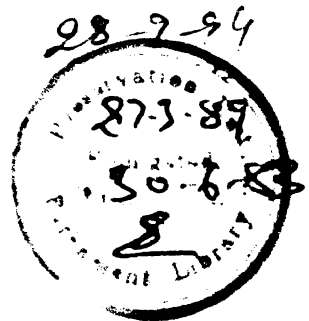


THE
LEGISLATIVE ASSEMBLY DEBATES
(OFFICIAL REPORT)

Vol. VIII, 1933

(20th November to 9th December, 1933)

SIXTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY
1933.



Legislative Assembly.

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

Deputy President :

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

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MESSLAD

CONTENTS.

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

PAGES.	PAGES.
MONDAY, 20TH NOVEMBER, 1933—	
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
TUESDAY, 21ST NOVEMBER, 1933—	
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
THURSDAY, 23RD NOVEMBER, 1933—	
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
FRIDAY, THE 24TH NOVEMBER, 1933—	
Statements laid on the table	2111-16
The Indian Tariff (Second Amendment) Bill—Referred to Select Committee	2117-37
MONDAY, 27TH NOVEMBER, 1933—	
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
TUESDAY, 28TH NOVEMBER, 1933—	
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.

Thursday, 7th 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.

PROTECTION GRANTED TO THE IRON AND STEEL INDUSTRY.

1295. ***Mr. B. B. Puri:** (a) Will Government be pleased to state:

- (i) the approximate excess amount of capital outlay incurred on railways in India due to the protection granted to the iron and steel industry, during the period that the protection lasted;
- (ii) the approximate additional expenditure incurred out of the revenue account (as distinguished from the capital expenditure) due to the same cause and during the same period;
- (iii) the effect which the protection will have in future for the same period on budgets (Income and Expenditure) of Railways in India per every rupee of protection duty which may be imposed?

(b) Will Government please state whether Railways propose to prepare a memorandum on the subject showing the effect of this tariff, and place it before the Tariff Board?

(c) Do Government propose to prepare a memorandum showing the effect of protection of duty on Public Works Department irrigation projects, hydro-electric projects, military and other projects, and works in India and the Provinces?

(d) Are Government in a position to state the amount of total additional income to steel works in India due to protection of iron and steel during the past, and out of this what is the portion which has been borne by various Government departments and what portion may be presumed to have been borne by private concerns and individuals?

(e) What was the total amount of protection granted on iron and steel works in India during the period of protection—giving the amount for each year as well?

(f) How much of such iron and steel which received the protection was consumed in India and how much exported?

The Honourable Sir Joseph Bhoré: (a) Any calculations that may be made of the difference that the protective policy of the Government of India has made to Railways either in the matter of capital or revenue

expenditure must depend upon so many assumptions that they will seriously detract from the value of any conclusions that may be derived therefrom. The collection of the material would involve such a considerable expense of time and labour that Government are very reluctant to undertake it when they are so doubtful about the value of any results that may be obtained from it.

(b) and (c). For the same reasons Government do not at present propose to undertake the preparation of a memorandum showing the effect of this tariff either on Railways or on other public works in India.

(d) No.

(e) The question is not understood. If the Honourable Member desires information as regards the protective duties in force, he is referred to the Steel Industry (Protection) Act, 1924, as subsequently amended, the Steel Industry (Protection) Act, 1927, as subsequently amended, the Wire and Wire Nail Industry (Protection) Act, 1933, and the Indian Tariff (Amendment) Act, 1932. Copies of these Acts are in the Library.

(f) Only an insignificant proportion of the Indian production of the protected classes of iron and steel is exported abroad.

Dr. Ziauddin Ahmad: The Honourable Member in his reply said that it was not worth while to calculate the exact value of the protection that we had given. I think this is an exceedingly important question, and, when any protection is given to any industry, it is the duty of the Government to find out the actual value of the protection we are giving them. . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Will the Honourable Member kindly ask the question?

Dr. Ziauddin Ahmad: Yes, Sir; my question is: is it not the duty of the Government to find out the exact amount of protection which is given to the steel industry in the way of reduced duty in freight, in the way of increased prices which falls on the consumers, and in other ways, so that the public may know the exact present we are making to the Tata Steel Company?

The Honourable Sir Joseph Bhoré: My Honourable friend did not, I think, listen to my reply. I said that the calculations must depend upon so many assumptions that they will seriously detract from the value of the conclusions that might be derived therefrom, and I am afraid it would not be possible for us to give the accurate figures which my friend desires.

Dr. Ziauddin Ahmad: I think, Sir, this is a very simple calculation. . . .

The Honourable Sir Joseph Bhoré: It is not a simple calculation.

Dr. Ziauddin Ahmad: If an Honourable gentleman in his office does not know how to calculate, it is a different matter. We have got the data before us. . . .

The Honourable Sir Joseph Bhoré: I disagree with my friend.

Raja Bahadur G. Krishnamachariar: Can he at least give the figures approximately, if not accurately?

The Honourable Sir Joseph Bhore: No, Sir; a good deal depends upon what prices, for instance, would have been had there been no protection. It is not possible for us to calculate that with any degree of accuracy.

Dr. Ziauddin Ahmad: Then are we to take it that this protection has been given blindfolded?

The Honourable Sir Joseph Bhore: No, Sir; after very careful examination by the Tariff Board.

Dr. Ziauddin Ahmad: I should like to know what is the actual value of the protection?

Mr. R. S. Sarma: Why not read the Report of the Tariff Board?

The Honourable Sir Joseph Bhore: I was going to refer my friend to the Tariff Board Report and to the discussions in this House on that Report.

Dr. Ziauddin Ahmad: I understood that the Honourable Member's first reply was that it was not worth while to calculate it, but now he wishes me to refer to the Tariff Board Report. Can he not give us the exact or approximate figures?

The Honourable Sir Joseph Bhore: My friend persists in misrepresenting me. I never said, it is not worth while. I said; there are so many assumptions involved that it is impossible to get accurate figures which would justify conclusions therefrom.

PRICE OF IRON AND STEEL EXPORTED FROM INDIA.

1286. ***Mr. B. R. Puri:** What is the price at which iron and steel has been exported from India as against the prices secured in India for home consumption?

The Honourable Sir Joseph Bhore: The information is being obtained and will be supplied to the House in due course.

INDIAN MANUFACTURED IRON AND STEEL.

1287. ***Mr. B. R. Puri:** What is the percentage of Indian manufactured iron and steel as compared with the total quantity of iron and steel and products of iron and steel consumed in India?

The Honourable Sir Joseph Bhore: The percentage of Indian manufactured iron and steel consumed as compared with the total quantity from all sources consumed in India in 1932-33 is reported to be:

Pig iron	99.9 per cent.
Iron and steel other sorts	79.7 per cent.

IRON AND STEEL PURCHASED IN INDIA AND IMPORTED INTO INDIA.

1288. ***Mr. B. R. Puri:** (a) What is the approximate total tonnage of iron and steel in all forms purchased by Railways, Military, Telegraph and other departments, in India during the past period of protection? How much of it was bought from Tatas and how much was imported?

(b) What amount may be considered to have been paid as incidental to duty?

(c) What is the total tonnage of products of iron and steel imported into India during the last seven years?

The Honourable Sir Joseph Shore: (a) I am endeavouring to obtain for my Honourable friend all the information that is readily available and shall place it on the table of the House in due course. So far as Railways at any rate are concerned, I am not sure that it will be possible to obtain the information in the particular form required without considerable difficulty. I would, however, invite his attention to Appendix A of Volume II of the Railway Board's annual report on Indian Railways wherein the value (not quantity) of stores purchased by Class I Railways annually is shown under various categories; 'Stores imported direct', 'Imported stores purchased in India' and 'Stores of Indian manufacture or origin'.

(b) I presume the Honourable Member desires figures of the total amount of duty collected from the time protective duty on steel was introduced. This is not available in recorded statistics.

(c) I lay a statement on the table.

Statement showing the total tonnage of products of iron and steel imported into India.

Year	Quantity.
	tons.
1926-27	625,956
1927-28	907,025
1928-29	911,175
1929-30	728,584
1930-31	187,361
1931-32	373,197
1932-33	242,568

Raja Bahadur G. Krishnamachariar: May I ask a supplementary question, Sir? Is it not a fact that the Tariff Board, in recommending protection to the Tata Iron and Steel Company, expected that the Railway Administrations in India would make a certain percentage of purchases from them?

The Honourable Sir Joseph Shore: I think my friend is rather general in his statement. Does he refer to the question of rails?

Raja Bahadur G. Krishnamachariar: Rails and steel, both?

The Honourable Sir Joseph Shore: I think he would be right if he confined his statement to rails.

Raja Bahadur G. Krishnamachariar: Am I to understand then that, in the calculations made by the Tariff Board, they never took into consideration the amount of steel, apart from rails, that would be purchased by the Railway Administrations in India?

The Honourable Sir Joseph Shore: They may have taken that into consideration, but it was not the definite basis upon which they made their recommendation; the definite basis was, I believe, a certain assumption as to purchase of rails by Railways.

Raja Bahadur G. Krishnamachariar: Will the Honourable Member state whether it is not a fact that, in spite of all the recommendations made by the Railway Board, the Railways in India do not actually purchase Indian made material, but that they go out of India and place orders there?

The Honourable Sir Joseph Shore: My friend must give me notice of that question; but I should think it is very unlikely that his suggestion is correct.

SALE OF STEEL SCRAP FOR EXPORT TO JAPAN BY THE NORTH WESTERN RAILWAY.

1289. *Mr. B. R. Puri: (a) Has North Western Railway Administration sold 10,000 tons of steel scrap for export to Japan to a Japanese firm without offering it to India or to any Indian firm in the first instance? If so, what was the economic advantage, and why was a departure made from the usual practice?

(b) What is the average price of iron and steel scraps secured by different State Railways in India during the last five years for each Railway Administration separately every year?

Mr. P. B. Rau: (a) I understand 6,000 tons scrap was sold to the representatives of a Japanese shipping firm in March last and that the price obtained was higher than the price obtained for similar material when tenders were last called for by the North Western Railway. The question is under further investigation.

(b) The collection of information for the period mentioned will involve a considerable amount of labour and expense which Government do not feel justified in incurring; but I lay on the table statement showing the prices per ton obtained from auctions of scrap of iron and steel by the State-managed Railways during the course of the last 12 months.

Statement showing the prices per ton obtained from auctions of scrap of iron and steel by the State-managed Railways during the course of the last 12 months.

	Rs. per ton.
Eastern Bengal Railway—	
Cast iron scrap	27.5
Steel rail scrap	39.66
Mild steel scrap	26.5
Steel spring scrap	37.0
East Indian Railway—	
Cast iron scrap	24.6
Steel rail scrap	38.0
Mild steel scrap	27.0
Spring steel scrap	30.0
Wrought iron scrap	22.0
Great Indian Peninsula Railway—	
Cast iron scrap	19.7
Mild steel scrap	23.3
Wrought iron scrap	22.7
North Western Railway—	
Cast iron scrap	26.4
Steel rail scrap	38.0
Mild steel scrap	26.7
Wrought Iron scrap	15.8
Burma Railways—	
Scrap iron	19

Mr. B. Das: Are Government aware that Japan buys up this scrap iron and floods the Indian market as well as the Empire market with cheap toys and cheap cycles that do not last for more than a few weeks?

(After a pause): I want a reply to my question.

The Honourable Sir Joseph Bhoré: My suggestion to my friend is not to buy those cheap cycles.

Mr. B. Das: Is the Honourable Member aware that Japan, in her attempt to dump the Indian market with cheap goods, buys up all the scrap iron from India?

The Honourable Sir Joseph Bhoré: I believe it is a fact that Japan buys a very large quantity of scrap iron in the Indian market.

Mr. B. Das: And the consequence of that is that the Indian market is flooded with cheap goods?

The Honourable Sir Joseph Bhoré: I cannot say that that is the necessary consequence, Sir.

Mr. Amar Nath Dutt: Is it a fact that the price, at which Japan purchases pig iron, is far less than the price at which it is sold to Indian manufacturers in India by the Company?

The Honourable Sir Joseph Bhoré: My Honourable friend must give me notice of that question.

Mr. B. Das: May I ask the Army Secretary whether Japan buys this scrap steel and uses it to manufacture shells to fight her enemies?

Mr. G. E. F. Tottenham: I must ask for notice of that.

Mr. B. Das: May I inform the Army Secretary that Japan utilises this scrap steel from India for manufacturing munitions?

Mr. G. E. F. Tottenham: I have no information on the subject.

Dr. Ziauddin Ahmad: May I know whether the fact of sale was advertised in the Indian papers, and, if so, on what date?

Mr. P. R. Rau: No, Sir. I understand that this was done by private negotiation.

Dr. Ziauddin Ahmad: And the Indian firms were given no chance?

Mr. P. R. Rau: That is the point on which I am conducting further investigation.

Dr. Ziauddin Ahmad: What investigation is necessary when this thing was not advertised?

Mr. P. R. Rau: To ascertain the reasons for that.

Mr. S. C. Mitra: Is that for the first time that no tender was called for?

Mr. P. B. Rau: I believe what generally happens is that tenders are called for at intervals, and, between those intervals, if a suitable offer comes in at a higher rate than was obtained at the previous auctions, that offer is generally accepted.

Mr. S. C. Mitra: What was the last date of tender when the general tender was called for and this new process was adopted—privately arranging for acceptance without public tender?

Mr. P. B. Rau: This is not a new procedure, but, as I told my Honourable friend, what really happens is that Railways call for tenders at intervals, and, between those intervals, if any favourable offer is received, they consider whether it should be accepted. But the full circumstances are not before us, and I have called for further information. I shall lay a statement on the table in due course.

Mr. M. Maswood Ahmad: Was any departure made in this case from the usual practice?

Mr. P. B. Rau: I do not think so.

Dr. Ziauddin Ahmad: I did not catch the reply to the question, "when was the last tender made?"

Mr. P. B. Rau: I am getting that information, and I shall place a statement on the table in due course.

Mr. B. B. Puri: May I know if the information supplied by the North Western Railway authorities has not been found to be satisfactory by the Government and that is why fresh investigation is proceeding?

Mr. P. B. Rau: Government are calling for further information before coming to a conclusion whether this particular transaction was one which they could approve.

Mr. M. Maswood Ahmad: Will they lay that information on the table of the House for the information of Members?

Mr. P. B. Rau: I have already said that I shall place a statement on the table in due course.

RAILWAY FREIGHT ON IRON AND STEEL.

1290. ***Mr. B. B. Puri:** (a) Are Government aware that the railway freight on iron and steel and products of iron and steel and concessions available from various Railways to Messrs. Tata Iron and Steel Company, Limited and manufacturers in Tatanagar, Kulti, Kumardhoti, and Burnpur and some other stations, affect the economical condition of other small Rolling Mills growing up and the manufacturers of products of iron and steel in the country in different provinces?

(b) Does the reference to Tariff Board of the question of protection of iron and steel industries cover the consideration of freight rates and policy governing them? If not, do Government propose to direct the Rates Advisory Committee or the Tariff Board and the Railway concerned to

examine the question of freight rates on iron and steel and products of iron and steel at the same time as the question of protection and make recommendations which may be fair and equitable for all concerned ?

The Honourable Sir Joseph Bhore: (a) Government have received representations to this effect.

(b) The Tariff Board is competent to make adjustments on account of freight rates in calculating the amount of protection, if any, which it considers necessary but it is outside its sphere to advise either on the desirability of modifying the existing freight rates or on the policy governing the fixation of freight charges. As regards the latter half of the question, the Honourable Member's attention is invited to the Railway Department Resolution No. 806-T., dated the 25th September, 1930, which was published in the Gazette of India, dated the 27th September, 1930. Any representation regarding railway freight rates on the commodities in question submitted in accordance with the procedure laid down in that Resolution will receive the careful consideration of Government.

Mr. R. S. Sarma: May I know from the Honourable the Commerce Member whether there is any difference in the freight rate paid on the Bengal Nagpur Railway between the Tata Firm and the Bengal Iron Company?

The Honourable Sir Joseph Bhore: I must ask for notice of that.

PROTECTION TO BYE-PRODUCTS OF IRON AND STEEL.

1291. ***Mr. B. R. Puri:** (a) Is an opportunity being afforded by Tariff Board to the public or specialists or merchants or consumers of iron and steel to scrutinize the production cost of iron and steel in India as shown in the representations made to them by iron and steel producers in India?

(b) Are Government in a position to state whether the iron and steel producers in India have developed any bye-products or subsidiary industries whereby the cost of production of steel could be reduced?

(c) Are these bye-products protected by tariff? If not, is the Tariff Board competent under terms of reference to examine and report the feasibility or otherwise of protecting the bye-products at the same time?

The Honourable Sir Joseph Bhore: (a) Copies of the representations submitted to the Tariff Board by iron and steel companies which contain particulars of their costs of production have been supplied to all who have asked for them.

(b) Yes, Sir, they have.

(c) The answer to both parts is in the negative.

PROTECTIVE TARIFF ON IRON AND STEEL IN INDIA.

1292. ***Mr. B. R. Puri:** Have the Indian States been invited by the Tariff Board to make any representation on their behalf in regard to the protective tariff on iron and steel in India?

The Honourable Sir Joseph Bhore: No special invitation is necessary. Wide publicity has been given by the Tariff Board to its enquiry and any interest desiring to do so is at full liberty to make what representation it desires.

Mr. B. Das: Is it a fact that the Mysore Iron Works often submit their memoranda before the Tariff Board for protection for iron and steel?

The Honourable Sir Joseph Shore: I am afraid, I did not quite follow what my Honourable friend said.

Mr. B. Das: Is it a fact that the Badravati Iron Works in Mysore, which is an Indian State, often make representations to the Tariff Board for the protection of the iron and steel industry.

The Honourable Sir Joseph Shore: I do not know what my Honourable friend means by saying, "They often represent before the Tariff Board".

Mr. B. Das: The question was whether the Indian States represent, and the reply of the Honourable Member was that wide publicity is given and anybody in the States interested in the matter can come up before the Tariff Board. My question was whether the Badravati Iron Works, which are situated in the Mysore State, do not come with their representations before the Tariff Board for protection for iron and steel.

The Honourable Sir Joseph Shore: I have seen it reported in the papers that they have made a representation to the Tariff Board on this occasion.

Mr. B. Das: I tried to help the Honourable Member.

The Honourable Sir Joseph Shore: I am very grateful to the Honourable Member for his assistance.

Diwan Bahadur A. Ramaswami Mudaliar: May I understand that the Tariff Board has jurisdiction to go into the question of what protection is required for an industry in an Indian State?

The Honourable Sir Joseph Shore: Certainly.

Dr. Ziauddin Ahmad: When will this protective tariff given to iron and steel come to an end, or is it for an indefinite period?

The Honourable Sir Joseph Shore: I think my Honourable friend is aware of the fact that the period of protection will expire at the end of next March.

Dr. Ziauddin Ahmad: I did not remember it. I hope that we will not continue the protection in a blindfolded manner.

BAD CONDITION OF THE ROAD BELOW THE BRIDGE AT MINTO ROAD, NEW DELHI.

1293. ***Mr. Muhammad Anwar-ul-Asim:** (a) Will Government please state whether they are aware that the road below the bridge at Minto Road, New Delhi, is in a terrible condition on account of the accumulation of water and mud, and that consequently, a motor car cannot easily pass under it?

(b) If the answer to part (a) be in the affirmative, do Government propose to see that it becomes safe for motor traffic?

(c) Is there any outlet for the water and mud that accumulates under the bridge?

Mr. G. S. Bajpai: (a), (b) and (c). Government are aware that the condition of the road at the spot referred to is unsatisfactory but it is an exaggeration to say that it is one of actual danger to motor traffic at least during the dry season. The real problem is one of drainage, and, at this point, it presents great practical difficulties as the level of the sub-soil water in the neighbourhood is higher than the level of the road at its lowest point. There is an outlet for water which accumulates at this point, and a pump to deal with accumulations under certain conditions. The arrangement however is not very satisfactory. An officer on special duty is studying this, along with other drainage problems and it is hoped that a permanent solution will be provided before the next monsoon.

NECESSITY FOR A TRADE MARKS LEGISLATION IN INDIA.

1294. ***Mr. Vidya Sagar Pandya:** Will Government be pleased to state :

- (a) whether their attention has been drawn to a leading article appearing in the *Forward* of the 20th October, 1933, regarding trade marks law;
- (b) whether their attention has been drawn to a letter to which editorial notice is given by that paper as emanating from an Englishman in Ceylon;
- (c) whether it is a fact that a prominent British Chamber told the Government of India in writing that they were mistaken in allowing themselves to be influenced by a section of the Lancashire traders;
- (d) whether it is a fact that under the Merchandise Marks Act such trade marks, as are registered outside India, receive better recognition in this country than trade marks registered in India;
- (e) whether it is a fact that there is no central agency wherefrom one could get information regarding the trade marks registered at various Registrars of Assurance's offices in various parts of India;
- (f) whether it is a fact that such marks as are registered in Registry Offices referred to in part (e) do not afford any legal protection to the holders of trade marks;
- (g) whether it is a fact that such trade marks, as are referred to in parts (e) and (f), are not recognisable under the Merchandise Marks Act as trade marks;
- (h) whether Government propose to take any action as a result of their replies arising out of parts (a) to (g)? If so, what?

The Honourable Sir Joseph Bhoré: (a) and (b). The answer is in the affirmative.

(c) No, Sir.

(d) to (h). The Honourable Member is referred to answers given by me to Mr. S. C. Mitra's questions Nos. 1231 to 1233 on the same subject.

NECESSITY FOR A TRADE MARKS LEGISLATION IN INDIA.

1295. ***Mr. Vidya Sagar Pandya:** (a) Will Government be pleased to state whether it is a fact that the Indian Commercial Congress, now

known as the Federation of the Indian Chambers of Commerce and Industry, passed and forwarded to Government resolutions advocating introduction of trade marks legislation in India?

(b) Are Government aware whether any further memorandum, or memoranda, has or have been received either from the Federation of Indian Chambers of Commerce and Industry or from any other commercial bodies or associations interested in the matter, since the resolution referred to in part (a) was passed?

(c) If the answer to part (b) be in the affirmative, will Government be pleased to lay copies of the memorandum or memoranda on the table?

(d) Will Government be pleased to state the line of action they propose to take to satisfy the demand of the Indian commercial community regarding legislation for registration of trade marks in this country?

The Honourable Sir Joseph Bhoré: (a) and (b). Yes, Sir.

(c) A copy of the communication has been placed in the Library of the House.

(d) The question of the desirability of enacting an Indian Trade Marks Act is under the consideration of the Government of India.

REGISTRATION OF TRADE MARKS IN BRITISH INDIA.

1296. ***Mr. Vidya Sagar Pandya:** (a) Will Government be pleased to state whether it is a fact that the Associated Chambers of Commerce of India and Ceylon, representing British commercial interests in India, Burma and Ceylon, forwarded early this year to the Government of India a copy of a resolution passed by them on the registration of trade marks in British India at their annual meeting held in January, 1933?

(b) Is it a fact that the said resolution was unanimously adopted by the said chambers?

(c) Has the said resolution received the attention of Government?

(d) What action, if any, do Government propose to take in this matter in which both Indian and British commercial opinions appear to be unanimous?

The Honourable Sir Joseph Bhoré: (a) and (b). Yes, Sir.

(c) and (d). The Honourable Member is referred to the answer to part (d) of his previous question.

MOVE OF THE ARMY AND ROYAL AIR FORCE HEADQUARTERS' OFFICES BETWEEN SIMLA AND NEW DELHI.

1297. ***Mr. S. G. Jog:** (a) Will Government be pleased to state whether it is a fact that restriction is imposed on the moving strength of offices of Army and Royal Air Force Headquarters on account of limited office accommodation available in New Delhi, whereas no such limit is imposed on the allied offices of the Military Accountant General and the Military Finance Branch?

(b) Is it a fact that in the years before 1926 only a small portion of the office of the Military Accountant General used to move down to Delhi and that the Military Finance Branch also moved down in smaller strength?

(c) Is it a fact that the offices of the Military Accountant General and the Military Finance Branch are the accounts and financial advisers of the portions of Army Headquarters offices staying at Simla during the winter months and not only of the portions moving down to Delhi?

(d) Is it a fact that the clerical establishments of Army Headquarters who are left at Simla during the winter months from year to year have represented to their officers from time to time the hardships imposed upon them by the rigours of Simla winter, the adverse effect produced upon their health by permanent stay in a cold climate to which they are not used, and the financial loss suffered by them in sending their families to the plains during the extremely cold winter months and maintaining two establishments during that period?

(e) Is it a fact that a deputation of the clerical establishments of the Master General of Ordnance Branch represented to the head of their office in 1931 about the hardships suffered by them on account of permanent stay at Simla year after year, and that moving strength was fixed for that Branch for the first time in 1931?

(f) Is it a fact that in the Master General of Ordnance Branch the move of sections of that Branch has been so arranged each year since 1931 as to afford opportunity to different members of the establishments to move down to Delhi by turn as far as practicable within the small quota of moving strength fixed for that Branch?

(g) Is it a fact that the office of the Royal Air Force which moves down to Delhi *in toto* every year was originally permanently located at Ambala and that the moving strength of the Branches of Army Headquarters has also varied at different times since 1925?

(h) Is it a fact that two officers of the Engineer-in-Chief's Branch moved down to Delhi in October for the winter months without any section of the office, leaving the whole office at Simla?

(i) Is it a fact that the Engineer-in-Chief, Army Headquarters, considers the splitting of his office as administratively inconvenient and for that reason has not utilised the moving strength fixed for his office?

(j) Is it a fact that in the Adjutant General's Branch the Recruitment Section which regularly moved down for many years has this year been left at Simla and Pay and Pensions Section brought down to Delhi instead, and that a portion of the moving strength of clerical staff fixed for that Branch has remained unutilised as a result of rigid application of the limit imposed in respect of both officers and clerks?

