of Central Bank which we now propose to set up, with the Government standing behind it—remember that, because Government is standing behind it and Government guarantees the bank notes, Government puts its currency reserves into the Reserve Bank, and so on—the country surely will have confidence in a Bank started in that way.

The next point is: "almost the entire profit made by the Reserve Bank will be derived from the resources and support of the State; and it is, therefore, desirable that the tax-payers should be benefited to the fullest possible extent from the profits so derived". That condition is being satisfied under our plan. The most that the shareholders can get for the five crores they put in is a dividend of six per cent: it may go up to six, it may be much less than that: I submit that a possible maximum dividend of six per cent, for putting up five crores is not a very heavy exaction out of the profits which normally accrue to Government from the handling of currency business.

Then, it is said: "it is an established fact that shareholders do not form a satisfactory electorate. No shareholder residing in the mufassil would take the trouble of spending money in travelling in order to exercise his right of vote. The use of proxies will be unavoidable; and election by proxies does not necessarily represent electorate." How can it be an established fact that the electorate, which is being provided by this Bill, will not vote? There is no parallel to it in any other company which has hitherto had existence in India. We are providing for the working of the shareholders as an electoral body in a way for which there is no parallel

[Sir George Schuster.]

at present in India, and I see no reason at all to argue from the experience that my Honourable friend, Mr. Vidya Sagar Pandya, is so fond of quoting of banks like the Imperial Bank of India, that the same thing will occur as regards the election of Directors for this Reserve Bank. I hope myself—and I think it is legitimate to hope—that the exercise of votes for the election of Directors to the Reserve Bank will become a very important and cherished right; and I feel sure that it is unjust to the public of India to suggest that those who take up these shares will not take the trouble to see that they get the right sort of Directors. Moreover the argument goes much too far, because, after all, we have the experience of all these other countries who provide for the election of Directors in the same way that we are proposing to provide or on very much the same basis. How are the signatories of this Minority Report justified in putting down a statement like that, that it is an established fact that shareholders do not form a satisfactory electorate, when it is an established fact that every country which sets up a new Central Bank adopts this basis as being the best device which experience has provided for achieving the very difficult object which has to be achieved by a Central Bank?

The last point is that “in the case of a private Bank, there will be no machinery to demand and enforce larger recruitment of Indians in the officers and subordinate grades. It is only in the case of a State Bank that Indianisation as a policy can be effectively enforced as is evident from our experience of Railway Administration”. I suggest that that point is an anachronism. It is too late to think of India's problems in terms like that. This Bank, as I have so often said, is intended to be an Indian national institution; it can never succeed unless it is an Indian national institution; and if Honourable Members think that the Directors who will be elected by the Indian electorate which we have provided are going to disregard the Indian national demand for appointing a proper proportion of Indian executive staff, then they take a much lower view of their countrymen than I do.

Those are the main points, and I maintain that they constitute an extremely weak case. I spoke of three classes of opinion. Among the second class I would put those—and I do not hesitate to say this, although it has been queried by Honourable Members opposite—I would put the class of those who satisfy the condition pointed out so acutely by my Honourable friend, Bhai Parma Nand. I do believe, Sir,—I mention no names,—but I do believe sincerely that among those who are opposing this measure, there are a good many who are influenced by the fact that Government have thought fit to propose a Shareholders' Bank. It is natural in the traditions in which Honourable Members have thought about these problems that they should oppose the Government proposal. I cast no aspersions on anybody for thinking about this controversy with that sort of predilection in his mind, but, Sir, it is an interesting speculation to try and imagine what the arguments of my friends would have been if we had come forward and proposed a State Bank.

My friend, Mr. Ranga Iyer, who has just spoken made an argument which I myself had intended to make. What is the special virtue of a State Bank in present conditions? Surely, if we had come forward with a State Bank, Honourable Members would have said: “the ‘State’ which you are going to provide for us is a State which we ourselves shall not control, and you have chosen this form of State Bank, just because you

want to retain full powers of your Governor General as the representative of the Secretary of State over it". Sir, I can picture to myself many extremely eloquent speeches that would have been made on those lines.

