

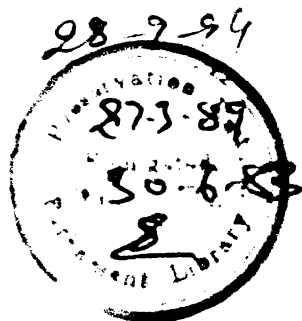
THE LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

Vol. VIII, 1933

(20th November to 9th December, 1933)

SIXTH SESSION OF THE FOURTH LEGISLATIVE ASSEMBLY 1933



Legislative Assembly.

President :

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

Deputy President :

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

Panel of Chairmen :

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MR. K. C. NEOGY, M.L.A.

SIR LESLIE HUDSON, K.T., M.L.A.

SIR ABDULLA-AL-MAMUN SUHRAWARDY, K.T., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Public Petitions :

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

SIR LESLIE HUDSON, K.T., M.L.A.

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

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

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

MESSLAD

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LEGISLATIVE ASSEMBLY.

Friday, 8th 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.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I lay on the table the information promised in reply to a supplementary question to starred question No. 988 asked by Mr. K. C. Neogy on the 16th September, 1933.

ADMISSION OF INDIAN OFFICERS AND CADETS TO THE MAYO MARINE CLUB, RANGOON.

*988. The rules of the Mayo Marine Club impose no restriction on the admission of Indian officers and cadets. The Club is, however, only used by those who wear European dress and live in European style and this is the ordinary practice of Indian officers on ships.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table the information promised in reply to part (b) of starred question No. 934 asked by Mr. K. P. Thampan on the 15th September, 1933.

EMPLOYMENT OF BRITISH INDIAN SUBJECTS IN TRAVANCORE, COCHIN AND MYSORE STATES.

*934. (b) The Travancore and Cochin States do not ordinarily entertain British Indian subjects in their services, but exemptions are made in special cases. The Mysore State does not preclude British Indian subjects from entering its services, though as a rule preference is given to its own subjects.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table statements giving the information promised in reply to parts (b) to (c) of starred question No. 867 and to parts (b) and (c) of starred question No. 869 asked by Bhai Parma Nand on the 12th September 1933, and in reply to starred question No. 966 asked by Mr. S. G. Jog on the 16th September, 1933.

RETRENCHMENT OF HINDUS IN THE PUNJAB AND NORTH-WEST FRONTIER POSTAL CIRCLE.

*867. (b) The Honourable Member's information is incorrect. He presumably refers to the retrenchments carried out in March and June 1933. 24 officials were retrenched, of whom six were Muslims, two were Sikhs and 16 were Hindus.

(c) No. Of the 24 officials referred to in the reply to part (b) above, four Muslims and six Hindus retired voluntarily and the remaining two Muslims two Sikhs and 10 Hindus were retired compulsorily.

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

RETRENCHMENT OF HINDUS IN CERTAIN RAILWAY MAIL SERVICE DIVISIONS.

*869. (b) and (c). The Honourable Member's attention is invited to the reply to his starred question No. 867 of the 12th September, 1933, which has been laid on the table.

GRANT OF PENSIONS TO TELEPHONE OPERATORS.

*966. (a) The position is that on the 8th July, 1919, Government sanctioned the proposal of the Director-General of Posts and Telegraphs to reconstruct the service of telephone operators on a permanent non-pensionable basis and simultaneously to revise their pay. Those telephone operators who had actually been given pensionary status, on the date of the sanction viz., the 8th July, 1919, were allowed to retain that status. Prior to the 31st January 1919, the date referred to by the Honourable Member, only permanent telephone operators were pensionable.

(b) No. The men other than those whose service was already pensionable were not specifically asked whether they accepted non-pensionable service but they were given to understand that their appointments were permanent and non-pensionable and that one of the special conditions of their service was that they were liable to discharge on a month's notice.

(c) As regards the first part of the question, the facts are substantially as stated by the Honourable Member. As regards the second part, so far as Government are aware it was never stated as a reason for rejecting the memorials that the telephone branch of the department was on an experimental basis.

(d) No. The attention of the Honourable Member is invited to the reply given by Sir Thomas Ryan on the 19th November, 1932, to part (b) of Mr. Muhammad Anwar-ul-Azim's starred question No. 1514.

(e) I regret that I cannot trace the question and answer to which the Honourable Member refers. The attention of the Honourable Member is however invited to the reply to part (a).

(f) Yes: but they are liable to discharge on a month's notice as stated in the reply to part (b).

(g) Telephone systems are in existence in every province in India. There are some provinces however which are not connected with the general trunk telephone system. Gradual expansion of the trunk system is taking place.

(h) As the telephone branch of the Posts and Telegraphs Department was never on an experimental basis, this question does not arise.

(i) Yes.