Mr. G. E. F. Tottenham: The Honourable Member's information is substantially correct except on the following points.

Part (a). It is not a fact that no limit is imposed in practice on the moving strength of the Offices of the Military Accountant General and the Military Finance Branch, but the limit in their case is determined by different considerations.

Part (f). It is not a fact that the moving strength of the Office of the Master General of the Ordnance is determined by the desire to give every one a turn in Delhi. Administrative considerations are the prevailing factor.

Part (g). It is not a fact that the Headquarters of the Royal Air Force were originally located at Ambala. They were there for a period of three years only, but their original location was at Simla.

Part (h). It is not a fact that the two officers in question were not accompanied by any section of the office.

Part (j). It is not a fact that a portion of the moving strength of the Adjutant General's Branch has remained unutilised.

**MOVE OF THE ARMY AND ROYAL AIR FORCE HEADQUARTERS' OFFICES
BETWEEN SIMLA AND NEW DELHI.**

1298. ***Mr. S. G. Jog:** (a) Is it a fact that under the present system of move certain sections of the Quartermaster General's Branch are split up between Simla and Delhi and that similar splitting up exists in other Branches of Army Headquarters also?

(b) Is it a fact that the whole office of the Director of Army Audit, which was previously permanently located at Simla for several years, was allowed to move down to Delhi for the winter months in 1932 and that the question of restriction on moving strength did not arise on account of this office being classified as a "civil" office?

(c) Is it a fact that a system of daily Dak Boxes by rail exists to enable transmission of files, etc., between portions of Army Headquarter offices split up between Simla and Delhi for the winter months and that urgent matters are settled by telephonic communication?

(d) Is it a fact that in order to escape Simla winter a considerable number of clerks left at Simla proceed on leave subject to restrictions imposed by the system of leave reserve, whereas a very small number of clerks proceed on leave from Delhi? Will Government please state the total number of clerks who proceeded on leave, other than casual, during the winter months of 1932 from Simla and Delhi respectively?

(e) Is it a fact that arrangements are made to move British troops to hill stations by turn even during the limited period of their service in India to avoid an adverse effect on their health on account of the hot climate of the plains to which they are not used?

(f) Do Government propose to examine the whole question of move from Simla to Delhi for the winter months of offices of Army and Royal Air Force Headquarters and the allied offices of the Military Accountant General and the Military Finance Branch with a view to devising an equitable system of move by rotation either of complete offices or self-contained parts thereof subject to provision for any administrative convenience considered essential? Do they also propose to consider the question of granting adequate compensatory allowance to all members of the clerical staff who may be left at Simla, under the system of move adopted by Government?

Mr. G. R. F. Tottenham: (a) to (e). The information of the Honourable Member is substantially correct, except that the move of the whole office of the Director of Army Audit to Delhi in 1932-33 was not in any way due to the fact that it is a civil office. A statement is laid on the table giving the information asked for in the second half of part (d), but it must be remembered that the greater portion of the establishment remained in Simla for the cold weather and so the number of clerks who take leave from that place must naturally be greater than the number who take leave from Delhi.

(f) Government have repeatedly examined the question and they are at present again examining the whole question of the Delhi and Simla

allowances. It would no doubt be convenient if all the establishments of Army Headquarters could move to Delhi, but this is impossible for financial reasons. Meanwhile the selection of officers and clerks to move to Delhi must be determined by considerations of administrative efficiency and not according to the convenience of individuals. It is obviously more important to have some of the offices in Delhi than it is to have others and so a system of rotation would be impossible.

Statement showing the number of clerks in offices of Army and Royal Air Force Headquarters who proceeded on leave during the winter of 1932-33 from Simla and Delhi.

Office.	No. of clerks who proceeded on leave from		Remarks.
	Simla.	Delhi.	
G. S. Branch	19	24	
A. G.'s Branch	4	3	
Q. M. G.'s Branch	26	14	
M. G. O. Branch	28	1*	* Only 25 clerks moved to Delhi.
E.-in-C.'s Branch	22	0†	† Only 16 clerks moved to Delhi.
M. S. Branch	These offices moved down to Delhi in their full strength.		down to Delhi in their full strength.
A. M. S. (P).			
R. A. F. Headquarters			
	99	42	

TRANSFERS OF THE STAFF IN THE POSTS AND TELEGRAPHS DEPARTMENT.

1299. *Mr. S. G. Jog: Has the attention of Government been drawn to a letter under the caption "Irregularity in Patna Telegraph Sub-Division", published in *The Advance* of the 31st October, 1938? If so, is it not a principle of Government to discourage unnecessary transfers of the staff in the Posts and Telegraphs Department?

The Honourable Sir Frank Moyce: As regards the first part of the question, Government have seen the letter referred to but as it is anonymous no attention has been paid to it. The reply to the second part of the question is in the affirmative.

SUPPLY OF WARM CLOTHINGS TO THE TELEGRAPH LINE STAFF IN THE PATNA POSTAL DIVISION.

1500. *Mr. S. G. Jog: (a) Will Government be pleased to state whether it is a fact that warm clothings are not supplied to Telegraph Line staff in the Patna Division, while that boon is enjoyed by out-door postal staff since long? If so, what is the reason for this differential treatment?

(b) Is it a fact that the Telegraph line staff have to perform more arduous duties than the out-door postal staff, such as construction of lines, removal of faults by climbing posts, and going on foot for miles together? If so, do Government propose to sanction warm clothings for the Telegraph line staff in the Patna Division?

(c) Is it a fact that umbrellas are supplied only to out-door postal staff and not to Telegraph line staff in the Patna Division? If so, do Government propose to sanction it for them? Is it not a fact that they have to perform their duties during rains as also during the scorching sun?

The Honourable Sir Frank Noyce: Government have no information, but the matters referred to are within the competence of the Head of the Circle to whom a copy of the question is being sent.

PROTECTION TO THE COTTON HOSIERY INDUSTRY.

1301. ***Mr. J. Ramsay Scott:** In view of Government's reply given on the 21st November, 1933 to part (b) of my starred question No. 1069, namely:

"What the Tariff Board said in their Report of January, 1927, was that no justification had been established for the special treatment of the hosiery industry and that they were unable to recommend that hosiery should be treated in any way differently from piece-goods."

(a) will Government please explain why hosiery was treated differently from piece-goods;

(b) was it not the Tariff Board's intention to protect hosiery to the same extent as piece-goods?

The Honourable Sir Joseph Bhore: (a) and (b). Government do not consider that the finding of the Tariff Board in respect of hosiery in their Report of 1927, read with their recommendation regarding cotton piece-goods, justifies the interpretation that if it were subsequently found necessary to afford substantive protection to the cotton textile industry in respect of piece-goods similar protection should necessarily be given to the hosiery industry.

AMOUNT SANCTIONED FOR THE PROSECUTION OF MAULANA ISMAIL GHUZHNAVI.

1302. ***Shaikh Sadiq Hasan:** (a) Will Government be pleased to state what amount they have sanctioned for the prosecution of Maulana Ismail Ghuznavi in connection with the case of Deputy Commissioner of Police, Bombay, *versus* Maulana Ismail Ghuznavi? }

(b) If Government did sanction some amount for the prosecution of Maulana Ismail Ghuznavi, and as the case is a private one, do Government in the interests of justice propose to help the defendant, Maulana Ismail Ghuznavi as well?

The Honourable Sir Harry Haig: (a) The Government of India have not sanctioned any amount for the prosecution of Maulana Ismail Ghuznavi.

(b) Does not arise.

REPRESENTATIVE OF THE GOVERNMENT OF INDIA IN AUSTRALIA TO LOOK AFTER THE INTERESTS OF INDIANS.

1303. ***Shaikh Sadiq Hasan:** Will Government be pleased to state if they have got any representative in Australia to look after the interests of the Indians there? If not, to whom should Indians make representations?

Mr. G. S. Bajpai: The answer to the first part of the question is in the negative. As regards the second part, Indians resident in Australia can make representation to the Dominion Government. If they should approach the Government of India in regard to any matter affecting the community Government will give it most careful consideration.

PRESENT CONDITION OF HEALTH OF STATE PRISONER MONORANJAN GUPTA.

1304. ***Mr. S. C. Mitra:** (a) Will Government please state the present condition of health of State Prisoner Sjt. Monoranjan Gupta?

(b) Is it a fact that for over a year he has been suffering from constant pain in the back part of his head?

(c) Has that pain in his head been developing paralysis?

(d) Is he now practically bed-ridden?

(e) How is he being treated at present and what is the diagnosis of his disease?

The Honourable Sir Harry Haig: (a) and (b). In the month of August, the State Prisoner complained of some pain in the head, but except for some eye trouble, for which glasses have been prescribed, and a mild attack of malaria in October, he has been and is keeping good health.

(c) and (d). There is no foundation at all for these suggestions.

(e) Does not arise.

OFFICE HOURS OF THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

1305. ***Mr. S. C. Mitra:** (a) Will Government please state what are the timings fixed generally for attending and leaving offices of the Secretariat and Attached Offices?

(b) Is it a fact that the staff of certain departments have been ordered to attend office at 10 A.M. instead of 10-30 A.M.? If so, (i) what are the names of those departments, and (ii) will the staff of those departments be paid some extra allowance for this overtime?

(c) If the reply to part (b) (ii) is in the negative, why are the staff of those offices asked to attend half an hour earlier than the actual timing fixed for the departments by Government?

(d) Are not Government acquainted with the usual time for taking meals by Indians?

(e) If they are aware why do they fix 10 A.M. for the Indian staff to attend office ordinarily?

The Honourable Sir Harry Haig: (a) to (e). The question of office hours is, within limits, one for each Department to decide for itself, but generally the prescribed hours of work in the Secretariat are from 10-30 A.M. to 4-30 P.M. except on Saturdays when the hours are usually from 10-30 A.M. to 2 P.M. The office hours in the Army Department have been from 10 A.M. to 4 P.M. for some time. Departments sometimes find it necessary temporarily to extend their office hours in the exigencies of the public service. When this is necessary there is no question of paying any allowance, for the whole time of a Government servant must be regarded as at the disposal of the Government.

QUALIFICATIONS OF THE SUPERINTENDENT OF MANUFACTURE, CLOTHING FACTORY, SHAHJAHANPUR.

1806. **Mr. M. Maswood Ahmad:** Will Government be pleased to state what are the technical and other qualifications of the Superintendent of Manufacture, Clothing Factory, Shahjahanpur?

Mr. G. R. F. Tottenham: He is a business man with experience and knowledge of tailoring acquired in civil life. He organised and held charge of a number of clothing factories in India for some nine years before he was appointed to his present post.

Mr. M. Maswood Ahmad: Has he got any certificate of that knowledge?

Mr. G. R. F. Tottenham: I do not know whether he has any certificates or not.

Mr. M. Maswood Ahmad: Will Government be pleased to state what are the technical and other qualifications which he has got?

Mr. G. R. F. Tottenham: I am not aware what actual degrees in tailoring are granted.

Mr. M. Maswood Ahmad: Will the Honourable Member be pleased to inquire from the Department whether the officer has got any certificate or degree?

Mr. G. R. F. Tottenham: He has got practical experience which is sufficient for us.

Dr. Ziauddin Ahmad: Did he have any experience in managing any factory before he was given this charge?

Mr. G. R. F. Tottenham: He organised and held charge of a number of clothing factories in India for some nine years before he was appointed to his present post.

Mr. Lalchand Navalrai: May I know what salary he gets?

Mr. G. R. F. Tottenham: Rs. 1,550, I believe.

Mr. Lalchand Navalrai: It is too much without a certificate.

RICE IMPORTED INTO, AND EXPORTED FROM, INDIA.

1307. **Mr. M. Maswood Ahmad:** Will Government please state:

- (a) the quantity of rice (i) imported into, and (ii) exported from India during the last five years;
- (b) the revenue collected by them from export duty on rice during the last five years?
- (c) the rate of export duty on rice in Siam, etc.?

The Honourable Sir George Schuster: (a) and (b). The Honourable Member will find the information which he requires in the Accounts of the Sea-borne Trade of British India, copies of which are in the Library.

(c) A statement is laid on the table.

EXPORT DUTY ON RICE.

	Per Maunds Rs. A. P.
<i>Siam—</i>	
1. Paddy	0 1 7
2. Cargo rice	0 2 3
3. Cargo broken rice	0 1 2
4. Cargo meal	0 1 2
5. White rice	0 2 2
6. White broken rice	0 2 2
7. White meal	0 2 2

Indo-China—

The rates of export duty in Indo-China from 30th September, 1933 together with their rupee equivalents per maund calculated on the basis of the average declared values of different classes of rice exported abroad from India in October 1933 are shown below :—

		Per Maund. Rs. A. P.
		from
1. Paddy and rice cargo containing more than 33 per cent. paddy.	8 per cent. <i>ad valorem</i>	0 1 8
		to
		0 2 4
		from
2. Rice cargo containing less than 33 per cent. of paddy.	6·4	0 1 10
		to
		0 2 2
3. White rice	4·5	0 1 7
4. Broken rice	3·75	0 0 9
5. Low Rice Flour	3·2	0 0 3

Mr. M. Maswood Ahmad: Certainly some of these documents will be in the Library, but will it not be possible for the Government to lay these on the table, because these are not very large?

The Honourable Sir George Schuster: My intention was to make the Honourable Member do a little work for himself.

Mr. M. Maswood Ahmad: So many papers are supplied to us daily and so many Bills and notices of amendments we get daily that it is very difficult for us to spare the necessary time for consulting these books.

Dr. Ziauddin Ahmad: May I point out the meaning underlying my friend's question? It is that Government attempt to levy an export duty without trying to find out whether such export duty is levied in any other country, and what would be the effect of export. That is the question and I always said that the Finance Department was hopeless in this respect.

The Honourable Sir George Schuster: My Honourable friend will not expect me to answer the last sentence. My Honourable friend, when he sees the statement which is laid on the table of the House, will find that we have very accurate information as to what the export duty on rice from Siam is?

Mr. M. Maswood Ahmad: May I know whether the revenue collected from the export duty on rice will also be found in that book for five years?

The Honourable Sir George Schuster: Yes, Sir.

COUNTRIES CONSUMING INDIAN RICE.

1308. ***Mr. M. Maswood Ahmad:** Will Government please state which countries are the principal consumers of Indian rice?

The Honourable Sir George Schuster: The Honourable Member will find the information in the Accounts of the Sea-borne Trade of British India, copies of which are in the Library.

EXPORT DUTY ON RICE.

1309. ***Mr. M. Maswood Ahmad:** (a) Is it a fact that the export duty on rice is a central subject?

(b) Is it also a fact that the Provincial Governments have no power either to reduce the export duty on rice or to impose a protective duty on it?

The Honourable Sir George Schuster: (a) and (b). Yes.

Dr. Ziauddin Ahmad: Have Government any proposal to reduce the export duty on rice or abolish it altogether?

The Honourable Sir George Schuster: My Honourable friend must wait and see.

Dr. Ziauddin Ahmad: I should also like him to tell me whether the Finance Member, in the course of his official duties, ever reduced the duties or taxes on anything whatsoever.

The Honourable Sir George Schuster: Yes. The Finance Member, and the present Finance Member, reduced the export duty on rice in 1930.

Mr. M. Maswood Ahmad: Is it a fact that Government have got more interest in cotton, sugarcane and wheat than in rice?

The Honourable Sir George Schuster: No, Sir. I do not know from where my Honourable friend draws that assumption.

Mr. M. Maswood Ahmad: Is it a fact or not that information about cotton is published weekly in the Gazette of India?

The Honourable Sir George Schuster: I do not know to what my Honourable friend refers, but he will find all the information on this subject in the volumes to which I have referred him.

Mr. M. Maswood Ahmad: I want to know whether it is a fact or not that information about cotton is published every week in the Gazette of India?

The Honourable Sir George Schuster: I really do not know to what my Honourable friend refers or what the implication of his question is. If he desires Government to publish in a convenient form some record summarising the position as regards rice, I shall be very glad to consider that with my Honourable colleague, the Commerce Member.

Mr. M. Maswood Ahmad: I am very thankful for this undertaking.

EXPORT DUTY ON RICE.

1310. *Mr. M. Maswood Ahmad: (a) Is it a fact that the Government of India have never appointed any committee to consider the question of raising the price of rice in India?

(b) Is it also a fact that up till now no committee has ever reconsidered the question of the continuation of the export duty on rice since it was first imposed?

(c) Will Government please state whether they have ever considered the steps taken and measures adopted by the Governments of foreign countries to raise the price of rice?

(d) Do Government keep in view the quantity of rice which is produced in other countries at the time they consider continuing the export duty on rice?

(e) Do Government propose to set up a committee of experts and Members of this House to fully consider and report on this question of the abolition of export duty on rice?

(f) Do Government propose to convene a conference of the representatives of the Governments of the rice-producing provinces and of the representatives of the people in this House to consider the question of helping the rice-growing population of India?

The Honourable Sir George Schuster: (a), (b) and (d). Yes.

(c) No.

(e) No. I would however refer the Honourable Member to what I said in paragraph 37 of my Speech introducing the Budget for 1930-31 when proposing a reduction in the export duty on rice. The further reduction or abolition of the duty must depend on our financial position.

(f) No, but the Honourable Member may like to know that, as a result of consideration by a special committee of the Imperial Council of Agricultural Research in 1930, a number of co-ordinated schemes designed to increase the efficiency of rice production and reduce its cost was formulated and these schemes, on which about Rs. 11½ lakhs are being spent over a 5-year period, are in progress in seven Provinces covering the principal rice tracts.

Mr. M. Maswood Ahmad: Is it a fact that the Conference of the Agricultural Council was held in 1930? Am I correct?

The Honourable Sir George Schuster: My Honourable friend is perfectly correct. That is what I said just now.

Mr. M. Maswood Ahmad: Do Government propose to hold another Conference of the provinces where rice is produced, because the previous Conference was held three years ago?

The Honourable Sir George Schuster: I think my Honourable friend, who represents the Department of Education, Health and Lands, will be able to answer that question.

Mr. M. Maswood Ahmad: Any Member may reply. I have no objection.

Mr. G. S. Bajpai: Government have no intention of convening any such Conference, because the Advisory Board of the Agricultural Research Council which meets annually and also the Governing Body of the Agricultural Research Council review the progress of the schemes which were agreed upon in 1930.

Mr. K. O. Neogy: Is it a fact that India has been displaced from the foreign markets in Asia and Europe in respect of rice export during the last few years to a considerable extent?

Mr. G. S. Bajpai: I believe that within the last year or two there has been some displacement of the Indian exporter in the foreign markets.

Diwan Bahadur A. Ramaswami Mudaliar: With reference to part (c) of this question, are Government aware that the Federated Malay States are reported to have recently levied an import duty on rice going from India?

Mr. G. S. Bajpai: The Federated Malay States have recently passed a law imposing an import duty on rice not only from India but from all countries.

Mr. B. S. Sarma: Is it a fact that within the last 15 days the Government of His Exalted Highness the Nizam has levied a similar import duty on Madras rice?

Mr. G. S. Bajpai: I am afraid I am not in a position to say what action has been taken by the Government of His Exalted Highness the Nizam of Hyderabad.

Raja Bahadur G. Krishnamachariar: Is it not a fact that the Customs Department there has been in existence for the last 80 years and do invariably levy an import duty not only from Madras, but from anywhere else in India?

Mr. G. S. Bajpai: My Honourable friend's previous experience of Hyderabad enables him to answer the question better than I.

Mr. M. Maswood Ahmad: Do Government propose to hold a Conference of at least the Members of the Assembly, who represent these provinces, to discuss this question?

Mr. G. S. Bajpai: I would suggest to my Honourable friend that he had better hold the Conference himself first and then, as a result of its deliberations, we can consider whether a Conference is necessary.

Mr. M. Maswood Ahmad: Do Government authorise me to convene this Conference on their behalf?

Mr. G. S. Bajpai: Not on behalf of the Government. My Honourable friend's authority is so great that I have no doubt his summons will be duly observed.

Mr. M. Maswood Ahmad: Are Government aware that I had a consultation on this subject of the kind that he proposes?

Mr. G. S. Bajpai: I hear that, Sir, for the first time.

Raja Bahadur G. Krishnamachariar: May I know if this report of the Council of Agricultural Research is available to the public?

Mr. G. S. Bajpai: I do not know as to how much information on the subject has been given to the public, but I shall obtain it from the Council and supply it to the Honourable Members of the House.

Raja Bahadur G. Krishnamachariar: I was talking of the report as well. I was wanting to know what was the scheme spread over a number of years upon which Rs. 11½ lakhs are spent every year.

Mr. G. S. Bajpai: I shall obtain the report, Sir, and an account of the progress made in giving effect to that report.

Mr. K. C. Neogy: With regard to the displacement of Indian rice, as admitted by the Honourable Member just now, has his Department examined the position so as to find out what factors may have contributed to it?

Mr. G. S. Bajpai: Sir, the fact of the displacement was brought to my notice recently and I regret I am not in a position to state what examination has been conducted departmentally; but I will find out.

Mr. K. C. Neogy: May I expect that the bearing which the export duty may have upon this particular question will also be examined by his Department?

Mr. G. S. Bajpai: I think that particular point needs no profound examination.

PROTESTS AGAINST THE FIRING IN PALESTINE.

1311. ***Mr. M. Maswood Ahmad:** (a) Will Government please state whether they have received a telegram from the President of the Jamiat-ul-Ulema-i-Hind, Delhi, protesting against the firing in Palestine on peaceful Arabs?

(b) Have they also received a copy of the resolution passed by the Khilafat Committee in this connection?

(c) Will Government be pleased to state the number of telegrams, letters and copies of resolutions received by them, protesting against the firing in Palestine?

Mr. H. A. F. Metcalfe: (a) No.

(b) It is not clear what Khilafat Committee is referred to. Government have hitherto received only one telegram and one resolution from the Secretaries of the Khilafat Committees in Lahore and Nawabshah in Sindh, respectively.

(c) Seven telegrams and seven resolutions.

Mr. M. Maswood Ahmad: Do Government propose to inform the Secretary of State for India of the feelings of the Indian Mussalmans in the matter of the firing in Palestine?

Mr. H. A. F. Metcalfe: Copies of all telegrams and resolutions received will certainly be sent to His Majesty's Government for information.

Bhai Parma Nand: May I ask the Honourable Member to let us know what the purport of the resolution, referred to in the answer to clause (d), is?

Mr. H. A. F. Metcalfe: I have not got the resolution with me, but if it is required, a copy can no doubt be laid on the table.

**LEVY OF WATER METER RENT ON THE OCCUPIERS OF GOVERNMENT
QUARTERS IN NEW DELHI.**

1312. ***Mr. M. Maswood Ahmad:** (a) Is it a fact that the New Delhi Municipal Committee have notified that meter rent at Re. 1 per meter per month for all water meters in buildings belonging to Government, will be charged with effect from the 1st October, 1933, from the residents of bungalows and quarters in New Delhi?

(b) Will Government kindly give the cost of a water meter of the type installed by the New Delhi Municipal Committee?

(c) Will Government kindly say whether it is the intention of the Municipal Committee to charge the rent for an indefinite period or only till the cost thereof is realised?

(d) Will Government please give the water charges for the unlimited supply of water in Government quarters, New Delhi, prior to the installation of the water meters, and what is the present scale of charges?

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

(b) Rs. 50.

(c) The present intention is to charge this rent permanently. The amount does not even cover the charges on maintenance, depreciation and replacement.

(d) A statement is laid on the table.

Statement.

A. Water rate prior to installation of meters in orthodox clerks' quarters—

Class of quarter.	Number of taps allowed.	Rate.	For every tap in excess of the fixed scale, a charge of Re. 0-8-0 per month was levied.
A.	3	Rs. A. P. 3 0 0	
B.	2	2 0 0	
C.	2	2 0 0	
D.	1	1 8 0	
E.	1	1 8 0	

B. Water rate after installation of meters—

(1) Rs. 1-8-0 up to 4,000 gallons of water consumed in a month. Above this Re. 0-8-0 per 1,000 gallons.

(2) Re. 1 per month for meter rent.

**LEVY OF WATER METER RENT ON THE OCCUPIERS OF GOVERNMENT
QUARTERS IN NEW DELHI.**

1313. ***Mr. M. Maswood Ahmad:** (a) Is it not a fact that the water meters were installed by the New Delhi Municipal Committee on their own initiative without any demand on the part of the residents?

(b) Is it not also a fact that the New Delhi Municipal Committee is already charging excess water tax for excess water consumed by the residents in Government quarters of New Delhi?

(c) If the replies to parts (a) and (b) be in the affirmative, do Government propose to consider the advisability of not putting an additional burden on these residents by way of the water meter rent?

Mr. G. S. Bajpai: (a) The meters were installed in the interests of the general public in order to prevent the wastage of water.

(b) A charge of Rs. 1-8 per mensem is made for all quantities up to 4,000 gallons. For every additional 1,000 gallons, an extra charge of As. 6 a thousand gallons is made.

(c) Meter rent was charged by Government for premises in which these were installed, before the water supply was transferred to the New Delhi Municipality, but was included in the House Rent. The transfer necessitates the charge for the meter to be levied separately, as municipal rates are not included in the house rent. The New Delhi Municipality has met the cost of installing meters in quarters which were not formerly equipped with them out of a loan which it has to repay. The Municipality is also responsible for the maintenance and replacement of these meters. Government do not, therefore, think it reasonable that the Municipality should charge no rent for these meters.

Mr. Lalchand Navarai: May I know from the Honourable Member if there is any truth in the report that this water is being wasted?

Mr. G. S. Bajpai: As a matter of fact, I answered a question on that subject in the Simla Session and stated that the wastage amounted to half a million gallons a day.

Mr. Lalchand Navarai: May I know if it is a fact that occupiers of these quarters are not being charged any meter rent so far as the electricity, that is supplied to them, is concerned?