Then, thirdly, and lastly, there is a curious class who say—"we like the Shareholders Bank idea"—in fact my friend, Mr. Sant Singh, who has left us went so far as to say that he "loves" it—but he said that he would only accept it if the Governor General's powers were removed. If the Governor General's powers to have some voice in certain appointments to the Directorate were to remain, then he says: "give me a State Bank all the time". I wonder if my friend has thought out the argument I have just put. How is this converting the Bank into a State Bank going to get him out of that particular difficulty? But I would go further than that, and I would ask, what is the real basis for this objection to the Governor General's powers? A great deal has been made of the fact that the Governor General in Council is mentioned 92 times in the present Bill. But, as you, Sir, pointed out, on many occasions where the Governor General in Council is mentioned, the mention refers to obligations which have to be performed by the Government, as for example, resources to be handed over, and so on. When one comes to consider what the real powers are, those powers which are so much objected to, they are powers to nominate four Directors to the Board and the power to make the final selection of the Governor and the Deputy Governor after considering the recommendations of the Board. Now, Sir, surely the possession of those powers does not justify the charge that this opens the door to political influence from London. I would ask my friends to consider in what spirit the Governor General has to exercise these powers, and, in doing this, I would like to refer to something which my friend, Mr. Anklesaria, said. This point was discussed, as naturally it would be, in the London Committee. My friend was quite right in saying that a certain member of that Committee on the British side said that—"why, if you have these suspicions, should it not be made clear in the Governor General's Instrument of Instructions that his duty, in exercising his powers, is to take into account only the interests of India". My friend is quite right when he says that every one on the Committee agreed with that point of view. It has been asked, why it was not specifically mentioned in the Report; but the real reason, I think, is quite obvious, namely, that we all assumed that it went without saying. Nobody who was sitting round that table imagined that the Governor General would exercise his powers with regard to anything else except the interests of India. And, Sir, I would remind my friends that in the White Paper it is stated specifically in para. 31, that the object of the Governor General's special responsibility is "the safeguarding of the financial stability and credit of the Federation". Is he to exercise these powers in order to suit the interests of a particular group in London? Certainly not. He is to exercise those powers only for that stated purpose, the safeguarding of the financial stability and credit of the Federation. Now surely that, properly interpreted, is definitely in the interests of India. But let us consider the matter a little further. In the first speech which I myself made in introducing this Bill, I asked the House to try and look at it not in terms of prejudices of the past, but to cast their eyes forward to the conditions of the future, and I would ask Honourable Members to put it to themselves honestly,—can they not conceive conditions in the future when under a democratic Constitution, working under a system of parliamentary democracy, there may be a Government in power for a

[Sir George Schuster.]

short time in India which might be capable of appointing a very undesirable man as Governor of the Reserve Bank, a man committed to carrying out a particular policy which might be very much against the interests of the country, certainly against the interpretation of what the interests of the country are which would be held by a majority of Honourable Members who sit in this House today? Considering those possibilities, is it not possible that Honourable Members of the Indian Legislature of the future, the Indian public of the future, might be glad of the fact that an impartial authority unconnected with any political party should have the last say on the men who would be put into those key posts? I suggest that that is a reflection which deserves very serious consideration, and it is on that ground that in so many of the Statutes of Central Banks the power of making some of the key appointments is placed in the hands of the head of the Government, the head of the Government being the head of the Government above all political parties of the day. The Governor General is the nearest parallel that can be produced to that in India, and it is on that ground alone that these special powers are reserved for the Governor General in the future.