(j) Yes.

(k) This branch has sometimes worked at a loss and sometimes at a profit.

(l) It is a fact that the majority of the employees of the Department are in pensionable service.

(m) The reply to the first part is in the affirmative; as regards the second part, Government are not prepared to express an opinion.

(n) and (o). Telephone operators were made non-pensionable in consideration of the character of their work. It is not possible in present general financial conditions to improve their status, but when the position improves the question whether they should be restored to pensionable status or admitted to the benefits of a contributory provident fund will be duly considered.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table statements giving the information promised in reply to starred question No. 814 asked by Mr. M. Maswood Ahmad on the 12th September, 1933, and in reply to unstarred questions Nos. 150 and 155 asked by the same Honourable Member on the 20th September, 1933.

ENFORCEMENT OF THE PUNJAB PRIMARY EDUCATION ACT IN DELHI.

*814. (a) The Punjab Primary Education Act was first extended to the City of Delhi in 1926 and applied to a portion of it. It has gradually been extended to 2/3rds of the city :

- (i) The area was divided into nine wards and each ward has its own School Attendance Committee.
- (ii) The Ward Members of any particular area constitute its School Attendance Committee.
- (iii) Applications for exemption are received from time to time from parents of boys receiving education in Islamic Maktaba.
- (iv) and (v) Each case is decided on its merits. The procedure followed is that the boy and his guardian are summoned before the School Attendance Committee and if it is satisfied that the application is *bona fide* exemption is granted.

(b) Notices have been served on managers of Maktabas under Section 14 of the Act. This practice has now been discontinued :

- (i) 517 boys are affected.
- (ii) 20 notices have been issued.
- (iii) 20 cases have been instituted.
- (iv) Nil.

(c) The Act provides sufficient safeguards and Government is satisfied that no hardship is being caused.

RETRENCHMENT IN THE ARCHÆOLOGICAL DEPARTMENT.

150. (a) The statement asked for is laid on the table.

(b) Yes.

(c) There has been a slight decrease of 1·15 per cent. which is due to the fact that, in one case, a Muslim did not accept a lower post which was offered to him after retrenchment and, in another case, where it was intended to re-employ a Muslim whose post had been abolished, the proposal had to be abandoned on an objection by the Accounts Officer.

Statement showing the percentage of different communities in the subordinate service of the Archaeological Department.

Before Retrenchment.

	Hindus.	Muslims.	Indian Christians.	Buddhists.	Total.
Total strength . . .	90	36	3	10	139
Percentage . . .	64·8	25·9	2·1	7·1	..

After Retrenchment.

	Hindus.	Muslims.	Indian Christians.	Buddhists.	Total.
Total strength . . .	77	28	..	8	113
Percentage . . .	68·1	24·75	..	7·0	..

IGNORING THE CLAIMS OF MUSLIMS IN THE ARCHAEOLOGICAL DEPARTMENT.

155. (a) 26 years and two months.

(b) and (c). Five Hindus but no Muslims. The officer had no occasion to make any appointments except as stated in the reply given to (c).

(d) Yes.

(e) While in the Northern Circle, Hindu and Buddhist Monuments, the present Director General of Archaeology made five appointments in a subordinate staff of six attached to that office. Two posts fell vacant twice during the period and one once. Candidates for the vacancies in the post of Assistant Surveyor, which occurred twice, were required to possess knowledge of Sanskrit and no Muslim with that qualification could be found. But throughout this period two out of the six posts continued to be occupied by Muslims. For the third post, which became vacant only once, a Hindu was required as a Muslim could not enter Hindu temples with which the work of the Superintendent, Hindu and Buddhist Monuments, was mostly concerned. For the other post, which became vacant twice, viz., that of second clerk, no Muslim candidate applied when the first vacancy occurred. On the second occasion one Muslim applied but was not selected, as the person selected had better qualifications.

(f) and (g). Yes, but no appointments were made by him after the issue of the orders referred to by the Honourable Member.

(h) Does not arise.

Mr. P. B. Rau (Financial Commissioner, Railways): Sir, I lay on the table statements giving the information promised (1) in reply to starred questions Nos. 384 to 391 and 395 asked by Mr. M. Maswood Ahmad on the 1st September, 1933, (2) in reply to starred questions Nos. 801 and 803 asked by Rai Bahadur Lala Brij Kishore on the 12th September, 1933, and (3) in reply to part (c) of unstarred question No. 73 asked by Mr. S. C. Mitra on the 13th September, 1933.

PAY OF INDIAN STATION MASTERS ON THE EAST INDIAN RAILWAY.

*384. No.

PAY OF INDIAN ASSISTANT STATION MASTERS ON THE EAST INDIAN RAILWAY.

*385. (a) No. There are Indian Assistant Station Masters in the higher grade of Rs. 350 on the East Indian Railway.