Mr. G. S. Bajpai: If my Honourable friend suggests that rent should also be charged for the electric meter, I am quite prepared to pass the suggestion on to the Municipality.

Mr. Lalchand Navarai: May I inform the Honourable Member that formerly the Municipality was charging such meter rent, but that, then, subsequently, protests were made, better sense prevailed and they let that go. Is the Honourable Member prepared to make a recommendation to them that the water meter rent also should be taken off?

Mr. G. S. Bajpai: Sir, the fact of the matter is that the Municipality, to whom the distribution of electricity has recently been transferred, thought that it would be well for the time being to hold their hands as

regards the electric meters, for which a charge was included in the house-rent before the meters were transferred to the Municipality. The Municipality do not admit, nor do Government admit, that, legitimately, a charge is not due for the electric meters.

Mr. Lalchand Navalrai: I would like to know from the Honourable Member as to whether there have been any protests made by the subordinate staff that they are being over-burdened, and is it not a fact that the Government have been doing so much service to this new Municipality that they are being given loans and the Government are not even getting any interest from them?

Mr. G. S. Bajpai: Sir, my Honourable friend asks: "Have Government received protests"? Well, I understand that in a certain Department a protest has been received, but as I tried to make clear in my answer, this is an entirely business matter. The Municipality has been advanced a certain sum of money as a loan and I will refresh my Honourable friend's memory as to what he had to say in the Standing Finance Committee during the Simla Session. We are now trying to recover from the Municipality the money that has been advanced, and they cannot repay it unless they levy a charge for these meters.

Mr. Lalchand Navalrai: Does the Honourable Member realise the business point of view of the subordinates also, and will Government increase their pay or their allowances?

Mr. G. S. Bajpai: Sir, I do not think, in these days of retrenchment, any Government would think of increasing the pay of their staff. My Honourable friend is aware of the cut in pay in force. I took steps to ascertain what the position in other Municipalities is and I found that in other municipalities the rent is two rupees per meter as against one rupee which this Municipality is charging.

Mr. M. Maswood Ahmad: Sir, I beg to withdraw starred question No. 1814.

Mr. Vidya Sagar Pandya: Is it open to any Member to withdraw a question? How much notice is required for withdrawing a question?

Mr. President (The Honourable Sir Shanmukham Chetty): A Member may withdraw a question at any moment without any notice.

Mr. Vidya Sagar Pandya: Do the Government require ten days' notice for an Honourable Member to put in a question?

Mr. M. Maswood Ahmad: Sir, as Members are so much anxious to know the facts in connection with this question, I hope the question may be allowed to stand and the answer may be given.

Mr. President (The Honourable Sir Shanmukham Chetty): That cannot be allowed.

DEPRECIATION OF AMERICAN DOLLAR.

1315. ***Mr. M. Maswood Ahmad:** (a) Have Government considered whether, due to the depreciation of American dollar there is a prospect of the dumping of American products into this country? Are Government aware that this will affect the export of Indian products as well?

(b) Are Government aware that even the depreciation of the yen did not create so much consternation in the minds of the Indian people as has this dollar depreciation?

(c) Are Government aware that the new situation will make it rather impossible for the Indian agriculturists to sell their products even at a loss, as the markets are threatened to be flooded by American products?

(d) What steps do Government propose to take in order to safeguard India's interests in this connection and to save the agriculturists of this country from utter ruin?

The Honourable Sir George Schuster: (a) Government fully appreciate the possible reactions of the sudden depreciation of the currency of a country which exports goods either to India or in competition with India in foreign markets. The extent of such reactions however must depend on various factors and it is possible that the effects of currency depreciation in any country may be reflected rather in a rise in its internal price level expressed in terms of its own currency than in a fall in the price level of its exports in foreign currencies. As Government have no information as to the probable course of American policy in this matter, it is not yet possible to say what the effects of any such policy on the exports of Indian products may be.

(b) This is a matter of opinion, but Government have no reason to suppose that this is an accurate account of the position.

(c) and (d). Government are watching developments but do not consider that so far the situation requires any immediate action.

MOTION FOR ADJOURNMENT.

SECRETARY OF STATE FOR INDIA'S EVIDENCE BEFORE THE JOINT PARLIAMENTARY COMMITTEE RE INDIA'S RIGHT OF RETALIATION IN HER RELATIONSHIP WITH THE DOMINIONS AND COLONIES OF THE BRITISH EMPIRE.

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

"The evidence tendered by the Secretary of State for India before the Joint Select Committee in London on November 7th denying India the right of retaliation in her relationship with the Dominions and Colonies of the British Empire."

I have to inquire whether any Honourable Member has any objection to this motion.

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, I have no objection.

Mr. President (The Honourable Sir Shanmukham Chetty): As no objection has been taken, I declare that leave is granted, and the motion will be taken up for discussion at 4 P.M.

THE RESERVE BANK OF INDIA BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of amendments Nos. 29 and 32 on the Order Paper moved by Mr. S. C. Mitra* and Mr. Sitakanta Mahapatra.†

Mr. Goswami M. R. Puri (Central Provinces: Landholders): Sir, much has already been said by Mr. Mahapatra and Mr. Bhuput Sing on the question that everybody should get an opportunity of taking shares of the Reserve Bank. Government only want that they should be able to get the amount they want and it is immaterial for them whether the amount so raised comes from the capitalists or from poor peasants or from other persons. Sir, if this amendment is not accepted, we are afraid that the capitalists will capture the Bank because, as we know, the money is at present deposited at the rate of four per cent. and everyone would like to take advantage of one or two per cent. more in interest. It is the most reasonable amendment and I appeal to the Honourable the Finance Member to oblige the poor peasants of this country by accepting this amendment and giving every facility to all the people of the country.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, up to now only one side of the picture has been placed before the House and I think it is but reasonable that the other side of the picture should also be shown before it comes to a decision on the matter. It is always unwise to take steps or to make provisions in a Bill to reduce the value of the shares artificially and this restriction is bound to have this effect. My Honourable friends contended that their amendment was in the interests of the poorer investor and that they were anxious that the shares should not be concentrated in the hands of what they were pleased to call the capitalists.

Now, Sir, my young friend from Orissa, who has already made his maiden speech and, I believe, this was his second oration before the House, seems to have rather exaggerated ideas about the wealth of this country and I would like to point to him that he has rather a vivid imagination as to what is going to happen in this country when the Reserve Bank Act comes into force. Sir, I do not really believe that there is going to be such a tremendous demand for these shares as is imagined by some of my Honourable friends, and to place restrictions of this character on the shares will do more harm and will cause more inconvenience to the poorer investors than these so-called capitalists. You must remember that it is hoped that these shares will be as good as gilt-edged securities and one of the objects of investing money in gilt-edged securities is that you can always raise money in India on Government securities at a moment's notice, and the middle class men who will invest in these shares will do so with the hope of being able to raise money on them on certain occasions when money is required by the family at low interest and at short notice. That is one of the objects with which the middle class men will invest in a security of this kind. If you restrict people from buying these securities, you will

*"That in sub-clause (2) of clause 4 of the Bill, after the words 'transferable from one register to another', the words 'and no person shall be allowed to have more than two hundred shares' be added."

†"That to sub-clause (2) of clause 4 of the Bill, the following be added at the end :- 'and no person shall be allowed to hold more than fifty shares at any time'."

[Sir Cowasji Jehangir.]

naturally find that the prices of these securities will be lower than they would otherwise have been, and that the Banks will ask for a larger margin than they would otherwise be inclined to do and if all the so-called capitalists have got their due share and none of them are in the market to buy, the Banks will be very chary in lending money at all, and the very object which my Honourable friends have in view will be frustrated. Sir, I do not understand how Banks will be able to lend money at all in certain circumstances if this amendment is carried, because Banks will have a certain amount already in their names—Rs. 20,000 worth which is only a flea bite—and if they are going to lend money on more, they will require those shares to be transferred to the name of the Bank and, therefore, unable to do so under the Act, they will refuse to lend money at all. If that is the position, then my Honourable friends' object will be completely frustrated and the ordinary man will not invest in such securities at all, because he will always require money for marriages and other festivals; and, if he is not able to raise that money on these securities, he will not go in for them at all. I would ask the House to keep this aspect of the question in view before they lightheartedly go to vote on it or ask the Finance Member to accept it. Besides, is the capitalist, for the pleasure of owning these securities, going to raise their market value to such an extent as will enable him to do so? I call them securities; I put them on that level. I do not think my Honourable friends give sufficient credit for common sense to businessmen in this country. No businessman, Mr. President, is going to force up the premium on these shares unnecessarily in order to have the pleasure of holding them when he cannot even get a vote. All this talk of these shares being concentrated in the hands of a few, and all these apprehensions that have been expressed, have, in my humble opinion, no foundation.

Then, it has been suggested that if these shares are concentrated in the hands of a few, these few may be able to acquire voting power by transferring them to the names of their nominees or their supporters. But the Select Committee have included a clause in this Bill in order to prevent it, as far as it is humanly possible to do so. If my Honourable friends will refer to clause 55 of the Bill, they will see that if any such attempts are made and if caught, it becomes a criminal act liable to be punished. If people, in order to get a vote or two, are prepared to commit perjury and be punished for that crime, if found out, then my Honourable friends are putting a greater value on this vote than the public will ever attach to it. Just imagine, Sir, committing perjury in order to be able to get a vote surreptitiously. I think my Honourable friends, when they realise the meaning of this clause, will admit that the Select Committee have gone, as far as they possibly could, to prevent such malpractices as my Honourable friends believe will take place. Under the circumstances, I do appeal to my Honourable friends all round to consider whether it is worth while their forcing this amendment through the House considering it will do more damage to the class of people whom they are supposed to represent and whose interests they always voice in this House, than those whom they continually condemn as capitalists.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I support the amendment moved by my Honourable friend, Mr.

Mitra. I should have supported the amendment of the other Honourable Member, but I find that there are many difficulties in supporting that amendment although I find that it is very consistent and it is more in accordance with the principle that ought to be followed by reasoning. His object is that when we allow the votes up to Rs. 5,000, why should anybody hold shares beyond Rs. 5,000. That is a logical argument and that may have been accepted on this ground, namely, that if we do not desire to sterilise any shares, we should not allow anybody to purchase shares beyond Rs. 5,000. But there are many difficulties in the way which may make one not to accept that amendment in spite of its being very logical. My Honourable friend, Mr. Mitra's amendment gives a full scope to the people about whom Sir Cowasji Jehangir has just now spoken. I know he has been very consistent and he represents the interest for which he must speak out.

Sir Cowasji Jehangir: No interest except that of my own constituency.

Mr. Muhammad Yamin Khan: He is representing the people who can invest money to an unlimited extent and he wants that they should not be deprived from putting in their money at five per cent., whatever surplus money they happen to get at a time and he wants that those capitalists may be using their money every now and then. If they find it convenient to invest it later on at ten per cent or 15 per cent they may have ready money by exchanging their shares through the Banks. Undoubtedly it is very logical for my Honourable friend to represent the case of the Bombay millowners and the capitalists in the Bombay City. But this Bill is designed, on principle, that the shares must be held by the people of India—the poor people of India—and not by a few capitalists of some big towns. If we accept the principle that the people of India are going to have interest in this Bank, then there must be a wide distribution of shares and we must stop any possibility of accumulations of these shares in the hands of a few persons in future. Following this principle, I think, even if we allow anybody to purchase shares of the value of Rs. 20,000, we will be doing a great injustice to the people who, in due course, could have been voters. Allowing even a limit of Rs. 20,000, we are sterilising Rs. 15,000, that means 150 shares are going to be sterilised beyond Rs. 5,000. That one man should sterilise 150 shares is a much greater evil than 150 people being allowed one share each and sterilising the same. I would much rather have given these 150 shares to people who applied for one share alone, so that, if their shares pass in future into the hands of people who can own five shares, they might be entitled to give one vote. But if a man has got shares of the value of more than Rs. 20,000, he is not likely to part with his shares unless he finds that he can invest that money with greater profit. My Honourable friend, Sir Cowasji Jehangir, may say that he is speaking on behalf of the poorer classes. That we have seen for a long time. We have seen agitation carried out in the country in the name of the poorer classes of India, but really they were designed to benefit a few people living in towns at the expense of the poorer classes. We have given our full consideration, and we want to know how the poorer classes will not be affected if we make the limit beyond Rs. 20,000. May I ask him, how a man, who is holding Rs. 500 worth of shares, will be stopped from selling these or mortgaging these at a time of necessity? A Bank can always advance money to a person holding good security such as the shares in the Reserve Bank. No Bank

[Mr. Muhammad Yamin Khan.]

will deny to lend him money. There will be a big market, because the transfer of shares can take place not only within a particular area, but it can take place throughout India. The Delhi area can sell its share to Bombay, and the Bombay area to Calcutta, and so on. There will always be a big market ready to purchase shares. People who have some saving will be willing to invest that in the shares of the Reserve Bank. It is an unnecessary apprehension which my Honourable friend, Sir Cowasji Jehangir, has shown on behalf of the poor investor or the middle-class man. The middle-class man would like to sell his shares to another middle-class man, but not to rich people who may like to purchase the shares even at a high premium. I may point out to my Honourable friend the reason why gold has passed out of India. The poor man who had some gold was tempted by the purchasers with a small increase in price. If people like my Honourable friend, Sir Cowasji Jehangir, want to control the Bank, and if they want the agriculturists, who hold shares, to vote only for a particular candidate on the Directorate whom the capitalists have put up, then the capitalists will put a premium on the shares and make the poor people part with their shares.

Sir Cowasji Jehangir: I thought the Honourable Member enunciated the wonderful principle that the middle-class man will not sell his share to the capitalists.

Mr. Muhammad Yamin Khan: I want that the middle-class man should not sell to the capitalists. I know that my Honourable friend would like to purchase those shares and he would like neither an agriculturist nor a man belonging to the poorer classes to hold these shares and he would like these shares to be held only by such people who would support his candidate being elected to the Directorate. But the
12 Noon. difficulty which we will experience will be the same which we are having in the case of the export of gold, because the poor man, with a little gold, thinks that if the gold which he bought for Rs. 20 can be sold for Rs. 25, he will part with it because he may repurchase it after a certain period for Rs. 20. And, with this object, if anybody, who is interested in becoming a Director, finds that there are persons holding a hundred shares who are opposed to him, he can purchase those hundred shares that will give him extra votes in becoming a Director. And those people cannot be the people who are having a particular interest, specially the interest of the agricultural classes. They can put up a little bit of premium and purchase those shares, and that man will be tempted to sell them in the hope that he may re-buy it at a lower rate in future. What I think and what I want that this Bill should contain is that these shares, once they are purchased by the middle classes, should never be parted from that class. Although they may be changing hands from one to another in the same class, they should not get out of the poorer classes or the middle class people and go into the hands of a few capitalists who may like to corner or control the whole Bank in future.

Another argument which my friend, Sir Cowasji Jehangir, has advanced is that he says that the prices will be lower in the case of those shares if a restriction is placed. Certainly, in some cases, prices will go up. Only in cases where people will put up higher prices at a particular moment when they want to capture or sterilise certain votes, when they find that

about 200 voters are against him and he can be elected if he repurchases those shares, he will put up the prices. And I do not want these fictitious prices to go up high or put as a temptation for the poorer classes to part with their shares. I want these shares to be retained by them. They may have a strong temptation only in this that they will be getting a good dividend on whatever they are saving, because they are not engaged in commerce and business. They do not know how to invest their small savings. People in the villages and in the small towns and people in the Secretariat, all these people may put their savings in any safe place where they will get interest. This temptation must be there, but not the temptation of rise and fall in prices of shares which will be only a gamble meant for the richer people and not for the poorer people. I would request the Government and the Honourable the Finance Member that this is an amendment which does not hurt the principle of the Bill at all. This is an amendment which is not going in any way to affect the underlying principles or the essential principles on which the Government can be keen or the Government may have got a particular view. This is only a question between certain classes of India. The only fear which Government can have is this that they may not be able to sell all these shares. But from what I can at least judge from the tendency in India, I can say that there is no likelihood of these shares remaining unsold even for a day. If a proper propaganda is made, if the people in the villages come to know what benefit they are going to get, if, as my Honourable friend, the Finance Member, thinks that these shares will be sold even through the post offices, I do not think there is any apprehension that these shares will not be sold. If these shares are not sold, then at any time we can say they may be kept back even for a month or two. Full publicity may be given later on. There are many poor people who have got their money invested in Government securities and Government are going to replace them in other manners. These people would like even to take their money back from one and invest the same in this Bank. So there is no likelihood of these shares remaining unsold. That apprehension. I can assure my Honourable friend, has no foundation and he should not be influenced by that. He should accept this amendment. It is only between certain classes of India and it will be in consonance with the desire which he has got in his mind and behind his whole scheme that there may be a wide distribution of shares and a larger number of people should be holding and stopping concentration into the hands of a few people who may in future like to corner this thing in order to have their own way in the banking world. So I support this amendment and I am sorry I cannot support the other amendment for Rs. 5,000 in this respect and I hope Government will also either accept this amendment or will at least remain neutral in this respect and let this be decided by the votes of the House without the Government interference.

Mr. E. Studd (Bengal: European): Sir, I know that when I stand up I shall be accused by the last speaker, as Sir Cowasji Jehangir was, of speaking with a capitalist taint. But I do think that, as far as shares in this Bank are concerned, it is an investment which will not appeal enormously to the European community because in any case the shares which they are going to be allowed to hold are temporary. They are going to be bound to give them up when they leave the country, and, from that point of view, it is not a particularly attractive investment. And so I think there is not the least likelihood, at any rate of the European community, trying to accumulate a large holding either to sterilise the

[Mr. E. Studd.]

shares or to get a large voting power. I should like to emphasise what my Honourable friend, Sir Cowasji Jehangir, said and I think there are many Members of this House who give the ordinary businessman far too little credit for hard-headed common sense. I believe that the thing many Members are afraid of is largely a bogey of their own imagination and I do not believe myself that there is any serious danger of individuals or a group of capitalists trying to accumulate a large holding of shares in some way or other to get sufficient votes and carry things their own way as far as the policy of the Bank is concerned. I think we are all agreed that that would be a bad thing and we are all anxious that it should not happen. The difference between us is that some people are afraid of a thing which to them is a very real danger while others do not think that it is a danger but do realise that the so-called safeguard against it which is now proposed is one which will involve dangers in other directions. I agree entirely with what my Honourable friend, Sir Cowasji Jehangir, has said with regard to the effect of such a limitation as this. But I go further than that, because I do not believe that even if this amendment is passed, it would achieve the object for which it is designed. While I quite admit that the provisions of clause 55 would be a strong deterrent, I am not by any means convinced that those provisions are watertight. I believe that if a capitalist or group of capitalists made up their minds that they were going to get shares and acquire a large voting power, it would be by no means impossible for them to devise means to keep within the law and yet to avoid the provisions of that section; and, therefore, it seems to me that this amendment would not achieve the object for which it is designed. What it would achieve undoubtedly to my mind is the very serious drawbacks on the lines indicated by Sir Cowasji Jehangir, which I think the proposer of this amendment does not realise. My Honourable friend, Mr. Yamin Khan, assured the House that there will be no difficulty in raising money if necessary on these shares. He said, the shares are "good security" and anyone would lend money against them. But would they be good security if this amendment was passed? Surely any man with ordinary business common sense, if he were asked to lend money on these shares, would want to be satisfied, to begin with, that the man who asked for the loan of that money was actually the owner of those shares, beyond all question, because there are very wide powers given to the Board under clause 55 to alter the register and, therefore, no one would look upon any such shares as quite good security against which to lend money, unless they were perfectly satisfied beforehand that there was no possible question of the register having to be altered; and I can quite conceive of cases arising in which there was a good deal of dispute. It might be that eventually the shareholder would establish his right to be on the register and to hold those shares, but supposing there was such a dispute, who is the man that is going to be hit hardest? The capitalist who knows all the ins and outs of the game and can find people to put up his own case and fight the case, or the poor man who perhaps has only got Rs. 500 invested and is suddenly faced with the fact that the man he bought it from was not entitled to have it in his own name? There will be all sorts of questions about title. It does seem to me that from that point of view this provision may hit the poor holder, the agriculturist and the middle class man very hard, much more hardly than it could possibly

hit the man who was better off. I am quite confident that this amendment would not only not achieve the object with which it has been proposed, but that it would definitely mean a great restriction in dealings in shares, which would make it most difficult for any small holder to raise money on the security of those shares; and in fact would have almost entirely the opposite effect from those which the majority of the Members of this House desire; and I would appeal to Honourable Members to give due weight to those points and not to be carried away by the fear that the well-to-do businessman would part company for the time being with his ordinary common sense. I do not believe that there is going to be such an enormous rush for these shares as some people seem to imagine; and even supposing that one or two capitalists were able to get hold of a large block and were able to acquire a certain amount of additional votes, it does not seem conceivable to me in such a large concern as a Bank of this size, with registers in various parts of the country and Directors elected from different quarters, that even then they could have any appreciable effect and could possibly make anything like a corner. I do, therefore, appeal to Honourable Members not to be carried away with the fear of possible combines by capitalists, but to remember that there is much more danger of affecting the very man whom they want to protect, if they carry this amendment, than of preventing what they are afraid of and which I personally believe is not a real danger at all. Therefore, I hope that this amendment will not be carried.

Mr. Muhammad Anwar-ul-Asim (Chittagong Division: Muhammadan Rural): Mr. President, I should like to say a few words on this amendment. My justification is this: that I am in some way connected with many of the Banks in my part of the country, and I think it will not be wrong for me if I said something on this motion of Mr. Mitra and of my friend, Mr. Mahapatra.

It seems to me that both these Honourable Members have altogether lost sight of the provisions of the Bill. The safeguards against the so-called cornering of shares by the capitalists have, in my judgment, been very well provided for in clauses 6 and 7 of the Bill itself. If the arrangements contemplated in the Bill are carried out, I can assure my friends on my right that, no cornering, not to speak of any speculations of these shares, would come up, at least within the first five years or six years of the Bank existence. It seems to me that if you restrict the selling or possession of shares by people in this country and if you restrict the holding up to the value of five or 20 thousands, I am afraid, it will result in the change of shares from the hands of the capitalists to the hands of the so-called middle classes; but if we leave it to the Government to see that this should be within the reach of all and should cater for every home in India, it is up to the Government to devise the means to give effect to it. In my judgment, if sub-clauses (6) and (7) of this clause 4 are properly given effect to, there can be no cornering or speculation in these shares. My friend, Mr. Mitra, and others may think that I am trying to sail on the side of the capitalists; but that is far from me; what appears to me is that my friends have not properly judged the implications of these sub-clauses (6) and (7), and if they take a proper view of these facts, they will also come to the conclusion that there cannot be accumulations of these shares in one hand. In this connection it will be pertinent, I think, for me to suggest one or two things to the Government of India; and

[Mr. Muhammad Anwar-ul-Azim.]

that is with regard to how best to make these shares popular. Various kinds of machinery exist at least in the Calcutta area from where we come, and I think it would be a very desirable thing if the Government of India should take serious note of what I am saying here. Unless and until Government try and broadcast the information that a man can purchase the shares of this Reserve Bank at the rate of Rs. 100 each through the Panchayats and Union Boards, I am afraid, these shares will remain locked up in the precincts, either of the Imperial Bank or of the Post Offices.

Then, Sir, some of my friends apprehend that these shares will not find enough purchasers if this amendment of Mr. Mitra is accepted; but I think, Sir, that if these shares are widely advertised, there will not be any dearth of buyers because I know of some institutions with which I am connected who have lots and lots of moneys locked up for want of investment, and, I am sure, if opportunities are made available to the people living in rural areas, middle class people, the artisans and the peasants, will readily purchase these shares, because they know that they are like gilt-edged securities which will be marketable and will stand them at the time of need.

Without any more repetition, I may say that wide power has already been given under sub-clauses (6) and (7) to the Central Board, and, as it appears from the very body of this Bill, there will be a majority of Indians on the Directorate, and my humble suggestion to my friends, Mr. Mahapatra and Mr. Mitra, is to go to the bottom of the whole thing and capture the Directorate, and there I think they should use their good offices in that behalf. Let the public men in this country bring these facts to the notice of the public, that the salvation of the country depends on their right selection of the Directorate, and not in eulogizing the movement of these shares. If the eight Directors, who will be elected, could be all Indians, even they all be capitalists, the salvation of India lay in that direction. With these few words, I regret I have to oppose these amendments.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to support the amendment of my friend, Mr. Mitra. It is desirable that the shares of the Reserve Bank should be held by men even of moderate means, because, as my friend, Sir Cowasji Jehangir, said, these shares will be like gilt-edged securities. But the scheme provided in the clauses of the Bill makes very good provision in the case of persons who are willing to invest Rs. 500, because they will have the first chance of securing five shares and thus getting a vote for the election of the Directors. When the claims of all the persons, who are asking for shares of Rs. 500, are satisfied, then alone the claims or requests of those who ask for one, two, three or four shares will be attended to. Therefore, Sir, if the Government and the people of the country take proper care, matters can be arranged in such a way that all the shares will fall into the hands of people who are willing to invest Rs. 500 for the purchase of shares, and these shares and the votes will be very widely distributed. But, Sir, people may subscribe for shares in the beginning; but when they find themselves in difficulty and want to realise the money, they would like to sell away their shares, and at that time there must be a good demand, so that the shares could be very easily sold and sold even at some profit. The Stock Exchange in big Cities will arrange these sales, and the popularity of these shares will thereby increase. But, at the same time, Sir,

it is necessary that there should not be a very great accumulation of shares in a few hands. The danger that is apprehended by some friends is that by such accumulations the votes will be sterilised and there will be very few voters left. The anxiety on this side seems to be to catch seats on the Board of Directors. May I assure my friends that there will not be enough contest, because on every occasion the retiring Directors will get themselves re-elected; and, therefore, whatever the number of votes one may secure, ten to one he has a very meagre chance of getting into the Board if he has not got the support of the retiring Board. And when one says that by means of accumulations of shares in one hand the votes will be sterilised and a few votes will be able to win a seat in the election, it is doubtful whether this thing will come out. All the same, the Finance Member may be enjoying the fun of seeing different parties here speaking one against the other. But whatever our differences may be on other questions, I think that the opinion on this question of limiting the holding of Rs. 20,000 worth of shares has the support of a very large number of Members. There will be a few dissentients, no doubt, but their number will be very small, and I trust that Government will ultimately accept this amendment, as they did, about four or five years ago.