Now, Sir, in connection with that, there is one particular remark on which I should like to say something, a remark which was made by my friend, Mr. Jagan Nath Aggarwal, in his very effective advocate's speech. He made the point that we are now advocating this removal of the power of currency control from the Government which we ourselves have exercised the last 100 years, and he asked: "why this sudden change of mind?" Well, Sir, it is very easy to answer that question. The sudden change of mind is due to this. We are contemplating the setting up of a Constitution which will, whatever Honourable Members may say about it, be a Constitution based on the principles of parliamentary democracy. The executive will be responsible to the Legislature, and it is because an executive in that position is for one thing liable to constant change and for another thing liable to influence from political parties that it is considered necessary to put the control of currency into the hands of a permanent authority which will be independent of the political changes of the day. That, Sir, honestly is the reason why this proposal has been made, and why it has been said in the White Paper that it is assumed that this transfer of the control of currency will have been made before the Constitution is set up. There is no mistrust there implied of Indians. If there is any mistrust of anything, it is a mistrust of the way in which a system of parliamentary democracy will work. It is the control of democracy in India and not of Indians with which we are concerned in the motives for making this change. Surely that must be obvious to my Honourable friend if he really thinks about it. Moreover, quite apart from this, as I said in my opening speech also, we do not seek to defend the system which has prevailed hitherto. We recognise that it is in principle open to serious objection, but I do submit that it is open to much less objection when the control is placed in the hands of an unchanging,—unfortunately unchanging some Honourable Members may say—official Government than when it rests with a shifting and changing Government liable to change with all the shifting and changing of political parties in the country. Let Honourable Members consider the sort of position which exists in France today. If the control of currency is in the hands of a Government that perhaps changes once every fortnight, how can policy ever be conducted with any continuity and in a way which will give any confidence to those who have to do business in the country? That is the

motive for making this change now, and I am glad that my Honourable friend raised the point, because it has given me a chance of explaining why that condition has been put in, and meeting, I hope, a good deal of the suspicions which had been voiced by Honourable Members opposite as to the reason for the insertion of that provision in the White Paper scheme.

Now, Sir, that I think is all that I need say on this matter. This plan, which is now before the House, represents the result of a long and careful thought and long and careful discussion. We think that in this plan we have provided an even balance between the shareholders on the one side and public interests on the other. We think, that this is the best device for starting this Bank in India in a position to carry out the functions which have to be placed upon it. We believe that if you were to endeavour to do it by means of a State Bank, even though you tried to impose self-denying ordinances on the Government of the day, you could not, having regard to the long past traditions in India, create that spirit of independence which is the essential purpose of this plan. You have to consider Indian conditions and past history. A change is required now, and the only way in which we feel that there is any reasonable chance of creating this independent body is to follow this plan, base it on the shareholder's idea, but so limit the shareholders' powers and rights that they cannot use their influence to have the affairs of the Bank directed in anything else but the public interests. That, Sir, is our position and I sincerely hope that the House will accept it and that we may now turn a page of history and regard this long controversy as closed. (Applause.)

**Mr. President** (The Honourable Sir Shanmukham Chetty): The original 5 P.M. question was:—

"That clause 4 stand part of the Bill."

Since which an amendment has been moved:

"That for clause 4 of the Bill, the following be substituted:

"4. The original share capital of the Bank shall be five crores of rupees which shall be fully subscribed by Government'."

The question that I have to put is that that amendment be made.

The Assembly divided:—

AYES—33.

Abdul Matin Chaudhury, Mr.  
Aggarwal, Mr. Jagan Nath.  
Azhar Ali, Mr. Muhammad.  
Ba Maung, U.  
Badi-uz-Zaman, Maulvi.  
Bhuput Sing, Mr.  
Das, Mr. B.  
Dutt, Mr. Amar Nath.  
Jadhav, Mr. B. V.  
Jha, Pandit Ram Krishna.  
Jog, Mr. S. G.  
Lahiri Chaudhury, Mr. D. K.  
Lalchand Navalrai, Mr.  
Mahapatra, Mr. Sitakanta.  
Maswood Ahmad, Mr. M.  
Mitra, Mr. S. C.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.

Neogy, Mr. K. C.  
Pandya, Mr. Vidya Sagar.  
Patil, Rao Bahadur B. L.  
Phookun, Mr. T. R.  
Puri, Mr. B. R.  
Reddi, Mr. P. G.  
Reddi, Mr. T. N. Ramakrishna.  
Roy, Kumar G. R.  
Sant Singh, Sardar.  
Sen, Mr. S. C.  
Safae Dacodi, Maulvi Muhammad.  
Singh, Mr. Gaya Prasad.  
Sitaramaraju, Mr. B.  
Thampan, Mr. K. P.  
Uppli Saheb Bahadur, Mr.  
Ziauddin Ahmad, Dr.