Some Honourable Members: I move, Sir, that the question be now put.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I am neither a capitalist nor a businessman. I belong to that proverbially imprudent class for which we have got a joint certificate from the Royal Commission on Agriculture that the ryot is so imprudent that he does not understand what his interest is, and, as for common sense, I have got the authority of Marshall the Economist who says that mankind is generally foolish and is not expected to become wise all of a sudden when it discusses questions of economics so that if I do say anything quite unexceptional, I have got all these excuses on my side for any one to excuse me.

Sir, there is only one point that I want to be clear about. I cannot understand how, if you are restricting the number of shares that a man can hold, it is really going to affect the marketability of the shares. We will take it that, if this amendment is passed, the result is that no one individual can hold shares more than Rs. 20,000. I have got shares worth, say, Rs. 500, and when an emergency arises, I want to raise money over it. There is no doubt that up to that time this share of the Reserve Bank being almost a gilt-edged security, has a value of its own,—why? Because a man cannot hold more than Rs. 20,000 worth of shares. I cannot raise a loan on Rs. 500 worth of shares. It is really somewhat difficult for me to follow. Suppose I go to a Bank and say: "Look here, I have got Rs. 500 worth of shares in my name, and I want money very badly, will you advance me money on the security of these shares?" Why the banker, who is out to make money by lending money on interest upon good securities, should ever refuse to lend that money to me I cannot understand. On the contrary, it is a good provision that these shares should not be put into a few persons' hands. There is an old Tamil proverb which says that between the watchman and the thief the thief is the cleverer man, so that if you put one restriction, I am sure, they will find out some other way by which to circumvent the restriction and again hold the same number of shares. As regards the applicability of section 55, I should be sorry to give out what defence

[Raja Bahadur G. Krishnamachariar.]

I would make if a case like that came into Court because that puts people on the scent. Therefore, I submit that that clause is not so very perfect as my Honourable friend, Sir Cowasji Jehangir, says. It is absolutely no protection at all against any man who wants to circumvent the thing in broad daylight and yet protest that he is within the bounds of the law. One objection that has been seriously raised against this proposal is as to the marketability of these shares. Of course, the statement, the allegation is made that it is not marketable. How it will not be marketable is a thing which has not yet been sufficiently explained, as I said, to a man who lacks common sense and who lacks business or capitalist habits. I submit as my Honourable friend, Mr. Yamin Khan, pointed out that, there is no question of principle involved in it, and I am not sure, of course, subject to correction, that the Finance Member himself did not say that these shares would be like gilt-edged securities and that there would be a great demand. In fact, the whole country expects that there would be such a great demand for these shares that it would be over subscribed. After all, that is not an exaggerated position. You have got five lakhs of shares distributed throughout the length and breadth of the country, and it is absolutely inconceivable, unless the whole country has become bankrupt, that you cannot sell these shares immediately you make an announcement that the shares are on the market. I think that is a fear which is not quite proper to entertain at this time, especially as the return for the money invested is quite good compared to other investments. I, therefore, submit that the amendment of my Honourable friend, Mr. Mitra, is reasonable and that Government might safely accept it without any fear regarding marketability. As regards the amendment of my friend, Mr. Mahapatra, I think it goes very much farther, and I am not sure he did not drag the thing so far that he might get something better than what he himself suggests is a good one.

Mr. F. E. James: Let the question be now put.

The Honourable Sir George Schuster (Finance Member): In the course of this debate several appeals have been made to me as the Government spokesman to oblige certain classes, either to oblige unofficial parties or to oblige the poor peasant, by agreeing to this amendment. I want to make it quite clear that, in discussing any of these matters that arise in connection with the Reserve Bank Bill, our attitude is never going to be governed by the desire not to oblige anybody or not to meet anybody. Our attitude is solely governed by what we consider to be right in this matter, and however much I might desire to oblige any of my Honourable friends in this House, I cannot get up and say that I agree with a proposition which I consider to be wrong. Sir, I support the provisions of the Bill as they stand, because after very careful thinking over the whole subject I feel that they are right and I want to put it to the House exactly why I feel so. The second class that I have been asked to oblige is the class of the poor peasant, who is visualised as holding a certain number of these shares.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muham-madan Urban): As I was one of the first to make a personal appeal to the Finance Member, I should like at this very early stage to correct a misapprehension into which he has fallen so far as I am concerned. I never suggested that the Finance Member should oblige me or any group of non-officials on this side. The suggestion was, and I repeat it, that it was a matter which did not fundamentally affect the principle of the Bill.

and, therefore, Government need not on this occasion take any definite attitude, but might leave it to non-official Members to decide whether it was in their interest or not to have this upper limit. There was no question of obligation. I quite realise that the Finance Member, having a majority behind him, is in a position to stand on rights and merits and no question of obligation can arise. I am aware of that.

Raja Bahadur G. Krishnamachariar: That is also our attitude.

The Honourable Sir George Schuster: My Honourable friend has quite misunderstood me. The point that I was making was that he and others—I did not have my Honourable friend particularly in mind—had been saying in the course of this debate that as no principle is involved in this, why should not the Government meet the views of the opposition parties? What I am putting to the House is, on any question, where no principle is involved, we should be only too glad to meet the opposition parties, but we have a certain responsibility here, and if we think a particular line is right, we must put the arguments on which we have formed that conclusion before the House. If the House goes to a vote on this and defeats our view on this matter, I would ask Honourable Members to regard that not as a defeat of Government, but as a defeat of their own interests, because I believe very sincerely that it is contrary to their interests that this particular amendment should be passed. That, Sir, is the point which I wish now to develop. Before I leave that, there is one other aspect of the matter which I want to put before the House and that is this. We stand before the House now with certain proposals which do not merely represent the proposals of the Government. They represent proposals which had been formulated after very careful discussion in the Select Committee, and I not only regard myself as a representative of the Government in this matter, but I must also represent the views of the Select Committee who have come to certain conclusions. Therefore, in no case could I merely of my own sweet will meet my Honourable friend, however much I should desire to do so. I have to defend a certain case and consider those who have supported me in that case hitherto. That is by way of a preliminary explanation. I have made that preliminary explanation, because I do want the House to approach all these questions not in a party spirit. This is not a party measure. Our whole object is to try and get the best measure that we can. In the Select Committee we always dealt with all the questions that arose on that basis.

Now, Sir, the second point was that we were asked to oblige the poor peasant. But I do put it to the House that it is a very curious way of obliging a particular man to say to him: "This property that you are going to acquire is property which you ought to go on holding. It is so much in the interests of the public that you should go on holding that property that we are going to put obstacles in your way of selling it". I put it to Mr. Yamin Khan that when a man is in difficulties and wishes to sell certain property, he does not mind, if he is a member of the middle classes, whether the purchaser is going to be a member of the middle classes or not, the man he wants to deal with is the man who will give him the best price for his property. And if it is their interests that Honourable Members are considering, I do put it to them that it is not in the interests of this particular class that, having acquired certain property, measures should be taken which would have the effect of diminishing the value of that property and making it less easy to dispose of

[Sir George Schuster.]

it when need arose. That, Sir, is, I think, a very serious point. Now, I would ask this House to regard this matter not merely from the point of view of a holder of shares who desires to sell. I have already expressed to the House my own view—my Honourable friend, the Raja Bahadur, slightly misquoted me just now,—I have expressed to the House my own view that having regard to the directions which we are laying down for the allotment of these shares, the allotment will be very widely distributed, and I further believe that, having been so distributed, the shares will very largely remain in the hands of the original allottees, because they will be regarded as a lock up investment with which they will not desire to part. Having taken that view, Honourable Members might say to me: "Well, then, if that is the case, why should you be so concerned as to whether they are going to have a free market for selling the shares. You yourself have taken the view that they will not want to sell those shares". But every man in India who holds realisable property does at times want to borrow money on that property and it is of the greatest possible advantage to the holder of property—and that is one of the features which makes Government securities in this country popular,—that he can always go to a Bank and get a loan against that property for an amount very near to its full value. Now, Sir, if there is not a free market in these shares, if the Bank itself in case of need cannot take over those shares from its debtor, having already filled up its own quota of Rs. 20,000, it is certainly going to make a difference as regards the terms on which the Banks will advance money against these Reserve Bank shares. I may tell the House that, in the course of this discussion, I have had an opportunity of consulting one of the highest officials of the Imperial Bank who happens to be here in the House and he has told me quite definitely that any provision in this sense would make a very great difference as to the terms on which the Bank would advance money against these shares as collateral security. They would require a much larger margin than they would require against Government securities. My Honourable friend, the Raja Bahadur, has asked what is the meaning of this argument that we have used that a provision of this kind will interfere with the free marketability of the shares. Well, I should have thought that it was a fairly simple point and I do not believe that my Honourable friend is quite so innocent in business matters as he would have us to suppose. If we say to an individual that he is not entitled to hold more than Rs. 20,000 worth of Reserve Bank shares, that at once limits the class of purchasers. Any one who holds those shares and wants to be able to dispose of them on any day must realise that he has to look to a restricted market. It is not a case of being able to go out and sell the shares at their current quotation knowing that there will always be somebody to pick them up. In order to be able to sell the shares, there must be a buyer in the market who does not already hold Rs. 20,000 worth of shares. Now, Sir, in times of stress, and not merely in times of stress, but from day to day, the people who make the prices on the stock exchange are people who are ready to hold a large number of shares at one moment, and then to dispose of them when they can get a "turn" on them. If you are going to have a restriction of this kind on the Reserve Bank shares, no one will be able to hold a sufficient stock to make a market in them. Sales would have to be restricted to cases where it is possible to find a genuine investor, and any one who knows anything about the stock exchange will confirm that that must have a very serious effect on the marketability of the shares.

Raja Bahadur G. Krishnamachariar: May I ask, is it not a fact that there is some limit fixed in the post office certificates; that no one can hold more than Rs. 10,000?

The Honourable Sir George Schuster: There must be some telepathy between my Honourable friend and myself, because he has anticipated exactly the next point that I was going to make. I was going to make this point. Some one might put it to me: "You have raised all these bogeys about the Reserve Bank shares, but what about the post office cash certificates? The same limit applies to them and every one knows that they are much appreciated by the holders for the simple reason that they are always taken readily as security by a Bank." But there is a special feature which attaches to a post office cash certificate. It can be redeemed at any moment. The holder can go to the Government and say: "Please cash this". He has not got to find a buyer in the market and take his chance. He can go to the Government at any moment and get his cash. What happens if he cashes it prematurely, before its normal five years has expired, is that he gets so much less interest on it. If he holds it for two years, the interest rate is, as my Honourable friend knows, at very much lower rates than if he holds it for five years. But that does not affect the position in regard to the point, which I am now discussing. For in the case of a post office cash certificate, the Bank knows that at any moment it can force the owner of that cash certificate to go to Government and convert it and pay up the cash. That would not apply to the Reserve Bank shares. If any one wants to realise his security on the Reserve Bank shares, he has got to find a buyer in the market. That, I think, is a serious aspect of the situation and I do hope that all Honourable Members of this House will weigh it very carefully in their minds before they record a verdict on this. This may seem not to be a very important matter, and as far as the objects which all Honourable Members, who have spoken in support of it, have in mind are concerned, I am in entire accord with their object. I am in entire accord with the purpose at which they are aiming, but I feel that they will not achieve their purpose by this measure. Now, I want to say a few words on that. My Honourable friend, Mr. Studd, has expressed the view that the provisions of section 55 are not likely to be very effective.

Mr. E. Studd: May I interrupt the Honourable Member for one moment? I did not say that. What I said was, I did not think they were absolutely water tight. It would be possible to devise means of getting round them.

The Honourable Sir George Schuster: My Honourable friend will admit that it is very nearly what I said. But I will use my Honourable friend's words. He thinks that the provisions of section 55 are not exactly water tight and that it will be possible to get round them. Now, Sir, in that unqualified sense, I hope that my Honourable friend is wrong. The object of this clause is to prevent any man exercising rights of votes by being able to influence nominal holders of shares to exercise votes at his direction, so that the provision that the maximum voting rights of 10 votes should not be defeated. I believe, myself, I hope sincerely that this clause will be effective for that purpose because, before a man can exercise votes at the direction of another in respect of shares which he only holds nominally and which do not really belong to him, he will have to commit

[Sir George Schuster.]

perjury. He will have to make a declaration and if he does not make a declaration, then he cannot record his vote in respect of that share. (Interruption by Mr. Muhammad Yamin Khan): Will my Honourable friend allow me to complete my own argument? I think, so far as preventing any abuse of the voting rights is concerned, there is great hope that this clause will be effective, but I do not think it will be effective to prevent a man who wants to buy more than Rs. 20,000 worth of shares as an investment putting up all his sons and nephews, his wife's sisters, his brothers and so on to hold shares in his name. I am sure, my Honourable friend, Sir Cowasji Jehangir, if this clause is passed, and if he wants to hold Rs. 20 lakhs worth of shares, will be able to find people in whose names he can put those shares so that he may draw the dividends on them, but I do not believe my Honourable friend would be able to exercise voting rights in respect of Rs. 20 lakhs of shares, because in that case, all those people who had shares in his name would have to commit perjury in order that he might do so. Now, that is a very important point. I believe that this clause will actually be ineffective for the purpose of preventing a rich man acquiring the beneficial interest in these shares. We may have defeated his power to control the voting on more than 10 shares, but, as regards the beneficial interest, I do not think that we have defeated that. Therefore, I feel that, to pass this amendment will have no practical effect. If any individual wishes to acquire a beneficial interest in more than Rs. 20,000 worth of shares for the sake of drawing dividends on those shares, I do not think it would be possible, by a clause of this kind, to prevent his doing so, and it is for that reason mainly that I am opposed to this amendment. I feel that it will not achieve its object, but that it will certainly achieve a very serious disadvantage in interfering with the free marketability of these shares. We have designed this whole scheme in order to create a free market in the shares. It is for that reason that transferability from one register to another has been included, and so on. The limitation has all been concentrated on voting rights. Now, there is a very great advantage in having a really free market. One of the most important checks on the Directors and the head executive officers of the Bank will be the way in which the public regards their policy as illustrated in the daily quotation for the Reserve Bank shares. That is a really valuable feature, and if you are going to restrict the shareholding in this way, you are going to interfere with the operation of that feature very largely. There is a definite purpose behind this. We have not merely designed the scheme by chance or off-hand; it has been very carefully thought out, and it was with deliberate intention that the provision which, as several Honourable Members have pointed out, was included in the 1928 Bill.

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammedan): Did not Sir Basil Blackett think it out?

The Honourable Sir George Schuster: I say, it was with a deliberate purpose that that feature in Sir Basil Blackett's Bill was changed, on fuller consideration. We have had time to think over this matter very carefully in the interval and this has been thought over by the various Committees that sat upon it and which have been assisted by the best available expert advisers both in London and in India. The London Committee arrived at a certain conclusion, and the Select Committee here also arrived at a certain conclusion after discussing it particularly with

Mr. Shroff, to whom I have already referred and who can speak with very great authority about the market conditions in Bombay. It is a carefully thought-out provision, and I feel that the House may be really going up the wrong road in a way which they will regret if they now seek to alter this provision. I repeat again there is nothing further from our minds than to defeat the main object which they have in view, *viz.*, that these shares shall be widely held, but we feel that this provision will be ineffective and we also feel that it will not really be necessary, because—and I go back to what I said before—we believe that by the provisions for the original allotment we shall ensure a very wide distribution of the shares. It is that to which we are really pinning our faith, and we believe that, essentially, that distribution will remain in the future. Sir, on these grounds, and with very great regret, I must oppose this amendment. I say "with regret", because I recognise with what genuine feelings it has been supported in various quarters of the House, but I again put it to my Honourable friends that they will not achieve their object by passing this amendment, but they will completely wreck what is one of the main features of our present scheme, namely, the creation of a free market in these shares. (Applause.)

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

"That in sub-clause (2) of clause 4 of the Bill, after the words 'transferable from one register to another' the words 'and no person shall be allowed to have more than two hundred shares' be added."

The Assembly divided:

AYES—48.

Abdul Matin Chaudhury, Mr.
Anklesaria, Mr. N. N.
Azhar Ali, Mr. Muhammad.
Badi-uz-Zaman, Maulvi.
Bagla, Lala Rameshwar Prasad.
Bhuput Singh, Mr.
Brij Kishore, Rai Bahadur Lala.
Chandi Mal Gola, Bhagat.
Das, Mr. B.
Dutt, Mr. Amar Nath.
Fazal Haq Piracha, Khan Sahib
Shaikh.
Hoon, Mr. A.
Ibrahim Ali Khan, Lieut. Nawab
Muhammad.
Ismail Ali Khan, Kunwar Hajee.
Ismail Khan, Haji Chaudhury
Muhammad.
Isra, Chaudhri.
Jadhav, Mr. B. V.
Jha, Pandit Ram Krishna
Krishnamachariar, Raja Bahadur G.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Mahapatra, Mr. Sitakanta.
Mitra, Mr. S. C.
Mudaliar, Diwan Bahadur A.
Ramaswami.

Mujumdar, Sardar G. N.
Neogy, Mr. K. C.
Pandit, Rao Bahadur S. R.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Puri, Mr. B. R.
Puri, Mr. Goswami M. R.
Raghubir Singh, Rai Bahadur
Kunwar.
Rajah, Rao Bahadur M. C.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Sarma, Mr. R. S.
Sen, Mr. S. C.
Shafee Daoodi, Maulvi Muhammad.
Shah Nawaz, Mian Muhammad.
Singh, Kumar Guptheshwar Prasad.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Talib Mehdi Khan, Nawab Major
Malik.
Thampan, Mr. K. P.
Uppi Sahab Bahadur, Mr.
Yakub, Sir Muhammad.
Yamin Khan, Mr. Muhammad.
Ziauddin Ahmad, Dr.

NOES—49.

Abdul Aziz, Khan Bahadur Mian.
 Ahmad Nawaz Khan, Major Nawab.
 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.
 Clow, Mr. A. G.
 Cox, Mr. A. R.
 Dalal, Dr. R. D.
 Dash, Mr. A. J.
 DeSouza, Dr. F. X.
 Dillon, Mr. W.
 Graham, Sir Lancelot.
 Grantham, Mr. S. G.
 Haig, The Honourable Sir Harry
 Hezlett, Mr. J.
 Hudson, Sir Leslie.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Jehangir, Sir Cowasji.
 Lal Chand, Hony. Captain Rao
 Bahadur Chaudhri.
 Lee, Mr. D. J. N.

Mackenzie, Mr. R. T. H.
 Macmillan, Mr. A. M.
 Maswood Ahmad, Mr. 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.
 Mukherjee, Rai Bahadur S. C.
 Nihal Singh, Sardar.
 Noyce, The Honourable Sir Frank.
 O'Sullivan, Mr. D. N.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Reisman, Mr. A.
 Rajah, Raja Sir Vasudeva.
 Ramakrishna, Mr. V.
 Rau, Mr. P. R.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Singh, Mr. Pradumna Prashad.
 Sinha, Rai Bahadur Madan Mohan.
 Smith, Mr. R.
 Stodd, Mr. E.
 Tottenham, Mr. G. R. F.

The motion was negatived.

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

"That to sub-clause (2) of clause 4 of the Bill, the following be added at the end: 'and no person shall be allowed to hold more than fifty shares at any time'."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The next amendment is No. 33, by Mr. Sitaramaraju.

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

"That to sub-clause (2) of clause 4 of the Bill, the following proviso be added:

'Provided that where 25 per cent. of the allotted shares have been transferred outside the area, no further transfer shall be allowed'."

Sir, in moving this amendment it is not necessary for me to go into the question of the transfer of shares at any great length. All that I would like to point out is that under sub-clause (2) of this clause shares shall be transferable from one place to another. The object in moving this amendment is to prevent more than 25 per cent. of the shares from going from one area to another and thus to safeguard the interests of those areas. In other words, I do not want that any single one area should have any preponderating influence by acquiring more shares. It is with that view that I am moving this amendment and I hope that Members, who have sympathy with that view, namely, that no one single province or one single area should have a predominating influence over others, will accept my amendment.

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

"That to sub-clause (2) of clause 4 of the Bill, the following proviso be added:

'Provided that where 25 per cent. of the allotted shares have been transferred outside the area, no further transfer shall be allowed'."

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I support the amendment of my friend, Mr. Sitaramaraju. Even the Select Committee was not of one opinion in this matter. There were strong apprehensions on the part of a strong minority that a large number of shares might be transferred from one area to another, thus making a particular area, a depleted area, and giving the right to another area to send Directors to the Central Board out of all proportion to its number of voters. As a matter of fact, it was also suggested that a certain percentage should be accepted, and no transfer, even if the limit is exceeded, should be allowed. I think Government also agreed that in case of such contingencies arising, they will be agreeable to amend this Act in that direction. But I find there is no reason why such a provision should not be made in the Statute itself. As regards my Honourable friend expecting the Government to accept any amendment, I think our experience as a result of the last voting ought to have taught us some lesson. When there is an agreement in London, the Government are here to carry it out and, as the Honourable the Finance Member said, whatever had come out from the Select Committee was sacrosanct and no amount of argument on this side of the House would move him an inch.

The Honourable Sir George Schuster: I think my Honourable friend is misrepresenting what I said.

Mr. S. C. Mitra: Then will the Honourable Member repeat what he said?

The Honourable Sir George Schuster: I said it was not a question of my personal discretion in any case and that I have also to take into account that I am supporting here the recommendations of the Select Committee of the Legislature.

Mr. S. C. Mitra: This is just what I am saying. It is not really a question of discretion, but that the Honourable the Finance Member has to carry out the decisions of the London arrangement and the little that he could yield in the Select Committee, that is the last word. That is exactly my point, that he has no discretion in these matters. But it does lie as much on this side of the House to put forward every consideration before this Assembly and everything that we consider to be in the interests of the country and what this Bill should be like. It has been said times without number, that this Act will be of no use if it cannot carry the opinion of the people of the country, and the attitude which the Government Members are taking is evidence of the sincerity of their purpose, but yet it is our constitutional duty to press all the points that we think necessary to be pressed for the consideration of the House so that posterity may judge that, though the Act was forced down our throats, yet the elected Members wanted it to be amended in a particular way. With these words, I support the amendment.

Rao Bahadur B. L. Patil (Bombay Southern Division: Non-Muhammadan Rural): Sir, I rise to support this simple amendment. My first reason for supporting this amendment is that it is neither sound nor business-like in a national institution to allow any particular register to be swelled with shares and, at the same time, to allow another to starve. The

[Rao Bahadur B. L. Patil.]

very fact that this Bill provides for allotment of a particular number of shares to different registers speaks in my favour. Otherwise, there is no sense in the allotment of shares in the Bill.

My next reason is that if we want to make this institution a really national institution, it is just and proper in the fitness of things that every register must represent certain number of shareholders. In a way we can make it national by making it a popular institution, only if we get the shareholders equally or in a proper proportion, distributed all over the country. Therefore, I support the amendment moved by my Honourable friend, Mr. Raju.

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

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

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I have great pleasure in supporting the amendment moved by Mr. Sitaramaraju. This was one of the objects with which I gave notice of amendment No. 28 which I moved yesterday. As you might remember, Sir, I referred to this aspect of the question which was covered by my more comprehensive amendment. If some kind of restriction is not put on the provision for the transfer of shares, the very purpose for which the regional scheme is introduced in this Bill will be frustrated. It is not the idea that the regional aspect should exist only till the distribution of shares, but should continue with a view that the Directors are to be elected by the local boards who have to discharge other functions also as long as the Reserve Bank continues to exist. In fact, it is the chief characteristic of the Bill. The whole thing will be a mockery if shares are permitted to be transferred from one region to another without any limit. The Honourable the Finance Member said yesterday, in reply to my motion, that this would restrict the free transfer of shares. But, I repeat this is not an ordinary company. In an ordinary company you do not restrict or limit the payment of dividends and other things, while in this you restrict by specific provisions in the Statute such things. The Reserve Bank functions for the national interest and it is the custodian of the nation's cash reserves and the State has every right to restrict its operations, and, therefore, it will be perfectly within the right of this House to bring in all kinds of restrictions to maintain and ensure the character and special features we propose to be embodied in this Bill. Therefore, a provision like this is absolutely necessary and I support the amendment.

The Honourable Sir George Schuster: Sir, the amendment proposed by my Honourable friend covers a subject which was discussed very carefully and at very great length in the Select Committee. We all of us felt that if a situation arose in which one particular share register became substantially denuded and a large accumulation of shares took place on another register, it would be contrary to the intention and the expectation in which this whole plan is being launched; and we considered whether it would be advisable to put in any definite provision in the Bill restricting the free right of transfer from one register to another after a certain

point of denudation on a particular register being reached. But we came to the conclusion that to have this sort of provision hanging over the position would be very prejudicial to the purpose on which I have already spoken at some length this morning, the purpose of having a free market in these shares. A point might be reached when every one would be in doubt whether a particular transfer would be in order or not and that would be extremely embarrassing to everybody. In fact, if the point was nearly approaching one might find a whole rush of possible sellers coming on the market with their shares in order to be able to get away with them before any prohibition was imposed. We thought, after careful consideration, that it was not very likely that the potential danger would happen. Our view on that was supported by several of the expert witnesses who came before us and further we thought that if the situation did, contrary to our expectations, arise, then it would be better to deal with it when it arose by amending legislation. We also took into account that it is the power to elect Directors that really counts and the reduction of the number of shares on a particular register would not by itself have any effect on the power of the residents of that area to send a certain number of Directors to the Central Board. We came very definitely to the conclusion that it was better to leave things as they are without this restriction, but we did recommend in the Committee's report that the situation should be carefully watched and that, if there was any danger of a complete upsetting of the balance between the various registers, then Government should consider bringing in special legislation in order to prevent the thing going too far. There is a certain amount of experience available in this matter from the Imperial Bank which has local share registers and the experts, those who know how things are going, tell us that the transfers from one register to another were balancing out fairly and evenly and that they did not think that there was any serious danger of the whole balance being upset by a large number being accumulated in one area. Therefore, we feel quite definitely that it is better to leave the provision as it is and that to start off from the very beginning by creating this sort of provision which would hang over the whole position and create uncertainty in everybody's mind would be a most undesirable thing. On these grounds, Sir, I must oppose the amendment.

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

"That to sub-clause (2) of clause 4 of the Bill, the following proviso be added:

'Provided that where 25 per cent. of the allotted shares have been transferred outside the area, no further transfer shall be allowed'."

The motion was negatived.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadian Rural): Sir, I beg to move:

"That in sub-clause (3) (b) of clause 4 of the Bill, the words 'or in any part of His Majesty's Dominions the Government of which does not discriminate in any way against Indian subjects of His Majesty,' be omitted."

Sir, there is some misapprehension with regard to the scope of this amendment. Some of my friends consider that by moving this amendment I will be nullifying the effect of the changes that have been brought about in the Select Committee on the original Bill. It is nothing of that sort. My amendment simply eliminates those British subjects, who

[Mr. T. N. Ramakrishna Reddi.]

belong to the dominions and colonies which have been discriminating against Indians in season and out of season; from holding shares in the Reserve Bank that is going to be established. My reasons for excluding the subjects of the dominions are two-fold: they are on sentimental and substantial grounds. It is common knowledge that our nationals in various dominions have been undergoing all sorts of humiliating treatment and, if we do not feel to the extent we ought to feel for the sufferings of those people, it is because we do not go and live in those dominions and we do not clearly visualise the actual treatment that has been meted out to them; and hence I would like to take this opportunity, when that opportunity arises, to show our resentment by not allowing them to possess any shares in the Reserve Bank. Under clause 122 of the White Paper and also under Queen's Proclamation and other Charters, we cannot discriminate against British subjects in the various dominions from holding office or having trade connections with India on account of difference in race, residence, and so on. But this is a different thing: the Reserve Bank is different from a trading concern, because, under clause 19 of this Bill, the Reserve Bank is prohibited from engaging in trade, and hence that general clause does not apply in this case and we are permitted or rather we are entitled to make this discrimination and not permit the subjects of the dominions to hold any shares in this Reserve Bank. This may be called sentimental. But I have other substantial grounds also for not allowing those nationals to possess any shares in the Reserve Bank. The whole share capital of the Reserve Bank is only Rs. five crores, and it is a mere flea-bite when you consider the vast extent of this land and its millions of people. Whatever my friend, Sir Cowasji Jehangir, may say that all the shares might not be purchased and that there may not be many people willing to purchase these shares if you democratise them, that is, if you lower the number of shares which a man may possess, yet I submit that the shares of the Reserve Bank will be purchased in no time. We have also seen very recently how the Government of India Loan of over Rs. 10 crores was subscribed within half an hour. Therefore, I do not see any difficulty for any person to purchase shares in this Bank which has been inaugurated under Government auspices. Hence I do not want that any persons except nationals of India and, of course, British subjects who are domiciled in the United Kingdom should hold shares; and I do not want that these shares should be taken away by any other subjects of the dominions. Again, this six per cent., is a very good business proposition for anybody to invest in these shares, and it is so much loss of interest and dividend to India which would go out of the country if these shares are allowed to be held by any others except our nationals. Then, there is another objection. If the shares are to be held by others than nationals, then they can have great influence over the policy of the Bank itself. That is why various countries in other parts of the world have scrupulously reserved the shares of their Banks for their own nationals. I simply quote a sentence from the book of Mr. Jain, which says:

"Fourthly, to ensure freedom from all foreign influences, the constitutions of Central Banks, more often than not, restrict Directorship and voting and even shareholding rights to nationals. In the case of the Central Banks of Belgium, Bulgaria, Estonia and Germany it is laid down in their Charters that all the Directors must be nationals, while the Central Bank of Czechoslovakia is permitted to have one additional Director who may be a foreigner, and in Austria, Columbia and Chile the number of foreigners as directors is carefully restricted. Again in the case of the Central Banks of

Denmark, France, Greece and Netherlands the voting rights are exercised by nationals only, while in Japan and Switzerland even the holding of shares is restricted to nationals. The Charter of the Central Bank of Lithuania provides that foreigners cannot hold more than one-third of the capital."

Thus, I would like as far as possible, to prevent people other than our own nationals from holding shares in the Reserve Bank.

Then, there will be another difficulty if we adopt the clause as it has been amended by the Select Committee. It says:

"No person who is not a British subject ordinarily resident in India and domiciled in the United Kingdom or in any part of His Majesty's dominions the Government of which does not discriminate in any way against Indian subjects of His Majesty. ."

What is the meaning of this discrimination? They have not defined what the discrimination is. The discrimination might be political discrimination, might be social discrimination, might be fiscal discrimination. As a matter of fact, I may tell you, subject to correction, that there is no dominion which does not discriminate against Indians, and hence it will be a dead letter even if it is passed; and, under this clause, no dominion can come in; but that is a different matter. Suppose there is one dominion which does not discriminate at present, it can take advantage of this sub-clause and take shares. Supposing the next day or after some time they pass fiscal legislation discriminating against India for their fiscal purposes—suppose a lot of rice is going from India to Australia and they want to prevent rice from India and they levy an import duty to some extent—is it not discrimination? Is the whole nation to be deprived of the shares which they already possess? Where is the provision to show that the nationals of that country should give up all their shares because that country has discriminated? Take another instance. Suppose a constituent State, and not the whole Dominion of Canada or Australia, discriminates. In that case, where is the provision to show that the shareholders of that particular State alone should be discriminated and not the Dominion as a whole? These are some of the difficulties which will appear if we allow this clause to remain as it is.

Then, Sir, there is another thing. After all, the dominions may not care to have any shares in this Reserve Bank at all. Then, why should we gratuitously insult them by first telling them that all persons might come in and then, when they actually come in, why should we tell them that we discriminate. They are not asking us to allow them to have any shares in this institution. Why should we unnecessarily insult them by asking them to take shares and then tell them that they do not deserve to take any shares. There can be absolutely no difficulty whatsoever, so far as I can see, for this House to accept this amendment, because it does not offend against the general clause that no British subject should be discriminated on account of his race, caste or community. With these few words, I place this amendment before the House for its acceptance.

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

"That in sub-clause (3) (b) of clause 4 of the Bill, the words 'or in any part of His Majesty's Dominions the Government of which does not discriminate in any way against Indian subjects of His Majesty,' be omitted."

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, my object in intervening in this debate is to assure my friend, Mr. Reddi, that he ought not to lightly amend the amendment which we brought out in the Select Committee after due deliberation and consideration. My Honourable friend, Mr. Bajpai, the other day replied that in Australia and New Zealand there is no discriminatory legislation

Diwan Bahadur A. Ramaswami Mudaliar: No, no; only in New Zealand; he did not say Australia.

Mr. B. Das: Well, I quote from the reply which Sir Fazl-i-Husain gave to a question which I asked on the 27th of January, 1931. This is what he said:

"The position is as follows. In Australia, so far as the Commonwealth franchise is concerned, the disability under which natives of India suffered was removed by legislation in 1925. As regards State franchise, Indians are not disqualified on racial grounds in the States of New South Wales, Victoria, South Australia and Tasmania. . ."

Diwan Bahadur A. Ramaswami Mudaliar: But Western Australia does discriminate.

Mr. B. Das: But not to the extent that South Africa does.

Now, Sir, the Indians have got equal franchise rights with other Canadian citizens, except the Columbia State and, in those dominions, they are not in the same fighting mood, and so it is no use trying to penalise all the dominions, particularly when we go to the World Economic Conference and the Imperial Conference and fraternise with the representatives of those dominions.

An Honourable Member: You are moving a motion for adjournment today.

Mr. B. Das: My friend reminds me that I have tabled a motion for adjournment, and when I take it up at 4 o'clock, he will find that what I will then say will have the entire approval of this House.

All I am pointing out is, I would have liked my friend to read the minute of dissent my friend, Mr. Vidya Sagar Pandya, and I have attached, and there we have said:

"Similarly section 4 (c) has been redrafted to exclude citizens of any British Dominion which discriminates against Indians to hold shares of the Reserve Bank. It ought to be provided that the Governor General in Council should notify in the Gazette of India along with the publication of the Reserve Bank Act, the names of such Dominions that must be excluded, South Africa is the greatest sinner in this respect. Next comes Canada. We suggest that the Government of India should appoint a small Committee to inquire if Australia and New Zealand can really be given equal facilities along with the citizens of the United Kingdom."

I have not given notice of any amendment, because I have expressed my views on this matter in my minute of dissent. Government are chary, they are afraid to wound the feelings of the dominions by declaring that such and such dominions should be discriminated; they do it in a negative way by not mentioning it, but I want to do it in a positive way. I would ask my friends that we should not penalise all the

dominions, and I here take this opportunity to congratulate my Honourable friend, Sir George Schuster, and also my Honourable friend, Sir Leslie Hudson, who gave us valuable support in this amended clause and showed their sympathy in a manner that portends good for the future good relations between Europeans and Indians in this country.

The Honourable Sir George Schuster: Sir, I think my friend who has just spoken has sufficiently answered the case for this amendment.

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

"That in sub-clause (3) (b) of clause 4 of the Bill, the words 'or in any part of His Majesty's Dominions the Government of which does not discriminate in any way against Indian subjects of His Majesty,' be omitted."

The motion was negatived.

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, I beg to move:

"That to part (b) of sub-clause (3) of clause 4 of the Bill, the following proviso be added:

'Provided that no person mentioned in this sub-section shall continue to be member or be entitled to receive any dividend or any bonus in respect of shares held by him after he changes his description or denomination as mentioned in this sub-clause'."

Sir, my purpose in moving this amendment is to make clear the qualification of a British subject ordinarily resident in India. As the clause reads ".....no person who is not" and then it goes on "shall be registered as a shareholder or be entitled to payment of any dividend on any share.....". Supposing a person, who is qualified under (b), purchases a share, and, after some time, leaves India and goes to England, there is no provision in this Bill which will entitle the Central Board or any authority to cancel his name from the register of shareholders or to decline him the payment of any bonus or dividend. Both on the floor of this House as well as in the Select Committee the Honourable the Finance Member made it perfectly clear that a British resident will have to dispose of his shares before he leaves India permanently. In the course of his speech, when he moved for the consideration of the Bill, he said:

"... when a British resident retires from India, he will automatically cease to be entitled to exercise a vote or to draw a dividend on his shares. Therefore, on retirement, he will be forced to sell his shares. . . ." and so on.

It is only to make that position perfectly clear, and in order that this right should be given to the Central Board, so that there may be no difficulty in removing the name of such persons from the list of shareholders, I have moved this amendment. I have nothing further to add, Sir.

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

"That to part (b) of sub-clause (3) of clause 4 of the Bill, the following proviso be added:

'Provided that no person mentioned in this sub-section shall continue to be member or be entitled to receive any dividend or any bonus in respect of shares held by him after he changes his description or denomination as mentioned in this sub-clause'."

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): I do not know whether the Treasury Benchers will accept this amendment . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair thought whether the object of this amendment was not provided for in the last part of sub-clause (3). The Chair wants to understand the legal position. Probably it will simplify discussion

The Honourable Sir George Schuster: Well, Sir, our intention certainly was that an amendment of this kind should be quite unnecessary. We thought that the clause, as drafted, definitely provided for any person who had satisfied these qualifications originally ceasing to be entitled to hold shares as soon as he ceased to be qualified under this clause.

Mr. Bhuput Sing: There is no provision in the Bill.

The Honourable Sir George Schuster: The point seems to us to be perfectly clear. No person who falls under any one of these
 3 P. M. three classes shall be registered as a shareholder or be entitled to payment of any dividend on any share

Mr. Bhuput Sing: If he has been once registered, there is no clause under which if he ceases to come under any of those descriptions, his name can be removed from the register.

The Honourable Sir George Schuster: If there is any doubt on the point, having been once registered he remains on the register, I suggest from the practical point of view the second provision settles all doubt that he will no longer be entitled to receive any dividend on these shares.

Mr. S. C. Sen: May I say a word about this matter? It is conceded that once a man is registered on the register, under the present constitution he cannot be removed from that register. The only power which is given to the Governor General in Council is to remove a Director if he ceases to possess certain qualifications. There is no provision in this Bill which entitles either the Central Board or any person to remove the name of a person who has been once registered in the books of the Bank. That is one of the principal points. Now, as regards dividends, the clause says, he will not be entitled to any dividend. The dividend clause, I think, is contained in clause 47 which provides that every shareholder shall be entitled to a dividend. If he remains a shareholder and his name remains on the register he is *ipso facto* entitled to get the dividend in respect of those shares. Where is the power given to the Central Board to remove his name, or where is it provided that no dividend shall be payable in respect of such shareholders who have left this country or who do not fall within the description contained in clause 4? So long as his name is borne on the register, a shareholder is entitled to his dividend and to all rights of a shareholder. That is the point. There is no principle involved in this, because, as I understand the Finance Member, it is intended by this clause to have that effect. But, I submit, that in my opinion the clause has not properly expressed the intention.

The Honourable Sir Brojendra Mitter (Law Member): It is quite true, as Mr. Sen says, that under this Bill every shareholder is entitled to a dividend. But, in construing an Act, you have to take the whole Act and not merely one particular clause;—you cannot pick out one clause and say that that is the only effective clause. The right of a shareholder to receive dividends is cut down in clause 4, where it says that no person who does not belong to one of the qualified classes shall be registered as a shareholder. This is before his name comes on the register. Once his name comes on the register, he would ordinarily be entitled to his dividend, but here it says that no person, who is registered as a shareholder shall, under certain conditions, be entitled to payment of dividend on any share. The general provision is that every shareholder gets his dividend, but here is a special clause which says that, under certain circumstances, a shareholder, although his name be on the register, shall not receive his dividend. I do not see any ambiguity.

Mr. Bhuput Sing: Supposing a person keeps his shares with some Bank and leaves India permanently, his Bank will collect dividend from the Central Board, because his name cannot be removed from the register.

The Honourable Sir Brojendra Mitter: I never suggested that there was provision for the removal of the name from the register. All I am saying is this. The name may be on the register, but nevertheless he may not be entitled to dividend by reason of his ceasing to belong to one of these classes. I do not see any ambiguity. There are two stages; first of all, before a person can claim a dividend he must have his name on the register. By buying a share he gets his name on the register. Then comes the question of receiving a dividend. In the absence of any other factor, he would receive his dividend as any other shareholder, but clause 4, the clause which we are considering, provides that if he ceases to comply with certain conditions, then he may be deprived of his right to receive the dividend. The general clause is restricted by this particular clause. It is a rule of construction that when there is a general provision and also a particular provision, the particular provision controls the general provision. That being so, this clause will govern the general provision to which attention has been drawn by Mr. Sen.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I ask one more question? Will he continue to exercise his right of vote?

The Honourable Sir Brojendra Mitter: Nothing is said about it.

Dr. Ziauddin Ahmad: Then he will continue to exercise his right of vote by proxy.

Mr. President (The Honourable Sir Shanmukham Chetty): If the Government declare that it is also their intention to give effect to the idea underlying Mr. Bhuput Sing's amendment, the Chair thinks it must be possible to arrive at some form of words which will, without any doubt, give effect to that intention.

The Honourable Sir George Schuster: There is not the slightest question but that we agree with Mr. Bhuput Sing about this. It was our intention

[Sir George Schuster.]

to legislate to that end. A point has certainly been raised by Dr. Ziauddin Ahmad that nothing is said about the right to vote. I think these points having been raised, it is desirable to consider the drafting a little more carefully. There seems to be some lacuna here and we should like a little time to consider it. I hardly think that you will be putting clause 4 to vote today. If you will give us time till tomorrow to consider it and allow us to move what we consider to be a suitable amendment, it might put matters right.

Mr. President (The Honourable Sir Shanmukham Chetty): In that case the Chair will keep the amendment of Mr. Bhuput Sing in abeyance; he need not withdraw it. It will give an opportunity to the Government to bring in a suitable amendment tomorrow. The next amendment stands in the name of Mr. Thampan.

Mr. K. P. Thampan: Sir, I move:

"That in sub-clause (3) (c) of clause 4 of the Bill, after the words 'a company' in the first line, the words 'having 75 per cent. of its capital held by persons qualified under (a) and (b) above and' be inserted."

The principle of disqualifying the subjects of those colonies that discriminate against Indians has been accepted in a way by the Select Committee, and the Select Committee has amended paras. (a) and (b) on those lines. In regard to companies formed in India by such people, the Select Committee merely passes a pious resolution to the effect that:

"The Government and the Central Board of the Reserve Bank should watch carefully for any signs of evasion of the purposes of sub-clauses (a) and (b) of clause 3 by the formation of companies by persons disqualified from holding shares. If any such abuse were to attain serious dimensions we think that the Government should consider amending legislation."

That is all what they propose to do. Clause 4 (3) (c) says:

"A company registered under the Indian Companies Act, 1913....."

is qualified to hold shares. A company may be registered in India by any class of disqualified persons or by foreigners like the Japanese or the Russians; the shareholders need not necessarily reside here. For trading purposes only an agent need be posted in India and the shareholders all the while living in their own country. Similarly, the people or those dominions that discriminate against Indians may also form a company in India, and become eligible. Such a contingency has not been satisfactorily provided against by the Select Committee and I am anxious that a specific provision should be incorporated with a view to excluding such kinds of people. That is a necessary corollary if the principle of exclusion contemplated in (a) and (b) is accepted.

In this connection I would invite the attention of the House to the evidence given by Sir Samuel Hoare on the subject of commercial discrimination before the Joint Select Committee in England. In the book that was supplied to us day before yesterday, on page 826 of the evidence of the Secretary of State, dated 7th November, Mr. Jayakar, examining

Sir Samuel Hoare, put certain question on commercial discrimination. In the course of question No. 15640, Mr. Jayakar asks:

"What would happen to a company incorporated in England but which was composed mainly or entirely of colonials coming from a country which did not give equality to Indians, which would fall under the definition incorporated in the United Kingdom, although the members who form that company were all colonials or Dominions men?"

Sir Samuel Hoare says:

"We have to admit there is a point in what Mr. Jayakar says."

And, in the next question, Mr. Jayakar continues the same topic and asks:

"You are aware how strong is the feeling against colonials trading in India coming from countries which do not allow the same advantages to India. I want to ensure that the benefit given in this clause is entirely in favour of residents in the United Kingdom and not in favour of colonials who will come and form a company in England and go and get the privileges which this country is given in India."

Sir Samuel Hoare says:

"We will look into the point but I do not disguise that it is a very difficult question."

It may be a very difficult question indeed, but, Sir, these questions and answers refer only to companies incorporated in England by colonials and other people who discriminate against Indians. I am afraid that this clause which we are now discussing, goes further, because it permits even the enemies of Great Britain to form a company in India. To avoid such a contingency, I suggest that at least 75 per cent. of the members of that company must be those who are qualified under sub-clauses (a) and (b) of this clause. That is the object with which I have tabled this amendment. Sir, I move.

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

"That in sub-clause (3) (c) of clause 4 of the Bill, after the words 'a company' in the first line, the words 'having 75 per cent. of its capital held by persons qualified under (a) and (b) above and' be inserted."

The Honourable Sir George Schuster: I am sure, my Honourable friend has read the paragraph in the Joint Select Committee's report on this question. We considered the possibility of the sort of abuse which my Honourable friend has in mind and we came to the conclusion that any such provision, as is embodied in his amendment, would in practice be impossible to enforce. Who is going to watch the share registers of these companies and what is going to happen when a company passes the limit of 25 per cent. of disqualified shareholders? It would, we believe, be impossible to work in practice. We, therefore, considered what was the other practical alternative, namely, the alternative of excluding companies altogether as shareholders; but we thought that that went too far and we came to the conclusion that this again was one of the points which ought to be watched and if it was found that any abuse grew up to an appreciable extent—and we definitely recognised what my Honourable friend has in mind as an abuse—if that was established, then the Government should consider amending legislation designed to meet the actual situation. But

[Sir George Schuster.]

I venture to suggest to my Honourable friend that his fears are perhaps a little far fetched. It is not very probable that any group of persons who are disqualified from holding shares in the Reserve Bank would go to the trouble of forming a company to acquire shares having regard to the fact that however much capital was put into the company they could not acquire more than the right of ten votes in the Reserve Bank. We believe that this is one of those hypothetical dangers which we really need not take into account at present.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): I just want to know from the Honourable the Finance Member as to whether it is not a fact that there are at the present moment companies registered in India which are composed of persons who would be disqualified under one of these sub-clauses from holding any shares in the Reserve Bank. If that be so, is it the intention of Government that, although as individuals they will be debarred from holding shares in the Reserve Bank that they would be permitted to hold shares simply because they happen to be members of a company registered under the British Indian Companies Act? Now, Sir, it is not a question of the extent of the danger. Is it right that, whereas in one particular sub-clause you are disqualifying a particular set of people, you should in another sub-clause make an exception in favour of those very disqualified persons simply on the ground that they belong to a company registered under the British Indian enactment? That is the simple point on which I should like my Honourable friend to address this House.

The Honourable Sir George Schuster: My Honourable friend has put two questions to me. As regards the first question, I think he is correct in saying that there are companies of the kind which he has in mind. In fact, we were told by one of our members on the Select Committee that he actually knew of a company registered in India the whole of the shares of which were held in the names of foreigners. We recognise that position and we also recognise that it is in a sense definitely inconsistent with the principle of this Bill that a company of that kind should be entitled to hold shares. But the difficulty is to find a means of excluding a company of that kind, which is going to be practically effective without going too far. We thought it would be going too far to exclude companies altogether and it would require elaborate machinery to watch the shareholders' list and decide at what point it was necessary to intervene. Therefore, having regard to the fact that in our view the danger was not a very practical one, we thought it better to leave the position as it is and to make a recommendation that, if a substantial abuse grew up, then action should be taken.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I had hoped that the Finance Member would not be so overborne with the weight of the recommendations of the Joint Select Committee as not to be able to consider this reasonable amendment. I am sorry that the Finance Member has taken the position that the Joint Select Committee has said the last word of wisdom in all these subjects and that he is not entitled to accept any amendments however reasonable they may be.

The Honourable Sir George Schuster: I never said anything of the kind. I do not know which Joint Select Committee my Honourable friend has in mind. I am referring to the Joint Select Committee of the Indian Legislature.

Diwan Bahadur A. Ramaswami Mudaliar: I was only referring to the Joint Select Committee of the Indian Legislature. I was not referring for a moment to the other Committee.

Mr. K. C. Neogy: That was neither joint nor select.

Diwan Bahadur A. Ramaswami Mudaliar: The simple issue here is that not only are these dominions and colonial subjects included in the provision, but even foreigners are included. It is a matter of principle that in any case foreigners should be excluded. Now, my friend suggests that it is a very difficult matter to pursue and that it may not be possible to work out this inhibition if the amendment of Mr. Thampan were to be imported into the Bill. I would point out to him that nothing would be simpler than that. A list of shareholders is, I believe, filed with the Registrar of Joint Stock Companies every year. At any rate, that officer is in a position to call for a list of shareholders from any company which is registered under the Indian Companies Act in India.

Mr. K. C. Neogy: That is compulsory.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, a difficulty will arise with reference to a shareholder who is not ordinarily resident in the country. Somehow or other, the Central Board or the Local Board or whoever is the authority for distributing dividends has to find out whether that shareholder is ordinarily resident in India or has left the country. In this case it is much simpler, because the annual return will show the composition of the shareholders—whether they belong to the class which come under the inhibitions in sub-clause (2)—domiciled or foreigners—or whether they come under the privileged class. My Honourable friend suggests that if the evil grows so large, then legislation can be undertaken. My Honourable friend will be faced with exactly the same difficulty when legislation has to be undertaken. We only want him to anticipate the day and to find out some solution here and now. He will then be in a position to find a solution. But I venture to submit that there is no difficulty in finding a solution when the list of shareholders is before the Government whenever they want to ascertain that list, and if, in any particular year, the Government, after a scrutiny of the shareholders, come to the conclusion that more than 25 per cent. of the shareholders are either foreigners or such citizens of dominions or colonies as discriminate against India, then that company goes out as a shareholder, it ceases to receive dividends, and it ceases to exercise the right of voting. My Honourable friend agrees that, immediately these shares are now allotted, there will be a certain number of companies composed of this class who will be entitled to it. I only want him to examine the logic of that position. It is not the danger that may arise hereafter; it is the position that arises immediately the allotment of shares is made that is in question, and I would venture to suggest that this is a very reasonable amendment. I had hoped really that the Honourable Member would have accepted the amendment, because, I believe, in the speech that he made in introducing the measure or in replying to the general discussion, he agreed that there was some point in the objection that was raised from certain quarters on this side of the House that sub-clause (3) is rather loose and does not shut out the sort of individuals whom we do want to shut out. Sir, I have no hesitation in recommending that this amendment should be accepted by the House.

Dr. Ziauddin Ahmad: Sir, I very frankly and boldly maintain that the Britishers who are temporarily residing in India may be given privileges equivalent to those enjoyed by the Indian nationals, but I wish that the Government should boldly come forward and take up this attitude instead of coming through the back door, or the *Chor Durwaza*. Now, we have got examples after examples of this kind. We have got the example of companies registered in this country, but composed of foreigners. May I ask the Finance Member whether a company of this kind would ever be registered in the United Kingdom, composed of foreigners and exploiting the Britishers in their own land?