## NOES—76.

Abdul Aziz, Khan Bahadur Mian.  
 Ahmad Nawaz Khan, Major Nawab.  
 Allah Baksh Khan Tiwana, Khan  
 Bahadur Malik.  
 Anklesaria, Mr. N. N.  
 Anwar-ul-Azim, Mr. Muhammad.  
 Ayangar, Mr. V. K. A. Aravamudha,  
 Bajpai, Mr. G. S.  
 Bhore, The Honourable Sir Joseph,  
 Bower, Mr. E. H. M.  
 Chatarji, Mr. J. M.  
 Chinoy, Mr. Rahimtoola M.  
 Clow, Mr. A. G.  
 Cox, Mr. A. R.  
 Dalal, Dr. E. D.  
 Dash, Mr. A. J.  
 DeSouza, Dr. F. X.  
 Dillon, Mr. W.  
 Dumasia, Mr. N. M.  
 Graham, Sir Lancelot.  
 Grantham, Mr. S. G.  
 Haig, The Honourable Sir Harry,  
 Hezlett, Mr. J.  
 Hudson, Sir Leslie.  
 Ibrahim Ali Khan, Lieut. Nawab  
 Muhammad.  
 Ishwarsingji, Nawab Naharsingji.  
 Ismail Ali Khan, Kunwar Hajee.  
 James, Mr. F. E.  
 Jawahar Singh, Sardar Bahadur  
 Sardar  
 Jehangir, Sir Cowasji.  
 Krishnarachariar, Raja Bahadur G.  
 Lal Chand Hony. Captain Rao  
 Bahadur Chaudhri.  
 Lee, Mr. D. J. N.  
 Mackenzie, Mr. R. T. H.  
 Macmillan, Mr. A. M.  
 Metcalfe, Mr. H. A. F.  
 Millar, Mr. E. S.  
 Milligan, Mr. J. A.  
 Mitter, The Honourable Sir Brojendra.  
 Mody, Mr. H. P.

Morgan, Mr. G.  
 Muazzam Sahib Bahadur, Mr.  
 Muhammad.  
 Mudaliar, Diwan Bahadur A.  
 Ramaswami.  
 Mujumdar, Sardar G. N.  
 Mukherjee, Rai Bahadur S. C.  
 Noyce, The Honourable Sir Frank,  
 O'Sullivan, Mr. D. N.  
 Pandit, Rao Bahadur S. R.  
 Parma Nand, Bhai.  
 Puri, Mr. Goswami M. R.  
 Rafiuddin Ahmad, Khan Bahadur  
 Maulvi.  
 Raghubir Singh, Rai Bahadur Kunwar.  
 Raisman, Mr. A.  
 Rajah, Raja Sir Vasudeva.  
 Rajah, Rao Bahadur M. C.  
 Ramakrishna Mr. V.  
 Ranga Iyer Mr. C. S.  
 Rastogi, Mr. Badri Lal.  
 Rau, Mr. P. R.  
 Sarma, Mr. R. S.  
 Schuster, The Honourable Sir George  
 Scott, Mr. J. Ramsay.  
 Shah Nawaz, Mian Muhammad.  
 Sher Muhammad Khan Gakhar,  
 Captain.  
 Singh, Kumar Gupteshwar Prasad.  
 Singh, Mr. Pradyumna Prashad.  
 Sinha, Rai Bahadur Madan Mohan.  
 Sloan, Mr. T.  
 Smith, Mr. R.  
 Studd, Mr. E.  
 Suhrawardy, Sir Abdulla-al-Mamun.  
 Talib Mehdi Khan, Nawab Major  
 Malik.  
 Tottenham, Mr. G. R. F.  
 Wajihuddin, Khan Bahadur Haji.  
 Wilayatullah, Khan Bahadur H. M.  
 Yakub, Sir Muhammad.  
 Yamin Khan, Mr. Muhammad.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 6th December, 1933.