Sir Leslie Hudson (Bombay: European). May I interrupt the Honourable Member? The Bata Company is registered in Great Britain and they have a factory in Great Britain.

Dr. Ziauddin Ahmad: Yes, that is just my point. May I know the conditions under which they are registered? Sir, they are not allowed to have anybody else except Britishers in their employ. This is really a very important point. Did we ever impose similar conditions on the Bata here which opened a kind of *Chor Durwaza* or backdoor through which foreigners come in large number than the persons for whom this back door has been made, and I think the time has now come when we should boldly assert our policy and not adopt the indirect methods that are sought to be adopted. I have always been against any discrimination. Sir, and I have always said that in matters of trade the British should have the same privileges as ourselves, but we are suffering under the great disadvantage that when we begin to legislate, all the talk about discrimination comes in; but when those very people adopt other methods, we on our part become helpless before the policy of combine, monopoly and similar things by which Indians are squeezed out. Therefore, I think we ought to be placed on equal terms if you want us to remove all discrimination against the Britishers themselves. Sir, we expect that they should also allow us to live and to let live. Sir, this kind of legislation is not quite peculiar. There are other countries in which they have legislated in the same manner. For example, I shall give you two articles from the Japanese Bank legislation which says this. Article 4 says:

"The Japanese alone shall be entitled to make, sell, purchase and transfer their shares."

Article 6 says:

"Any person who desires to become a shareholder of the Bank of Japan must obtain the permission of the State Minister of Finance."

Again, in the case of the Netherlands Bank, it is provided that only Netherlands may be the voting shareholders. Then, the Chilians have divided their shareholders into two classes—nationals and foreigners. But we on our part allow these foreigners to come in, not only in a limited sense, but any millionaire may come in to this country and purchase as many shares as he likes even to the extent of a crore of rupees, because we are not putting any maximum limit. That is a point on which we have not yet decided about the maximum limit, though we have ruled out one particular form of limitation. Therefore, I should rather like that this question of foreigners should be treated on a different footing to that of the Britishers. Of course, on account of their peculiar position, we are intimately connected with the Britishers in some form or other, and I think

that we should boldly legislate in this particular direction and should not open the door for the foreigners to exploit this country. With these words, I very strongly support the motion moved by my Honourable friend, Mr. Thampan.

The Honourable Sir George Schuster: Sir, if you would allow me to intervene and say a few sentences, I think I can perhaps save the time of the House and prevent further speeches being made under the sort of misapprehension which apparently is harboured by my Honourable friend who has just spoken. There is no difference of opinion at all between us and Honourable Members on the other side and I thought I had made that clear. There has never been any question of using a back door for any purpose in connection with this clause. We have stated our purpose with complete frankness and I think the Select Committee's Report on the position is absolutely clear. The only question was whether it was possible to devise a practical measure for achieving my Honourable friend's purpose without going too far. We are perfectly prepared to accept a provision on the lines of my Honourable friend's amendment, but I do not think we can accept the exact amendment in the words in which he has moved it, because, as my Honourable Colleague, the Law Member, can point out, it would be extremely difficult to interpret. If it is the general feeling of the House that they would like some provision of this kind to be put into the Bill and they are not prepared to take the risk which we said in the Select Committee we thought was not sufficiently great to justify any special measures now, we are quite prepared to see if we can draft some provision which has some chance of being effective, and, therefore, I would ask you, Sir, to allow this question also to stand over with the other one till tomorrow and we will see whether we can evolve a workable amendment. There has never been any difference between us as to the object to be achieved.

Mr. President (The Honourable Sir Shanmukham Chetty): We are holding in abeyance more clauses than we have passed. Anyhow, to suit the convenience, the Chair holds this also in abeyance. No. 37 is barred by the decision on No. 34. Does Mr. Thampan desire to move amendment No. 38 which stands in his name?

Mr. K. P. Thampan: Yes, Sir, I wish to move it.

Mr. B. B. Puri (West Punjab: Non-Muhammadan): If I may be allowed to point out, 38 is a corollary to 39.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member has to make up his mind. No. 39 probably raises the issue in a more definite form. So, 38 will not be moved.

Raja Bahadur Krishnamachariar:

Raja Bahadur G. Krishnamachariar: I beg to move, Sir, the amendment that stands in my name, namely:

"That to sub-clause (3) of clause 4 of the Bill, the following proviso be added:

'Provided however that at least 75 per cent. of the total number of shares shall always be held by Indian nationals'."

Sir, I had prepared a long speech, but I find that whatever I had to say has already been admitted by the Honourable the Finance Member, and the difference between us is only to a very small extent. In his speech moving

[Raja Bahadur G. Krishnamachariar.]

that the Bill be taken into consideration on the 27th November, 1933, the Honourable the Finance Member said as follows:

"Take the question of share holding first. We on this side have not the smallest doubt that in practice considerably more than 75 per cent. of the shares will actually be held by naturally born Indians and we would go so far as to say that we think it right that that should be so."

Sir, the gist of my amendment is:

"Provided however that at least 75 per cent. of the total number of shares shall always be held by Indian nationals."

And my Honourable friend, the Finance Member, says that they are prepared to go so far as to say that they think it right that that should be so. So, nine-tenths of the position is clear. And then the Honourable the Finance Member went on to say:

"But we must take our stand on the position that, so far as the statutory provisions are concerned, no distinction can be drawn in this matter between Indian born subjects of His Majesty in the United Kingdom and not Dominions and English residents in India. That is an essential constitutional principle and the parallels quoted from the other countries will not apply."

So, the only question is: Is that constitutional principle of so great an importance and is it followed so rigidly on the other side of the seas, say, in England, in connection with institutions that any distinction of the kind that I make is obnoxious to the fundamental principle and, therefore, it should not be allowed to be on the Statute? If the position is considered, it comes to this. Everything that is required to secure, in order that you should be in a majority, has been secured for you. If that is so, why not say so in plain words. If you are quite sure that 75 per cent. and more of the shares will go to Indian nationals, why not say so and be done with it. If your provision is going to secure that, come by the front door and not by the *Chor Durwaza*, as my friend, Dr. Ziauddin, put it. If you are convinced of the fact, and I have no doubt that my Honourable friend is convinced of it, then what is the difficulty, what is the trouble, what is the hesitation and what is the risk that you will undergo if you put that provision in? Apart from that, the difficulty that my Honourable friend has been placed in in connection with Mr. Thampan's amendment will be immediately removed. The trouble is with respect to the amendment of my Honourable friend, Mr. Thampan, regarding which Diwan Bahadur Mudaliar said that you might have to go to a share register and all that sort of thing. What is it that you want to find out? You want to find out foreigners whom you definitely want to exclude and whom you have excluded under the provisions of sub-clause (3) (c) of clause 4. My Honourable friend said that there is no doubt that we do not want them. Sir, this question is not confined to the Indian Companies Act alone, because, later down, there is the provision:

"or a corporation or a company incorporated by or under an Act of Parliament or any law for the time being in force in any part of His Majesty's Dominions."

So, if you want to exclude a company which consists of mostly or purely of foreigners and the Finance Member is in difficulty in getting rid of it, accept my amendment. My amendment says that whoever may want to come in and whoever may like to buy the shares, only 25 per cent. of them will be available for distribution among them and the rest 75 per cent. shall,

as a matter of course, go to the Indian nationals. In view of the fact that the foreigners may, by some other means, come in and it is not possible for you to detect the thing, as the Law Member says that it is not commensurate with the result that you wish to achieve, then accept my amendment. Say that only 25 per cent. of the shares would be available to the foreigners, and then the whole difficulty will be solved. Consequently, I do not wish to take up the time of the Court. (*An Honourable Member*: "House!") Sir, for 23 years now I have had nothing to do with the Court and yet by some force of habit the thing will not leave me. I beg your pardon for that. I say that the principle underlying my amendment having been admitted, the question is whether the method suggested by the Bill or the method suggested by me would be more advisable. I submit that primarily there ought to be no difficulty in accepting my amendment. Consequently and in view of the difficulty enunciated regarding the other amendment, the whole thing will be absolutely solved and the way will be made clear if my amendment is accepted and I hope and trust that it would be accepted.

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

"That to sub-clause (5) of clause 4 of the Bill, the following proviso be added :

'Provided however that at least 75 per cent. of the total number of shares shall always be held by Indian nationals'."

Mr. B. B. Puri: Sir, in supporting this amendment. I take this opportunity of assuring my Honourable friend, the Member for Ambala, that I am not actuated by any spirit of hostility towards the Government. Sir, we were shocked to learn the other day that my Honourable friend, Bhai Parma Nand, had such a poor opinion about his own countrymen. He declared from his lofty seat that those of us, who were opposing the Government with regard to various amendments, were doing so in a sheer spirit of hostility towards the Government irrespective of the merits of the measure.

Bhai Parma Nand (Ambala Division: Non-Muhammadian): On a point of personal explanation. I did not mean that at all. I simply referred to the case of the Shareholders Bank and State Bank and said that I could not understand why those people, who were opponents of Government, were anxious to have a State Bank. It was on this account that I said that our position at this time was simply this: as Government had brought forward a Shareholders Bank, we took the position of pleading for a State Bank. I was not talking of any other matter or any other amendment.

Mr. B. B. Puri: I thank the Honourable Member for his explanation. I do not think he has improved his position. What I say is that my Honourable friend made a distinct and emphatic allegation that if the Government had actually brought forward a measure for a State Bank, we on this side of the House would have voted for a Shareholders Bank.

Bhai Parma Nand: I was trying to show. . . .

Mr. B. B. Puri: I have heard the Honourable Member once and I am not going to give way to him now. I am stating this openly and emphatically before the House that the allegation of the Honourable Member was that, if the Government had brought forward a State Bank scheme,

[Mr. B. R. Puri.]

we would have then in sheer opposition to the wishes of Government asked for a Shareholders Bank. I ask my friend to contradict me with regard to this particular assertion that I am making.

Bhai Parma Nand: You go on talking as you like.

Mr. B. R. Puri: If this is the opinion which my Honourable friend has about the nature of the work which we on this side of the House are undertaking upon our shoulders, I cannot congratulate him upon that opinion. But I should like to remind him that the insinuation which he has made is a very serious one. It amounts to saying that either we are dishonest people or idiots. As to our being idiots, let me assure my Honourable friend that all of us at any rate are not idiots, for I am free to admit that some of us who occupy this part of the House are mad-caps and mugwumps. A mugwump, as you know, is a man who has been educated beyond his intellect, that is where more knowledge has been stuffed into his brain than his brain capacity allows. And as to our honesty, we are trying to do our duty according to the best of our lights. If that does not come up to the high standard which my Honourable friend has, that is our misfortune. But, let me assure him that if to oppose a Government measure constitutes dishonesty, I would take pride in that dishonesty. Sir, we are here to guard the interests of our countrymen and, if we believe that a measure which a foreign Government is placing before the House is not in the best interests of our people, I make bold and state that to oppose such a measure is not only not dishonesty, but it is the height of honesty. We are here to stand up for the rights of those whom we represent and who have got no voice elsewhere. If to do this is dishonesty, then I make bold and say that I am in good company. Some of the illustrious and revered countrymen of ours, who have opposed the Government in the past, are such that my Honourable friend, Bhai Parma Nand, should consider it an honour and a privilege to sit at their feet.

Bhai Parma Nand: I doubt it.

Mr. B. R. Puri: My Honourable friend doubts it. Well, let it be so, but let me remind my Honourable friend that this alleged hostility, assuming we are guilty of it towards Government, is nothing compared with the charge of waging war against Government which my Honourable friend has to his credit.

Bhai Parma Nand: That is not a correct position of the state of affairs.

Mr. B. R. Puri: The Honourable Member was accused of waging war against the King and convicted.

Bhai Parma Nand: That was under a special Act at the time of the war, but what of that?

Mr. B. R. Puri: The Honourable Member was nonetheless convicted and sentenced to death.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair does not think all these are relevant to the amendment before the House. The Chair would ask the Honourable Member to come to the amendment.

Mr. B. R. Puri: Sir, before I proceed with the amendment in question, I would like to refer to the speech of the Honourable the Finance Member wherein he conceded that our aspiration, that 75 per cent of the shares should be secured for the Indian nationals, was a perfectly legitimate aspiration and that he was in entire sympathy with that object. Having conceded this and knowing that it raises a very important political issue, it becomes necessary that we should examine the question in all its possible details and I shall, therefore, with your permission, deal with some of the arguments which the Honourable the Finance Member has employed in the course of his speech delivered on the opening day in this connection. He says in effect that our object is fully safeguarded and that he has arranged the things in such a tactful manner, that our object must be achieved and that, therefore, there was absolutely no necessity for us to ask for a statutory provision being made in the Bill. If the thing is already secured according to him, without being expressed in so many words, why go and ask for a statutory provision which incidentally he reminds us would offend against a well-known constitutional principle which, to our surprise, has recently been introduced. That is his position. Then he proceeds in his speech to show to the House how that object stands achieved by the various methods and manipulations all to be found in the Bill. Now, in order to see how far this claim of the Finance Member has been substantiated, I will ask the House to consider his arguments.

The first argument which he urged was that separate registers had been provided for specified areas and he says that this will assure an even distribution of shares throughout India. Granted; we do not say for a moment that it would not. But that only means so far as the position of the provinces *inter se* is concerned. The object there in view being that one province should not have an undue advantage over any other province. That is the only object; but how from this argument does it follow that in a particular province the non-Indians residing there would not apply for as many shares as they may choose to? What is there to prevent the English, the French, Germans, Italians or the Japanese residing there from applying for the bulk of the shares or at least for as many as Indians for an equal number of shares in a given particular province? But my Honourable friend, the Finance Member, has, for dearth of valid arguments, pressed this into an argument. How does it prove that because separate registers are going to be kept for separate provinces, therefore we are going to get a preponderance of shares? I do not see how this conclusion follows from this hypothesis. If my Honourable friend contends that the population of Europeans and foreigners compared with Indians is much less, I am willing to concede it. I know and I realise that numerically they are fewer compared with Indians. But what they lack numerically, they gain in other respects; for instance, educationally they are much better off, financially they are much better off than we are. (*Voices from European Benches:* "No, no.") I mean man for man. They are in a much better position to realise the advantages of an investment of this nature. (*Mr. F. E. James:* "That is intelligence.") If that is intelligence, then add to that intelligence their capacity. They have got better means and they have got better facilities on account of their education to appreciate the value of an investment of this kind. And let me here take this opportunity of reminding my Honourable friends on my left that if this Reserve Bank is going to be a great commercial institution, it is going to be a still greater political institution; and, therefore, the value of a share, the value of a vote, the value of an interest in an institution like that is not to be measured in terms of a dividend of five or six per cent.

[Mr. B. R. Puri.]

It would confer most valuable political rights, it would give you an opportunity of stepping in and controlling the destinies of this vast country through this Bank. Therefore, Sir, I contend that it is only stating half the case when you say that a five or six per cent dividend is not likely to attract English people and foreigners. It is not for that miserable amount of money, but for far more valuable political rights that non-Indians would desire to invest their money in this Bank. Sir, I am sure, they are not going to throw away the advantages which this Bill confers upon them. And I say that unless this privilege of buying the shares is curtailed by a specific legislative provision, there is no hope and there is no valid argument advanced to convince us that this pious wish of the Honourable the Finance Member is likely to bear fruit.

Now, Sir, I will proceed to examine the next argument which the Honourable the Finance Member has put forward in support of his contention. He says that in the first place applicants for five or more shares will be allotted five shares each; what is left over, if any is left over, that will be divided into two parts. One-half would be earmarked for the smaller fry, those who have applied for less than five shares, and the second half would be available for the big sharks, those who have applied for more than five. And, after stating this simple arrangement, he jumps to the most astounding conclusion that it, therefore, proves that we are going to have 75 per cent of the shares. Sir, I fail to see the connection between the two. In order to show the House that I am correctly stating the position of the Finance Member, I will read the very words which he has used in his speech. He says:

"In the first place the shares are to be kept on different registers which will assure an even distribution through India. In the second place, the allotment is to be made so that in the first place to every applicant for five shares" etc.

And then he goes on to say:

"We are quite certain that this will mean that Indians must get practically the whole of the shares at the outset, and we believe further,—and we are confirmed in this belief by many of those who appeared before us including Mr....."

(It being Four of the Clock.)

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

MOTION FOR ADJOURNMENT.

SECRETARY OF STATE FOR INDIA'S EVIDENCE BEFORE THE JOINT PARLIAMENTARY COMMITTEE RE INDIA'S RIGHT OF RETALIATION IN HER PARTNERSHIP WITH THE DOMINIONS AND COLONIES OF THE BRITISH EMPIRE.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I beg to move:

"That this House do now adjourn."

Since the 7th November last, the feeling of the whole of India, throughout the length and breadth of the country, has undergone a terrible shock.

The public and the Press have stood in consternation at the evidence that the Secretary of State tendered before the Joint Parliamentary Committee on the rights of dominion and colonial British subjects. The message that was transmitted through Reuters on the 7th November, troubled us very much.

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

Since, then, I admit, the Government of India have taken the trouble to place for our perusal the complete evidence and the memorandum that the Secretary of State placed before the Joint Parliamentary Committee. The present Government of India Act under section 96 provides that no British subject could be disabled from holding any office under the Crown in India. At present there is apparently no definition of the words "British subject". British subject means that anybody, any colonial, who lives in the outskirts of the British Empire, is entitled to hold posts and appointments under the Crown in India. The Secretary of State in the memorandum that he submitted before the Joint Parliamentary Committee wants to extend and provide in the Constitution Act that the dominion and colonial subjects should have further rights and privileges in India. I shall read only one portion of it. In paragraph 3 (i) of the memorandum it is stated :

"It is proposed that the Constitution Act should contain a general declaration that no British subject, Indian or otherwise, shall be disabled in British India from holding public office by reason only of his religion, descent, caste, colour or place of birth, nor on the same ground from practising any profession, trade or calling."

This is distinct enlargement of the rights and privileges of colonial and dominion subjects, when it is the acknowledged policy of the Government of India and also the desire of the people of India that these colonial and dominion subjects should be excluded from enjoying further rights in India. I would specially draw attention to the last part of my quotation :

"from practising any profession, trade or calling."

Today, any Ceylonese or anybody who may be living in Ceylon, Kenya or South Africa or any other dominion can occupy a place in the heaven-born services that administer us. But no Indian can go to the Civil Service in Ceylon or Kenya or any other place. Yet we find them still coming here. It is contemplated that not only any colonial or dominion subject, who is having any business, should go on and carry on further business in India, but the proposal that India should not discriminate, and that the Constitution Act should further give additional rights to the citizens of those colonies and dominions and widen the rights that were conferred on them by section 96, is the biggest surprise and humiliation to the people. I will quote one further passage from this memorandum :

"The Secretary of State further wants that the Constitution Act should provide that, in addition, it is proposed, the Constitution Act shall require reservation for significance of His Majesty's pleasure of any Bill which though not in form repugnant to the provisions enacted in sub-clauses (3) (ii) (iii) or (iv), the Governor General or Governor, as the case may be, in his discretion, considers likely to subject to unfair discrimination any class of His Majesty's subjects protected by those clauses."

Not only is the Constitution Act going to provide that dominion and colonial subjects will enjoy further facilities, but it is also intended to

[Mr. B. Das.]

provide a section by which the Governor-General and also the Governors should have the right of looking into the administration of such discriminatory clauses. In the past, in our fights against discrimination, and retaliation against those colonies which discriminated against us, the Government of India and we were of one mind. I too hope that when today the Government spokesmen speak out their minds, they will also tell us that their policy has not changed and is not otherwise than has been expressed previously on the floor of this House. In the afternoon while I was discussing the discriminatory clause in the Reserve Bank Bill, I did point out that in the Joint Select Committee the Government spokesman, the Finance Member, and the spokesman of the European Group, Sir Leslie Hudson, showed us their great sympathy, and they were always in agreement with us, whenever we brought out any suggestions that the colonial and dominion British subjects should not have the same rights as the subjects of the United Kingdom, and that India should have the right of retaliation against them. What India wants is that the Constitution Act should not confer any further rights to the citizens of colonies and dominions, and whatever trading rights may be given to the subjects of the United Kingdom—and I take this occasion to say that I do not mind giving equal rights to the subjects of the United Kingdom, because Providence requires that India and Britain shall pull on together and for the good understanding between the two countries it is better that we do not raise those bogeys that emanated from the Bombay side that there should be trade discrimination or racial discrimination—I may point out that those bogeys were raised five years ago and for that we have lost lots of ground—I would, as I say, like to concede, and it has been rightly conceded by the Indian representatives at the Joint Parliamentary Committee, equal rights to the subjects of the United Kingdom; but I would never concede to any colonial or any dominion British subject such larger rights: rather I would like that nothing should be provided in the Constitution Act; and, as the Constitution Acts of South Africa and other dominions have got the right of discrimination against Indians, so the Constitution Act of India should provide that the Indian Empire should have the right to discriminate against any dominion and should not in any way offer any facility to those subjects to take advantage under those sections.

I found that one point came up for discussion: that colonial and dominion subjects can enter India as British domiciled nationals: there is no definition at present of British domicile; and, therefore, I object to the definition in 3 (i) of the Memorandum that "place of birth" should be omitted from the Constitution Act. Anybody who is not born in the United Kingdom or in any part of British India should be excluded from enjoying any such rights and privileges in British India. Sir, I feel very grateful, particularly to my old friend, Choudhry Zaffarulla Khan, who had the privilege of being the acting Member of the Government for Education, Health and Lands when my Honourable friend, Sir Fazl-i-Husain, was away on leave, for the way he stood up for the rights of Indians. He pointed out in one question:

"Could you give any reason why this is not also based on reciprocity, and why it is necessary"

The Honourable Sir Brojendra Mitter (Leader of the House): What is the number of the question, please?

Mr. B. Das It is No. 15528 :

"Can you give any reason why this is not also based on reciprocity and why it has been necessary to give this protection to British subjects domiciled in the Colonies or British subjects in the Dominions, whereas Indians admittedly do not enjoy these rights in the Dominions and the Colonies?"

I do not wish to read the reply of the Secretary of State which was given in a very general way. Then I will read another question put by our friend, Choudhry Zaffarulla Khan :

"But do you think that it is consistent, or rather, that what has happened in the past is consistent, that the Secretary of State for India has not insisted on, or, if he has insisted, he has not been successful in his efforts to obtain equal treatment for Indians in the Dominions, and that he should as the result, either of his neglect or his failure to succeed in his efforts now insist that the present most inequitable position should be perpetuated by Statute?"

The Secretary of State, of course, gives a most apologetic reply and says :

"I would not accept the stricture upon my predecessors. I would say that it had been a part of British and Indian policy in India over this century not to draw distinctions in India itself between one national of the British Empire and another, and it is upon that ground that I stand in making this proposal."

Sir, I do not agree with that proposition, and, of course, the Indian delegates there did not agree either, and the only solution that the Secretary of State says there is, is that India has the right to prohibit their entry into India, that India can legislate, and in one place Choudhry Zaffarulla Khan rightly pointed out :

"Do you want that the Indian Legislature should exercise that right and legislate to prohibit every colonial and dominion British subject's right of entry into India?"

Sir, nobody wants to exercise that right, and why should the Constitution Act thrust on us the necessity of taking action, of taking that extreme step, by providing an expanding clause, we cannot understand.

Another thing I wish to draw the attention of the House to is this . . .

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The Honourable Member has got only two minutes more.

Mr. B. Das : Very well, Sir; I shall finish in two minutes. Sir Hubert Carr asked in question No. 15756 :

"Then the commercial discrimination, which is a special responsibility of the Viceroy will include such items as are set forth in your paragraphs 3 (i) and (ii)".

and the reply of the Secretary of State was :

"Yes."

Then, in another place, Sir Hubert Carr was very anxious to see that though the dominionwallas are at present enjoying the privileges of being servants of the Crown in India, their future rights should be protected. Although I know that my friend, Sir Leslie Hudson, fully sympathises with us and agrees with us that dominion subjects should be discriminated against, I did not like the way Sir Hubert Carr put those questions. Sir, I have not read the memoranda of commercial discrimination submitted

[Mr. B. Das.]

by the Associated Chambers of Commerce to the Joint Parliamentary Committee, but I do hope that no dominion subject will come through the backdoor as being British subjects and get any trading rights in India and try to kill the trade for which my friend, Mr. Mody, and my friend, Sir Cowasji Jehangir, stand. I will just conclude, Sir. I would say that the Press in India downward from the *Hindu* to the *National Call* and the *Hindustan Times* have condemned the idea of giving new powers to the subjects of the dominions and colonies and I hope that Government have appreciated that unanimous protest and apprised the situation in the country to proper quarters, and that, when they reply, they will tell us that they share the fears and apprehensions of the country in this matter,

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Motion moved:

"That this House do now adjourn."

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Mr. Deputy President, I wholeheartedly support the object underlying the Resolution which has just been moved by my Honourable friend, Mr. B. Das.

Sir, there are two schools of political thought in this country with regard to the value of closer co-operation between Great Britain and India in the political and economic spheres. There is a large and a powerful section—and we cannot deny that—which derides the value of that connection, but there is also a large and growing section which sees in it the hope of a very bright future for both countries (Hear, hear), and to the extent to which there is straightforward dealing and fairness on the part of responsible people in Great Britain and a proper appreciation of the difficulties of a dominion which is in its infancy and is growing as India is, to that extent, Sir, the class of people who stand for the British connection will grow in strength and influence. But, Sir, having said that, I would like to go on to say that there is only one school of political thought with regard to the relations of India and the Dominions; I do not know of any single responsible politician or any single organization or any section of the public which does not wholeheartedly condemn and which does not burn with indignation at the treatment which is being meted out to the nationals of this country in many parts of the dominions of His Majesty. (Applause.) Sir, it is very often forgotten how much this one factor has undermined the prestige of the British race, and how much it has loosened the ties which connect India with Great Britain. Now, why is it that it is sought in this year of Grace to take no note of this deep-seated sentiment, but on the other hand to strengthen even more the race arrogance and the privileged position which the dominions have been allowed to occupy for all these years?

So far as one could study this memorandum,—and I am afraid we have had very little time to do it in,—three reasons have been advanced by the Secretary of State. One of the reasons is that this memorandum does nothing more than perpetuate the present position. I venture to take exception to that statement. The Secretary of State in his memorandum quotes two things in this connection—section 96 of the

existing Government of India Act reproducing in substance section 87 of the Government of India Act and providing that:

"No native of British India nor any subject of His Majesty resident therein shall, by reason only of his place of birth, descent, colour or any of them be disabled from holding any office under the Crown in India."

The general declaration, however, which is embodied in this memorandum and which is applicable to subjects of the dominions goes, in my opinion, a great deal further. It forbids disqualification not only with regard to the holding of public office, but also with regard to the practising of any profession, trade or calling. I submit, therefore, that the defence made by the Secretary of State cannot be borne out by section 96 of the Government of India Act, nor is the Secretary of State right when he places reliance, a little further on, on the resolution adopted at the First Round Table Conference. Speaking with first hand knowledge as one who had had a great deal to do with the drafting of the particular clause referred to, I venture to say that it is altogether incorrect to say that it gives sanction to the proposals embodied in the memorandum. It was distinctly understood when this clause was put before the Round Table Conference—it was evolved in an informal committee at which Lord Reading and the European representatives took part in discussions with some of us—it was distinctly understood that the insistence on reciprocity was meant primarily as a safeguard against the dominions which were not meting out equal treatment to us. Therefore, I am right in maintaining that this memorandum goes a great deal further than the provisions and recommendations on which the Secretary of State relies for the suggestion that it is merely a perpetuation of the present position.

I shall not enter upon a discussion of disagreeable matters. Even Statutes and solemn declarations of British statesmen from time to time have been violated in the spirit very often in the past, if not in the letter. It is an unhappy chapter and I shall not dwell on it. All that I shall say is that to rely upon these sections and declarations, as if they were something which could not possibly be departed from under any conceivable circumstances, is altogether wrong.

My second argument is, even if this be merely the *status quo*, that is no longer acceptable to the people of this country. Why is it that all these years these declarations which give to subjects of the dominions the same equal position with regard to the holding of any office under the Crown in India—why is it that that provision is still alive? It is so, because of the utter helplessness of the Indian public. If the Indian public had their own way, they would have seen to it that this section was a dead letter so far as India is concerned. But, Sir, not only is the Indian public helpless, but the British Government too have been helpless in the face of the autonomy which has been conceded to the dominions, and that is why all these disabilities from which we are suffering in the dominions cannot possibly be retaliated against in India.

There is another objection to our allowing the same state of things to continue. This stigma of inferiority, this humiliation that the nationals of this country should be treated and continue to be treated, in spite of all the agitation and all the protests from this country as well as from the British Government, as inferior human beings, and that this country should be helpless in the matter of retaliation, can no longer be tolerated, and

[H. P. Mody.]

I venture to think that one of the first acts of a self-governing India will be to retaliate, and retaliate heavily, against those who mete out the treatment that we receive in some of the colonies and dominions. As a softening of this blow, it has been suggested by the Secretary of State not only in the memorandum, but also in answers to various questions, that, after all, the right of barring the entry of colonialists is conceded to India. Is that a concession to India, or was that a concession to the dominions which had to be made at the Imperial Conference of 1917? If India had clamoured for that right, she would never have got it, but because the dominions were getting more and more powerful and their autonomy carried with it the implication that they could stop the immigration of people from other parts of the Empire, this right of barring entry was conceded. And India merely came in, because it was impossible to shut her out, she being a party also to these Imperial Conferences.

Now, what is the use of this right which is given to India to bar the entry of colonialists? The problems of India are very different from the problems of the dominions. We are suffering from an over population, a population growing at an alarming rate, necessitating the emigration of people, because of the enormous pressure upon a land which is incapable of sustaining even the present weight of the population. Are the dominions in the same position? Canada is much bigger in size than India, and has yet a population of only nine millions. Australia has got a population of something like six or seven millions. Australia is a great deal larger in size than India. They do not want to send any of their population. Their needs are more population, not less. Therefore, it affects the dominions very little to say, "We shall not allow your nationals to come into our country", so long as those who are already there cannot be touched.

It has also been said that we have got the right of making reciprocal treaty arrangements with the dominions. Perfectly true, but are we in an equal position? Here we are tied hand and foot, and we are asked to expect from the dominions some measure of reciprocity! I say, it is absurd to expect that India will be in a position to enforce her will upon the Dominion Governments, handicapped as she is by her inferior position.

For all these reasons, I say that this memorandum is one which India must protest against with one voice, and this is precisely the forum where the voice of India can be heard with the greatest unanimity and with the greatest force. My Honourable friend, Mr. B. Das, in bringing forward this adjournment motion, has done a distinct service, and, I hope, that not a single voice will be heard in this House against the adjournment motion, nor any attempt made to explain away the implications of a document which is of a most serious import so far as the status, the dignity and the position of India are concerned. (Applause.)

The Honourable Sir Brojendra Mitter: I intervene at an early stage of this debate in order to explain the attitude of the Government on this motion.

Government are fully aware of the depth of feeling on this subject in India. We are aware that there is one undivided opinion throughout this country. This House knows that the Government's policy, hitherto followed with regard to this matter, has been in accord with the public opinion of the country. In answer to a specific question which the Mover of the motion put, whether there has been any change in the policy of the Government of India, I say that there has been none. (Cheers.) Our

policy is the same today as we have always followed in regard to this matter. From this it follows that we have full sympathy with the object underlying this motion. But, Sir, at the same time I should like to remind the House that the Secretary of State's evidence should be examined in its true perspective. I am anxious to emphasise that in the debate things which he did not say should not be put into his mouth, nor what he did say should be distorted. There is some justification for my making this observation, because Mr. B. Das, who moved this motion, referred to sub-clause (6) of paragraph 3 of the Secretary of State's memorandum. If my Honourable friend had taken a little care, he would have seen that that sub-clause has no reference to the Dominions. It has reference only to the United Kingdom.

Mr. B. Das: It has not been so interpreted by some of the members of the Indian Delegation.

The Honourable Sir Brojendra Mitter: Sub-clauses (2), (3) and (4) refer to the United Kingdom. Sub-clause (6) says this:

"In addition it is proposed that the Constitution Act shall require the reservation for the signification of His Majesty's pleasure of any Bill which, though not in form repugnant to the provisions indicated in clauses (ii), (iii) or (iv), the Governor General in his discretion considers likely to subject to unfair discrimination any class of His Majesty's subjects protected by those clauses."

Sir, His Majesty's subjects protected by those clauses are only United Kingdom subjects and not dominion subjects. There is thus a risk of our going beyond the actual evidence and reading into the evidence things which are not there; and I want to warn the House against doing that, because that will only detract from the value of our debate. The more sober, restrained and reasoned the debate is, the more effective it is likely to be. I have very carefully gone through this evidence and it strikes me that some of the criticisms which have been made are valid. I can assure the House that so far as the Government of India are concerned, they will press all valid criticisms on the Secretary of State and the Secretary of State, I am sure, will be only too glad to place all those considerations before the Joint Select Committee. From his evidence it is, to my mind, clear that the Secretary of State put forward certain proposals: not that those proposals were final, or that the Secretary of State would in all events stand by them and would not agree to any modification. I can assure the House that he will place before the Joint Select Committee all the considerations which may emerge out of the debate in this House. Having said that, let us see what the Secretary of State's evidence comes to. If it falls short of our existing rights, then certainly we should press that point on the Secretary of State. If it be the view of the House that we want absolute equality with the dominions in dealing with their nationals as they deal with our nationals in their own country, that will also be placed before the Secretary of State. But we must be certain about what the Secretary of State has really said. The Secretary of State undoubtedly considers that the main weapon against the dominions is the right to refuse entry. Mr. Mody, in criticising that, said: "Oh, that right is a mere nominal right. It has no value, because our country has got a very large population and the dominions have small populations and it is not likely that dominion nationals should like to come to this country, whereas our nationals are

[Sir Brojendra Mitter.]

in several of the dominions". Sir, I wish to point out that this is not a mere nominal right. It is a valuable right. If you look at sub-clause (1) of paragraph 3 of the Memorandum, you will find that the rights which are conceded by the declaration there are rights to be exercised in India. It says:

"It is proposed that the Constitution Act should contain a general declaration that no British subject (Indian or otherwise) shall be disabled in British India from holding public office by reason only of his religion, descent, caste, colour or place of birth, nor, on the same grounds, from practising any profession, trade or calling."

Therefore, the rights which are being given to the dominion subjects are rights which are to be exercised in India. The right of entry in that connection must certainly be a valuable right. What the Secretary of State says is this: "You have got the right to refuse entry. You can impose conditions. You can do anything you like with regard to that right, and the rights which are being given to the dominion subjects are subject to your right to refuse entry". Therefore, this right to refuse entry is a valuable right, not a mere paper right.

Mr. H. P. Mody: What about those who are already settled? How does it affect them?

Mr. F. E. James (Madras: European): If a dominion subject of His Majesty already resident in India leaves the country and comes back again, how is he affected by the right that is now proposed to be given?

The Honourable Sir Brojendra Mitter: I have not recently looked up all the Statutes in that connection, but offhand I should say that the right to refuse entry would carry with it the right to refuse entry for the second time.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muham-madan Urban): Following the Australian precedent, the Secretary of State says that the right of entry means the right of re-entry to those who have once entered this country.

The Honourable Sir Brojendra Mitter: I say offhand that the right of refusal of entry would carry with it the right to refuse entry the second time, but, if there be any doubt on that point, certainly that is a matter to which we would call the attention of the Secretary of State. What I was submitting in this question of right to refuse entry was in answer to what Mr. Mody said that this was a mere paper right and that it had no practical value. I may say that the right which we now possess cannot be exercised against those who are already in the country. Undoubtedly there is that distinction. Sir, with regard to this right to refuse entry, there is nothing to prevent disabilities or restrictions being imposed on dominion subjects on grounds of domicile or duration of residence. If you analyse sub-clause (1) of clause 3, you will find that the reasons there are religion, descent, caste, colour or place of birth. Domicile is not mentioned there; residence is not mentioned there; duration of residence is not mentioned there. You find that is in the second sub-clause. In the second sub-clause, which deals with the United Kingdom, those words appear and, towards the end of that sub-clause, you find again statutory disabilities based upon domicile; residence;

duration of residence,—not upon race, religion or place of birth. Therefore, it follows that, in so far as dominion subjects are concerned, we can discriminate on the grounds of domicile, of residence, or of the duration of residence. Duration of residence is important, because under our existing law, for instance, any foreigner can acquire a domicile in India after one year's residence. The value of this right to refuse entry lies in that we can impose conditions or restrictions on the ground of domicile, on the ground of residence or on the ground of the duration of residence. And, in answer to my Honourable friend, Mr. James's question, I would say that in the matter of re-entry certainly duration of residence would be a material factor. Sir, I desire also to point out that the rights that are given to the dominion subjects are much narrower than the rights which have been given to the United Kingdom subjects. The rights which have been given include rights to hold office, which already exist under section 96 of the Government of India Act. The only additional right given there is the practice of any profession, trade or calling. Now, to that extent, it is a limitation upon our existing rights, and, if the House so desires, we shall call the Secretary of State's attention to this point.

Sir, before I sit down, I wish also to point out that this memorandum, which the Secretary of State submitted to the Joint Select Committee, is certainly less restrictive than paragraph 122 of the White Paper. Sir, I have assured the House, that we shall forward to the Secretary of State all the objections that are taken here, and all the suggestions that are made here. (Applause.) Sir, I do hope that in dealing with the Secretary of State's evidence, care should be taken that it is examined with fairness and restraint.

Mr. F. E. James: Sir, I think it is hardly necessary to assure Honourable Members of the House of the sympathy of these Benches with the motion moved by my friend, Mr. Das. I have only to remind the Members of the House of the attitude which has from time to time been taken by these Benches in regard to the question of discrimination against Indians abroad. I would remind the House of the yeoman services in this connection rendered by a former Leader of this Group, Sir Darcy Lindsay, who was a member of the Delegation which went to South Africa in 1926 and who never ceased in season and out of season to champion the cause of Indians abroad. (Loud Applause.) I can only say that it is our desire that we should follow the same tradition today. (Hear, hear.)

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Sir, I would like to remind the House and particularly my friend, Mr. Das, that the claim of our community which I and others were privileged to put before the Joint Select Committee was that there should be no discrimination as between the rights of British mercantile and trading firms and companies trading in India and the rights of Indian-born subjects; and we claimed that, because in the United Kingdom and Northern Ireland, Indian interests are similarly granted unbiassed treatment. There should be reciprocity. Our claim was recognised by the Round Table Conference in their Resolution of 1931 and it was there recommended that these rights should be regulated on a reciprocal basis. Now, in the memorandum of the Secretary of State—and I would remind the House that that memorandum is only a memorandum, it is by no

[Mr. F. E. James.]

means the final word; it is a memorandum which was circulated as a basis for discussion,—the Secretary of State makes it perfectly clear from time to time that the basis of this right throughout the discriminatory clauses is reciprocity of treatment. That fact comes out again and again in the course of the Secretary of State's cross-examination. You will find in paragraph 3, sub-section (v), a definite provision for complete reciprocity. It is provided that if the United Kingdom places any restrictions, disabilities or conditions affecting Indian subjects of His Majesty or companies incorporated in India, then, in respect, of those particular clauses—sub-clauses (ii), (iii) and (iv) of paragraph 3, in respect of that protection against discrimination, the Indian Legislature will not be debarred from imposing a like restriction on the same grounds. That, I submit, is complete proof of the *bona fides* of the Secretary of State and also of our own *bona fides* in regard to our demand for protection against discrimination in this country. Now, there does appear to be some illogicality in the application of clause 5 of the Secretary of State's memorandum. Clause 8 (i), repeating the general provisions of section 96 of the Government of India Act, is an all-inclusive one, and I think everyone in this House would be willing to agree that, as a general principle, it is a very desirable one if it were accepted throughout the Commonwealth. But unfortunately those principles are not accepted in the major portions of the Commonwealth. In fact, they are flagrantly violated in some of the dominions and particularly in South Africa. I have only to remind Honourable Members of the House that today in South Africa, in certain parts of South Africa, trade is the only avocation open to Indians and that on a very restricted basis; and Government, railway and municipal services, and professions such as medicine, law and engineering are closed to Indians altogether; further, they cannot own land or farm, or migrate to other provinces from the Transvaal. Now, Sir, it must be admitted that the dominions have a perfect right, owing to their relationship with the United Kingdom, owing to their independence of one another, to discriminate, and they have a perfect right to restrict immigration. It is only one of the privileges attaching to what is commonly called dominion-hood or dominion status. It has been recognised in successive Imperial Conferences and it is now laid down for ever as far as this generation is concerned certainly, in the relations of the Commonwealth which are defined in the Statute of Westminster. But, Sir, while the dominions—and, indeed, the colonies, subject, of course, to the over-riding authority of the Secretary of State for the Colonies,—while the dominions are free in this matter, the acceptance of this general provision in the Secretary of State's memorandum restricts the right of India to retaliate and strikes, to my mind, at the very root of reciprocity on which discrimination and protection against discrimination should be based. We find that in this matter we can speak to the House with a perfectly clear conscience, because, from the very beginning, we have made our claim for protection, a claim which is based upon reciprocal privileges given to Indians in the country from which we come. In fact, in some senses the Secretary of State's memorandum would place a dominion subject of His Majesty in a position in this country which is even more privileged than the position in which I hope to be placed under the new Constitution; because the protection which I obtain by Statute, or which I hope to obtain, will be largely based upon reciprocal advantages whereas the protection which a subject of His Majesty coming from South Africa is placed in this country will not be based upon that, but will be permanent.

whatever his country does in respect of Indian nationals living in that land. Sir, the Secretary of State's position has been made perfectly clear up to date. It is based upon a reference which is made in the Act of 1833 and which is reproduced in substance in the declaration of Queen Victoria of 1858 and has now been reproduced again in substance in clause 96 of the Government of India Act. I may here observe that it has been pointed out in another quarter that the original declaration had nothing whatever to do with the dominions for it was made before the dominions were created. It was a reference purely and simply to the position of Indian-born subjects of His Majesty holding office under the Crown in this country and had nothing whatever to do with the position of the dominions. That is a question which has arisen as a matter of historical development, but the original intention of that clause on which the Secretary of State bases his opinion did not include any reference whatsoever to the position of His Majesty's subjects from the dominions in this country. Now, Sir, the Secretary of State does not wish to introduce a new weapon of discrimination. It is true, as the Honourable the Law Member has pointed out, that perhaps he has given to India some slight increase in the power of the weapon which she already possesses. He has introduced a provision which would give India the right to refuse the entry to dominion or colonial subjects of His Majesty or to regulate such entry by agreement between the dominions and India or any of the colonies and India. Now, Sir, nobody wants to introduce any principle of retaliation in the relationships between the component parts of the Commonwealth, if a general principle of non-discrimination and free entry can be accepted throughout the Commonwealth. But, surely, if that cannot be adopted—and I see no chance of its being adopted in the present generation—, then it is not unreasonable that India should ask that she should be placed in precisely the same position as the other countries. As far as I understand the position, India does not want to retaliate. She did not begin it in any case. For years she has suffered retaliation; she has suffered discrimination against her own citizens in the dominions comparatively silently. It is only in recent years that her self-respect has begun to grow and she has awakened to the responsibility of her citizens abroad. Now, Sir, if her self-respect is involved—and it certainly is involved in this matter—I think we are perfectly right to remind the Secretary of State and also the Members of Parliament, who will be dealing with this matter, that self-respect is sometimes in the history of nations even more important than precise political definition. (Applause.) I am quite sure in my own mind from my association with Indians of all classes in this country—and I am satisfied on this point—that the power of retaliation or the principle of reciprocity will never be used unreasonably and it will never be used with any loss of dignity on the part of the Indian Government. It will, I believe, if it is enshrined in the Government of India Act, only recognise the principle that is actually being acted upon in other parts of the Commonwealth and has been acted upon in the past in the Colonies. It will only enshrine the principle of reciprocity which must be the basis of relationships between the Indian nationals in Great Britain and European British subjects from Great Britain in this country. That principle has already been adopted by the Secretary of State and we are only suggesting to him that he should extend the same principle in the relationship of India to her dominions.

There is a broader aspect of this question to which a reference was made by my Honourable friend, Mr. Mody, in a very moving part of his speech.

[Mr. F. E. James.]

Many of us, when we contemplate the future, contemplate India as a willing partner in a British Commonwealth of Nations. In fact, some of us think of the time when the British Commonwealth of Nations will give way to an Indo-British Commonwealth of Nations in which India will be a free and equal partner. There are men in different parts of the country who are devotedly working towards that ideal. They run the gauntlet of much criticism; they have to take in their hands political courage; in many cases they take in their hands their own political lives. What can they think of the possibility of such an ideal, when they find that, whereas the dominions in the Commonwealth which they seek to enter can discriminate violently against Indian residents there, Indians are not permitted to do so in their own country to the same extent. Admittedly, India is not a dominion, nor are some of the colonies which have already discriminated against Indian residents in their country. If the principle of reciprocity is accepted between Great Britain and India, why not between the dominions and India? I have not yet met an Indian who has not come back from the United Kingdom even after his short residence there, who has not spoken with pride of the freedom which has been accorded to him as a subject of His Majesty. Nor have I met an Indian yet who has resided for any length of time in any of the dominions, with one exception, who has not come back and spoken with humiliation of the position of his fellow-countrymen in that country. Sir, the Secretary of State, I am convinced, is as eager as any Member of this House that India should attain her right position in the comity of nations within the Commonwealth. Of that I am convinced. My friends may question that, but those who have met the Secretary of State and who have worked with him and those who know the difficulties with which he has to contend, will say that there is no one who is more sincere in his intentions towards India; there is no one whose vision has grown broader and bigger in the last few years since he has handled the Indian problem.

I hope, Sir, that nothing will be done in the course of this debate in this House to discourage the Secretary of State in his great task; 5 P. M. but I hope that he will see the unmistakable feeling of this House that some arrangement should be made whereby his own position may be so amended that it will satisfy to a greater extent Indian opinion. If he can only do that, he will not only satisfy India's self-respect, but he will strengthen the hands of those who are working for a closer Indo-British co-operation, he will regulate the position with regard to discrimination throughout the Empire and he will give India a place in the Commonwealth to which she hopes one day to enter as a free partner, at least a place to which we believe she is entitled, a place in which she can act as she chooses in regard to the rights and liberties of her citizens in her own country and abroad. (Cheers.)

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, it is not without some amount of appropriateness that the progress of the Reserve Bank Bill has been interrupted for the purpose of discussing this very important issue, for we have been told by people on both sides of the House that apart from the intrinsic merits of the institution, a Reserve Bank must be established in India as a condition precedent to our having the new reforms, and that we should not be too critical in our examination of the details of this Bill having regard to that important consideration. Now, Sir, to my mind this particular motion enables us to examine the value of the Constitution which we are likely to have, and in expectation of which we

are advised to subdue our criticism of the various details of the Reserve Bank Bill. In a word, I take the Secretary of State's memorandum as the acid test of the value of the White Paper Swaraj.

Now, Sir, so far as the discussions at the various Round Table Conferences go, I think there has been a steady worsening of the situation regarding the point of the present motion. I have read the discussions of the first and the subsequent conference and when I compare the position taken up by the Secretary of State in this memorandum, I find that this places India in a worse position than would have been the case if what the first conference had decided upon on the question of commercial discrimination had been accepted *in toto*. It will be remembered that at a meeting of the Federal Structure Committee of the Second Round Table Conference, Mr. (now Sir Edward) Benthall discussed this point of commercial discrimination in an elaborate speech. I have no intention of quoting his speech on this occasion, but, I am sure, my Honourable friend, Mr. James, and others would bear me out when I say that, in the whole of that speech, there was no idea in the mind of Mr. Benthall, as representing the British interests in India, to put forward the claims of the colonials to be treated on the same footing as genuine Britishers so far as commercial discrimination went. No doubt he did refer to the passage in the Government of India Despatch, dated September 1930, which runs as follows:

"Subject always to India's right to receive reciprocal treatment, the citizens of any part of the Empire should be allowed to enter India freely, to engage freely in any trade, business profession or calling and when established in India to receive just treatment."

Then he added:

"That is just our claim."

In the remainder of his speech, it was a very long speech, he never for a moment came back to the question as to whether the British interests in India desired the colonials to be put exactly in the same position as a genuine Britisher in this regard. Therefore, I say, Sir, the position has steadily worsened. It has already been pointed out that the Secretary of State was not right when he cited section 96 of the present Government of India Act in support of his contention that the provisions of his memorandum merely continued the position as contemplated in that particular section of the Government of India Act. As a matter of fact, several words have been added to the wording of section 96 of the Government of India Act, to which attention has already been drawn by my Honourable friend, Mr. Mody. The second point which the Secretary of State made was that, apart from this statutory precedent, there is the tradition of a century behind the position which he was taking up in that memorandum. In this connection, he referred not only to the Queen's Proclamation, but also to the year 1833, evidently having had the Charter Act of that year in mind. I have taken some trouble to read the literature bearing on the history of section 87 of the Charter Act, 1833. I think my Honourable friend, Mr. Mudaliar, when he gets up to speak, will make a quotation from a Despatch from the Court of Directors, dated December 10, 1834, which accompanied the Charter Act of 1833, and where, in several paragraphs, the provision of section 87 is explained. When my Honourable friend places that portion of the Despatch before this House,—if he does, I hope he will, because I have not got a copy of the book with me, he has,—the House will see that what Parliament had in mind in 1833 was the conferment of a privilege upon the natives of India and it had nothing to do with any British subject whatsoever. Although in

[Mr. K. C. Neogy.]

this section reference is made not merely to natives of British India, but also to other subjects of His Majesty resident therein, the second clause was not intended to cover the case of any colonial, not even any genuine Britisher. Sir, if my Honourable friend, places that portion of the Despatch before the House, it will be seen that what the Parliament had in mind was the position of those that are now known as Anglo-Indians, because that was very much in doubt in 1833—of course the position of Anglo-Indians has been since clarified and they have been declared to be statutory natives of India. The first clause relates to the native Indian subjects and the second clause relates to other subjects of His Majesty residing in India, and the latter expression was intended to include the Anglo-Indians and other domiciled people in British India. In further support of this view of mine, I can place the explanation which was given before the House of Commons itself by Charles Grant, who was in charge of this Bill in 1833. Referring to this particular clause, he gives a free paraphrase and says:

"It is intended to enact that no native British subject shall be under disabilities to hold any office or employment under the Government on account of birth, descent, religion or caste etc."

Well, Sir, he was at that very moment introducing the Bill, and this was merely an explanatory statement of the particular provision which was section 87 in the Act of 1833 and is section 96 in the present Government of India Act. What, therefore, the Parliament had in mind in enacting this provision was the conferment of a right in an unequivocal manner upon the native subjects of His Majesty. With the change of times and circumstances, however, the wording of this particular section has been given a much wider interpretation than was in the mind of the original framers of this enactment in 1833. It is not, therefore, correct for the Secretary of State to say that the tradition of a century is behind the maintenance of any particular privilege of the Britisher or the Colonial in this regard.

Now, Sir, there is another point with regard to which I have to criticise the Secretary of State's replies before the Joint Parliamentary Committee. I hope the Honourable the Law Member will not hold me guilty of either putting anything into the Secretary of State's mouth which he has not said or of misinterpreting him. Sir, questions were asked with regard to the definition of domicile, because the House will remember that the Secretary of State wants to place the colonials, who may be domiciled in the British Isles, exactly in the same position as a genuine Britisher is. A few questions were asked on that point and it was my friend, Mr. Joshi, who wanted to have a definition of the word "domicile". I know it is very difficult to define the word "domicile" in a very few words, and this is what Mr. Joshi said:

"My fear is that if you use the words 'British subjects domiciled in the United Kingdom' without any definition, the Colonial British subjects will be included."

Then the Marquis of Reading said:

"Only those domiciled in the United Kingdom."

Then there was a further discussion as to what this expression exactly meant and then the question was referred to Sir Malcolm Hailey as a lawyer, I do not know why. This is what Sir Samuel Hoare said:

"Sir Malcolm Hailey is more of a lawyer than I am. He will tell you about domicile."

And, then, Sir Malcolm Hailey gives us his assistance in the matter :

"There are various ingredients in the legal composition of 'domicile', but I think, for the present purpose, Mr. Joshi might take it that it means residence, very broadly."

Now, therefore, any Colonial residing "very broadly" in the British Isles would be entitled to the same treatment as we are expected to mete out to a genuine Britisher, say a Britisher like my Honourable friend, Sir Harry Haig. Sir, is that a satisfactory position from the Indian point of view? I should like my Honourable friend, the Leader of the House, to tell us whether Government support the Secretary of State in this particular matter. We have been told, Sir, that these provisions must be based only upon reciprocity. I am very glad to have the enthusiastic support of my Honourable friend, Mr. James, and his Group in this particular matter, but I should like to put a point to my Honourable friend, Mr. James, as also to the Leader of the House. Are we not confusing domicile with nationality? If Indians suffer from any disabilities,—and they do suffer from many in the various parts of the Empire,—do they suffer from those disabilities as Indians or not? If I were to be domiciled in Great Britain even in the correct technical sense, and not in the sense of "broadly residing" there, would I be exempt from all those humiliating discriminatory provisions of the law that some of the dominions have? On this point I need not go very far. It was only a few days ago that my Honourable friend, Mr. Das, put a few questions.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member has just two minutes more.

Mr. K. C. Neogy: I will finish in two minutes.

He wanted to know the various disabilities from which Indians suffer in the various parts of the Empire. And when I turn over the papers containing Government's replies—I have no time unfortunately to place all the facts,—I find that the disabilities are imposed against Indians, against Asiatics, against coloured people. It has nothing to do with domicile. Therefore, if my Honourable friend, Mr. James, sticks to his position, he should join with me in protesting against the particular clause of this memorandum where Colonials domiciled in Great Britain are sought to be placed in the same position as genuine Britishers. Because, if I acquire a domicile in Great Britain and, if even then, I am subjected to this kind of humiliating treatment in any dominion or colony, then, certainly, on grounds of reciprocity, I can claim that, domicile or no domicile, I must be left free to discriminate against those dominions which discriminate against us in this matter.

Now, Sir, I was very glad to hear my Honourable friend, the Law Member, referring to the right of this Legislature to regulate the right of entry of colonials into India as a very valued right. I was a Member of this House in 1923 when Act III of 1924, which arms Government with this power, was passed, and I remember the opposition which the Government initially put up to the passing of that legislation which was a non-official measure. And that was merely an enabling measure, enabling Government to frame certain rules and regulations for the purpose of regulating the entry of people from the dominions which discriminate against

[Mr. K. C. Neogy.]

us. I do not yet know whether any rules or regulations have been framed in that matter, but I am very glad to find the present Government appreciating the principle of that measure which was so stoutly opposed by their predecessors.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, the very restrained way in which the speeches have been made in this House is only an indication of the depth of feeling that exists among Members in various sections, because they believe that on a question of this kind, nothing is to be gained by importing heat and that there can be no heat imported which will be a sufficient indication of the strength of feeling on this question either in this House or outside in the country. Sir, the main question that we have to consider arises out of section 3(1) of the memorandum that the Secretary of State has placed before the Joint Parliamentary Committee. That section says that whoever is resident in British India, whether he is a dominion subject or a British subject of the United Kingdom or Northern Ireland, will have his rights guaranteed and that there can be no discrimination made against him. My Honourable friend, Mr. Neogy, has anticipated something of what I was about to say. During the course of that whole evidence, the Secretary of State and my Lord Reading both opposed that provision on the strength of a practice of over a hundred years. They start by saying that the Charter Act of 1833 which was granted to the East India Company established this principle, that the Queen's Proclamation of 1858 reiterated that principle, that successive Acts constituting the Government of India have accepted this principle and that they are most reluctant to depart from the principle after a hundred years of usage. That being the main ground on which the Secretary of State based this particular clause of his memorandum, it seems to me somewhat necessary that we should examine the position and see whether the Secretary of State or Lord Reading are justified in the assumptions they have made with reference to this provision. My Honourable friend was quite right when he pointed out that the provisions of section 87 of the Charter Act of 1833 had nothing to do with dominions or colonies or the subjects of dominions or colonies. Was there the dominion of South Africa? Was the East India Company going to be bothered with the question whether Canadians were coming into India and whether they should not be discriminated against? And the East India Company was a monopoly company which was composed entirely of Britishers, composed of men of their own race; and where was the necessity to direct that they should not discriminate against men of their own flesh and blood, men who were part and parcel of their national life, men who had gone out to Canada, South Africa and Australia to eke out their living? And my Honourable friend, Mr. Neogy, was quite right when he said that the Despatch of the Directors who sent this Act to their local administrators in this country made it abundantly clear that what Parliament was contemplating was not discrimination against dominion subjects or colonial subjects, but discrimination against the natives of British India. May I just read one or two sentences? It is a very long Despatch dated the 10th December, 1834, a few months after the 1833 Charter was granted, and this Despatch tries to interpret each particular section of that Charter, the present provision being contained in clause 87. The Court of Directors in their Despatch say:

'By clause 87 of the Act it is provided that no person, by reason of his birth, creed or colour, shall be disqualified from holding any office in our service.'

It is fitting that this important enactment should be understood in order that its full spirit and intention may be transfused through our whole system of administration. You will observe that its object is not to ascertain qualification, but to remove disqualification. But the meaning of the enactment we take to be that there shall be no governing caste in British India."

That is a very significant phrase and it carries its own meaning. Then they say:

"In the application of this principle, that which will chiefly fall to your share will be the employment of natives whether of the whole or the mixed blood, in official situations. (*That is what my Honourable friend, Mr. Neogy, was referring to.*) So far as respects the former class—we mean natives of the whole blood—it is hardly necessary to say that the purposes of the Legislature have in a considerable degree been anticipated; you well know, and indeed have in some important respects carried into effect, our desire that natives should be admitted to places of trust as freely and extensively as a regard for the due discharge of the functions attached to such places will permit. . . . Still a line of demarcation to some extent in exclusion of them has been maintained; certain offices are appropriated to them, from certain others they are debarred—not because these latter belong to the covenanted service, and the former do not belong to it but professedly on the ground that the average amount of native qualifications can be presumed only to rise to a certain limit. It is this line of demarcation which the present enactment obliterates, or rather for which it substitutes another, wholly irrespective of the distinction of races. Fitness is henceforth to be the criterion of eligibility."

I ask, whether, in the face of that, it can be said that the Charter of 1833 recognised the principle that dominions and colonial subjects should not be discriminated against.

Now, let us come to the Queen's Proclamation of 1858. The name of the honoured Queen Victoria cannot be raised in this country without evoking feelings of veneration. Whatever political opinion in India may be, that honoured name, that great reign of the Queen is a treasured memory for millions of subjects of this country; and the Proclamation of the Queen is by far the most valuable document which cannot be quoted without evoking feelings of the very greatest respect. The Proclamation of Queen Victoria has been rightly described as the Magna Charta of India, and successive generations of Indians have ventured respectfully to invite the attention of the Government to that Magna Charta for the vindication of their rights. It is perfectly true that this section—I have not got the time to refer to it—in the terms in which it was in the Charter Act is repeated in the Proclamation. But there is one fact which Sir Samuel Hoare and Lord Reading have forgotten. To whom was the Proclamation of Queen Victoria addressed? Was it addressed to the Canadians in Canada? Was it addressed to the South Africans in South Africa? Was it addressed to the Australians? No. It was addressed to the Princes and people of India, and, therefore, any right that is guaranteed there, any privilege that is given there, is meant for the Princes and peoples of India, not for the Boers of South Africa who fought against Her Majesty, not for the Canadians who were about to go out of the Empire, not for the Australians who had their own differences with the mother country: it was addressed to the Princes and peoples of India; and what does Sir Samuel Hoare suggest by stating that the Queen's Proclamation gives him this particular clause as his authority and that he cannot go against it? Take, again, section 96 of the Government of India Act. As my friend, Mr. Mody, has already pointed out, that section does not go as far as Sir Samuel Hoare is prepared to go in this memorandum. It restricts the right only to office: it does not speak a word about trade, about commerce, about holding property or anything of the kind; and I ask Sir Samuel Hoare and Lord

[**Diwan Bahadur A. Ramaswami Mudaliar.**]

Reading to point out a single section in any of the Government of India Acts which Parliament passed without being troubled by Indian delegates and Round Table Conferences and Joint Select Committees and the evidence of Indian witnesses, I ask them to produce a single section of the Government of India Acts where it has been suggested that these people should have the extended rights now intended to be granted to them by clause 3(1) of that Act. Then, again, I should like to draw the attention of this House to the particular phrasing of that clause. It may be legal quibbling; but I think the House should have its attention drawn to it. The memorandum speaks of British subjects not being disabled in British India—I do not know what the significance of that phrase is—but section 96 speaks of British subjects resident in British India: it does not speak of British subjects being disabled in British India. But British subjects ought to be resident before any question of disability comes; and, as I have shown, section 96, even taking it for granted that a century of usage or custom or precedent can be established for it, goes only to the extent of administrative posts in the services of the Crown and has nothing to do with commercial trading or any of these points. Then, again, even section 96, I venture to suggest, does not give this right. I am sure, my Honourable friend, the Law Member, will realise the effect of the word "only" in many of the sections which are found in the various Acts. What does this section say:

"No native of British India, nor any subject of His Majesty resident therein shall, by reason only of his religion, etc., etc."

If I want discrimination against a Canadian, it is not only because he is a Canadian, but it is because he is the citizen of a country which tries to do some damage to my countrymen in that country. It is not only because a South African is a South African that this discrimination is sought to be introduced, it is because there is an additional factor, and I venture to suggest that, even on the phrasing of this section, on the interpretation of this Act at the present moment, the Government of India will be perfectly entitled to make discrimination. They are making discriminations every day. Let me give only one instance, as my Honourable friend, the Army Secretary, is here. What is this distinction between martial races and non-martial races? Does my Honourable friend suggest that he can make this distinction against a Madrassi only because he is a Madrassi? There are other reasons, as he puts it, why a Madrassi should not be enlisted in the military ranks. I do not agree with those reasons, but, I say, he is able to circumvent section 96 of the Government of India Act, because there is that word "only": why? It is not only because I come from Madras that I am discriminated against

Hon. Captain Rao Bahadur Chaudhri Lal Chand (Nominated Non-Official): This is in the interests of India.

Diwan Bahadur A. Ramaswami Mudaliar: I do not know whether it is in the interests of India or because the Madrassi is not dull enough to be easily commanded by Captains and Majors of the British Army. (Laughter.) I leave it at that. I am glad that the Honourable the Law Member has said that there is no question of the Government of India departing from their well established policy. The Government of India have

made themselves responsible for this attitude which the entire country has taken with reference to discrimination by colonies and dominions. Successive Viceroys have led deputations if I may say so: they have put themselves at the head of the agitation and it will be a calumny on the reputation of those successive Viceroys, it will be an indelible stain on the Government of India if they do not take up the same position today as they have taken up all along.

I must here express my admiration and thankfulness of the very excellent speech that my Honourable friend, Mr. James, has delivered. I think any of us Indians on this side would have been proud of having made a speech like that. I recognise the spirit in which that speech has been made; broadly speaking, our position is this: we are prepared to give to the citizens of the United Kingdom every right in this country, not because of the extra power which they have got by parliamentary legislation—my Honourable friend recognises that in matters of trade Parliament cannot do that much to promote trade if the entire bulk of the Indian people were against them—it is because we realise in a sense there is justice towards Indians who go to the United Kingdom; it is because we realise, as Mr. James tried to point out, that there is this spirit of reciprocity so far as the United Kingdom is concerned towards Indians that we are willing to give to those who come from the United Kingdom to this country all the privileges that we are prepared to give to our own citizens; but we are not willing to give to the Canadians, the Australians and the South Africans all these privileges; and may I say as one, who has recently visited a dominion as one who has taken part in a very important conference in a dominion, as one who has had opportunities of meeting non-official delegates from every dominion of the British Commonwealth of Nations, may I say it as my personal experience, that nothing will help us to have equality of status at the tables of this conference, nothing will give us that position which we should have if we were to negotiate on equal terms except this power that we have, that while they are in our country we shall do unto them as they are prepared to do unto us in their country. (Applause.)

Maulvi Muhammad Shafee Dacodi (Tirhut Division: Muhammadan):

Sir, I rise to express my great satisfaction to find that, in the course of this tedious Session, we have at least reached a point where there is absolute unanimity on all sides; officials and non-officials are alike holding views on this question, and even my friend, Mr. James, has given us a treat this evening which we cannot forget. Not only, Sir, in this House, but outside it, I find that papers edited by all communities are praising my friend, Mr. B. Das, for raising this question in the Assembly. He has, as it were, extorted the admiration of all the people, of all the natives of India in raising this question. I think, Sir, that in a matter like this the Secretary of State will give his wholehearted support to absolute equality which is claimed by Indians in this respect and would also bear in mind the delicate points which have been raised by Mr. Neogy and Diwan Bahadur Mudaliar on this question, and I hope, Sir, that he will thus prove that he is a real friend of British Indians.

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain (Member for Education, Health and Lands): Sir, I am in a way glad that this important, interesting, but delicate subject has been discussed on the floor of this House and opinions expressed more or less stating the same views which have found expression in the public press already. I am glad

[Sir Fazl-i-Husain.]

because our Legislatures are the proper places where national sentiment ought to find expression. (Hear, hear.) In a way I am not glad, because the adjournment motion debate is not as satisfactory a means of discussion as other forms of motions. I have found speaker after speaker trying to make very important points, but on account of the limitation of time finding it difficult to do so. I also know that many people in different parts of the House would have liked to take part in the debate and give expression to their deep feelings and sentiments which they entertain on this extremely important subject, the importance of which to others may not appear to be as great as it does to us Indians.

I think it would be best if I were, in the short time at my disposal, to make sure that the problem is put before the House in its various aspects and then state what I have understood the House to hold on those points, and then I will try to indicate to what extent I find myself in agreement and what it is the Government, I understand, would be prepared to do. The first point is that we are dealing only with dominion nationals. We are not dealing with the United Kingdom nationals in this case. The second is that dominion nationals can be divided under three heads: first, those who are already living in India, secondly, those who, after the passing of the Reform Act, come into India; and, thirdly, those who, having come to India, stay there. What are the rights of these three sorts of dominion nationals at present, and what rights does the Indian Legislature possess with reference to them? The second point which I think it is as well to mention and clarify is, what are the particular points that are involved in this particular problem.—firstly holding of office, about which a good deal has already been said; secondly, practising of trade, profession or calling—that is up till now not guaranteed by a statutory provision, but is based on what one might call the constitutional convention, good sense or practice. Besides these two, there are other rights which have been described in the Secretary of State's memorandum as commercial rights, *e.g.*, of making companies, and so on; and, fourthly, the question of entry into India. As regards the third, that is to say, commercial rights, those again are not involved in this particular problem, because the Secretary of State has made it absolutely clear that, in connection with that particular department or section of business, the dominion nationals do not occupy any guaranteed position,—they have to establish their position by negotiation with India. Therefore, we are left with the three—holding of office, practising trade, profession or calling, and lastly the question of entry. As regards the entry into India, India possesses at present the right to forbid entry, in other words the Indian Legislature's right to legislate on the question of entry is in existence, and the Secretary of State does not propose that it should in any way be reduced or interfered with, so that goes out.

Then comes the question of the dominion nationals already in India, and those who will come into India after they have been allowed to enter. At present the Indian Legislature possesses the right to legislate in a spirit of reciprocity discriminating against them, which means that in case any particular dominion exercised its right of discrimination against Indians, it would be open to the Indian Legislature to reciprocate. The Indian Legislature at present possesses that right. A cursory study of the memorandum leads one to believe that, under the proposals of the memorandum, that right will be either taken away or so modified as not

to be as valuable or as effective as it is at present. When it is once asserted that the dominion nationals, settled in India either already or going to settle in the future, have a right to practise a trade, profession or calling, then either the Indian Legislature should directly have the right to say that under such and such circumstances it can deprive them of that right or there should be some device which will have the same effect. The Secretary of State's memorandum, so far as one can judge, does not give the direct right, but gives an indirect device to have the same effect. Therefore, some Honourable Members hold the view that this indirect device in the first place may not be effective at all, and, in the second place, why have recourse to this indirect device when direct legislation on reciprocal basis can be resorted to without doing any violence to any principle, and in fact, as a necessary corollary to the principle of reciprocity which runs through all these proposals. I have been very much struck by the strong feeling expressed by every speaker saying, for good or ill, we stand by the principle of reciprocity. There are Indian public men who feel that, in the case of a country like India, reciprocity is not the very best thing they would resort to if they had their own way, but most of them have today reconciled themselves to it. But I doubt very much whether there are any who are prepared to go beyond that. The strength of feeling on this point,—that is to say, while Indian public men are prepared to stand by reciprocity and all that follows from it, they are not prepared to go beyond it,—would certainly indicate that the proposals have to be reconsidered to see whether the principle of reciprocity cannot be given effect to and whether there is anything to be gained by departing from it in order to have resort to another method of achieving the same object. (Cheers.)

Having mentioned this question of the practice of trade, profession or calling, a point on which I take it we are all agreed, I come to the second point on which I understand most of the speakers have laid very great stress, and that is the point of holding office. I am sure, the historical research done by some of the Honourable Members, and undoubtedly also by some of the valued organs of public press in India, will extract its meed of praise from the people across the seas. They will realise that what appears in the surface is not always the reality when subjected to a searching examination by people who are getting as acute as anybody else in this world. (Laughter.) And, after all, whether historical research were to bring out this point or not, I think Honourable Members are perfectly justified in taking up the position—why continue to give this privilege to the dominion nationals in the year 1933, because it was given to them in 1833, when in 1833 the discrimination against Indians had not been brought to light? (Cheers.) I think the Secretary of State in his statement has made an excellent point when he said that India is likely to gain by placing an example of liberal treatment of the dominion nationals in order to show to them what civilisation demands. (Laughter.) I am afraid Honourable Members opposite have not understood what I meant, probably because I have not been able to express myself clearly. (Laughter.)

Sir, for three or four years I have been dealing with this extremely difficult problem of the Indians overseas. I have had the privilege of talking to the Prime Minister and the Ministers of one of the dominions and other extremely important people, and they invariably assured me that the demands of Indians claiming ordinary human rights

[Sir Fazl-i-Husain.]

should not be denied to Indians, were perfectly sound and that if they were the only citizens of the dominion, there would be no difficulty at all about it, but it was the benighted masses who would not appreciate the righteousness of the Indian cause. And when I have in all my simplicity asked them: "How can we get them to understand it?", I have been invariably told that we must wait and wait till the conscience of the civilised world has grown strong enough (Laughter) to force the benighted masses of the dominions to see the wickedness of their actions. (An Honourable Member: "A very gloomy picture.") Certainly not, far from it. India has waited for very nearly 50 years or more in the case of South Africa and though the position today in practice in many matters is ever so much better than it has been in the past, still little progress is made in vital matters. Therefore, though I do not in any way feel pessimistic about the future, I do feel that we are so poorly equipped with arms in this war, that we can hardly afford to give away any of them. I am sure, the points made by the Honourable Members are strong, and they are the points with which we on this side not only sympathise, but also agree with them. (Cheers.) It has been very rightly pointed out by a speaker opposite,—I think it was my Honourable friend, the Diwan Bahadur,—that the Indian policy on this point is the national policy. It is the policy which has been more than once led by the Heads of the Indian Government.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member's time is up.

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: It is a policy which is associated with the name of Lord Hardinge first, and it is a policy which today, I reveal no secret when I say, has the fullest support of Lord Willingdon. (Cheers.) It is not likely that the sentiments expressed by the Honourable Members will go uncommunicated to His Majesty's Government. I am sure, the Secretary of State will be very glad indeed to know that Honourable Members of this House have been so sober and so reasonable in their discussion of this very delicate matter. Their position is that they claim that their present position should not deteriorate. They further claim that in one respect it should be improved. My reading of the Secretary of State's memorandum is that he has not the slightest intention of doing anything which in fact deteriorates the Indian position. Whether he will be able to do something to improve the position, it is not for me to say, but I think that is really not a part of this case. He will have a good try to improve it. I do not know why some of the Honourable Members opposite seem to be very fidgety. Is it that they do not want me to speak or is it that they desire.

Mr. K. C. Neogy: It is the time limit

Mr. President (The Honourable Sir Shanmukham Chetty): It is one of the inconveniences of having this discussion on an adjournment motion.

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: If we have no more speeches, the question of time would not arise.

Mr. President (The Honourable Sir Shanmukham Chetty): The Standing Orders are absolutely mandatory. No speech shall exceed 15 minutes during an adjournment motion.

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: I was only suggesting that no other speech need be made.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): I believe I can safely say on behalf of this side of the House that there is no desire to pass a vote of censure. This method of ventilating our grievances has been resorted to instead of taking a whole day which might have infringed upon the time of this Honourable House.

There are only three points I desire to make. Having been present at the three Round Table Conferences I can say with confidence that the present position has come as a great shock to India and especially to those who took part in these Conferences. Never once was this position placed before the Indian delegates. Never once was it propounded before any responsible body in England and, therefore, when we come to realise the position, as it has been propounded in this memorandum, I am not surprised at the strength of feeling throughout the country. There are many behind me who would like to speak, but who are unable to do so and I trust that it will be placed on record that every one of us would have echoed the sentiments expressed by my Honourable friends here and would have added to the arguments if they had time enough to do so. (Hear, hear.)

I have one more point. We are told that the January, 1931 agreement is a basis for this extraordinary statement that the citizens of the dominions should have equal rights with Englishmen ordinarily resident in India. May I mention that, when this agreement was arrived at, I was present at the discussion and I personally asked Lord Reading to confirm that British residents did not include persons domiciled in the dominions and he said in reply that there was not the slightest doubt about it. I cannot understand now how this agreement can be made a basis for the memorandum.

Mr. President, I have nothing further to say except that we are all taken aback at this position. It is not the *status quo* that we are arguing about. We do not care what the *status quo* is. We are discussing the reforms and we earnestly desire that in these reforms we should be given rights so as to make, as my friend, Sir Fazl-i-Husain, has said, the masses in the dominions realise that we can also act. That is the only way of making the masses understand what it means to be unjust to the nationals of another country.

Mr. O. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir Cowasji Jehangir, the Leader of the Opposition, has in a short and vigorous speech placed the case for the Opposition and the Member in charge has, with his usual enthusiasm for our nationals abroad, hinted very broadly the attitude of the Government. It is not materially different in this matter from the attitude of the Opposition. If the Honourable Sir Fazl-i-Husain were seated on these Benches, I am sure, he would have spoken as feelingly as we have spoken. If he can reveal the "secrets of his prison house", I am certain, we will find that he is putting up a fight as usual, supported by Lord Willingdon who, as he has alluded, is following the example of Lord Hardinge. Sir, that allusion brings to my mind the great crisis when that sober statesman, that great and wise leader, Gopal Krishna Gokhale (Cheers) spoke the mind of the nation which felt as one man, spoke the mind of an infuriated nation on the South African question and the question of the treatment of our countrymen abroad. The feeling has not lessened after that time. On the

[Mr. C. S. Ranga Iyer.]

contrary, the feeling has increased. The iron has entered, as it were, the soul of this nation. The fighting spirit of our people in South Africa has not diminished either. It is in recognition of this spirit on the part of the South African Government and the pressure brought from the Government here that we had the last delegation in which the Honourable Sir Fazl-i-Husain thought it necessary to include not only the Right Honourable Srinivasa Sastri, but also Mrs. Sarojini Naidu who had returned fresh from the prison. Sir, we are not standing up here to censure the Department of the Honourable Sir Fazl-i-Husain. On the contrary, we are trying to strengthen the hands of the Government, for we realise what Indians are up against abroad. In this matter the Government and the Opposition have to work together, to act together, and today we are not pressing this motion to a division, because we want to illustrate to the South African and the Kenya and other Governments that we have confidence in Sir Fazl-i-Husain (Cheers), and that we believe that if he could have his way in this matter there will be no disturbance of Indian feeling in the future. Sir, walking into a second-hand book seller's shop in London in 1929, I happened to buy a book, "The Speeches of the Right Honourable Srinivasa Sastri" and I came across a striking passage in one of his fighting speeches in which the Right Honourable gentleman strongly objected to an Englishman, the name of Lord Willingdon he mentioned at the time, leading the Kenya deputation in England, because, the Right Honourable Sastri said, no Englishman, however sincere and sympathetic he might be, would be able to walk into the Foreign Office and say: "India will break the British connection, if British citizenship cannot be enjoyed by Indians abroad". That is the spirit behind the Opposition here, which is only a feeble echo of public opinion outside. I know there are De Valeras in South Africa and our countrymen are taking their stand today, unlike the Right Honourable Sastri in that speech, on South African citizenship. They were born and bred there. They made modern South Africa and they have a right to citizenship. Let it be said of the future of the Empire, that *Civis Romanus sum* will be equally applicable to *Civis Britannica sum*

(It being Six of the Clock.)

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The House now stands adjourned till Eleven o'clock tomorrow.

The Assembly then adjourned till Eleven of the Clock on Friday, the 8th December, 1933.