(b) No. Assistant Station Masters' posts in the higher grades are filled by promotion from among the qualified staff in the lower grades irrespective of nationality.

PAY OF GUARDS ON THE EAST INDIAN RAILWAY.

*386. (a) Guards are normally only located at stations where the Assistant Station Masters are on a high rate of pay. Guards in grade I are required to pass in the absolute Block and Guards' duties as well as in those of Assistant Station Masters. The lower grade Guards only qualify in their own duties.

(b) The maximum salary of grade II and grade I Guards is Rs. 100 and Rs. 210 per mensem respectively as per old scale of pay. They earn overtime according to running Staff pay and Overtime Rules on which Provident Fund is deducted subject to a maximum of 75 per cent of salary.

PAY OF TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

*387. (a) No. The Travelling Ticket Examiners are part of a separate organisation. Their headquarters are at those stations where highly paid Station Masters and Assistant Station Masters are located. When on trains they are under the control of their own Inspectors. They are required to qualify in their own duties.

(b) No. The grades of Travelling Ticket Examiners in the Moody Ward Scheme are Rs. 70—5—95 and Rs. 55—3—64 with a consolidated allowance of Rs. 20 and Rs. 15 respectively.

PAY OF TRAIN CLERKS, TELEPHONE CLERKS, ETC., ON THE EAST INDIAN RAILWAY.

*388. (a) In the absence of the Station Master an Assistant Station Master is responsible for general supervision in the station. The staff mentioned are each responsible for their own duties.

(b) No. There are various grades with different rates of pay.

SUPERSESSION OF INDIAN ASSISTANT STATION MASTERS BY EUROPEAN AND ANGLO-INDIAN GUARDS ON THE EAST INDIAN RAILWAY.

*389. (a) No. Promotion is made to the Assistant Station Masters grades Rs. 300—10—350 from qualified guards on Rs. 210 and from senior Assistant Station Masters.

(b) Guards are only promoted to the post of Assistant Station Masters if they are qualified.

UNIFORMS SUPPLIED TO THE ASSISTANT STATION MASTERS ON THE EAST INDIAN RAILWAY.

*390. Uniforms are supplied in accordance with the grade in which staff may work.

DIFFERENTIAL TREATMENT OF EUROPEAN, ANGLO-INDIAN AND INDIAN ASSISTANT STATION MASTERS ON THE EAST INDIAN RAILWAY.

*391. No. Every endeavour is made to see that such men are provided in a suitable post for which they are medically fit, and as near as possible to their former grade and pay.

DIFFERENTIAL TREATMENT OF EUROPEAN, ANGLO-INDIAN AND INDIAN ASSISTANT STATION MASTERS ON THE EAST INDIAN RAILWAY.

*395. No.

PURCHASE OF CERTAIN MACHINES BY THE EAST INDIAN RAILWAY PRESS.

*801. (a) The number of machines purchased is as follows :—

Year.	Description.	No.	Amount.		Remarks.
			Rs.	A. P.	
1915	Wharfedale Printing Machine D. R.	1	4,349	13 0	
"	Art Platen Machine Demy	1	1,288	11 0	
1920	Hand Press Super Royal	1	900	0 0	
1922	Guillotine Cutting Machine 48"	1	2,400	0 0	
"	Wire Stitching Machine	1	900	0 0	
1924	Wire Stitching Machine	1	900	0 0	
1925	Monotype " D " Keyboard	1	3,500	0 0	
"	Monotype Casting Machine	1	12,175	0 0	
"	Air Compressor & Tank for Monotype	1	1,000	0 0	
"	Self Inking Proof Press	1	2,520	0 0	
"	Single Reel Rotary Printing Machine	1	20,300	0 0	
"	Folding Machine	1	3,654	0 0	
"	Book Sewing Machine	1	4,651	0 0	
1926	Monotype " D " Keyboard	1	4,000	0 0	
"	Monotype Casting Machine	1	12,821	0 0	
"	Linotype Composing Machine	1	14,892	0 0	
"	Babcock Printing Machine	1	8,874	4 0	
"	Routing Machine (Flat Plate)	1	877	0 0	
"	Guillotine Cutting Machine 44"	1	3,822	0 0	
"	Guillotine Knife Grinding Machine	1	1,939	0 0	
1927	Swiftbac Dust Extractor	1	258	2 0	
"	Meihle Printing Machine	1	16,796	0 0	
"	Wire Stitiching Machine 7/2	1	850	0 0	
"	Litho Machine D. R.	1	9,700	0 0	
"	Process Camera 20" x 30" Complete	1	3,497	0 0	
"	Vacuum Printing Frame	1	321	0 0	
"	Photo Litho Whurler	1	147	0 0	
1927	Ebonite Bath	4	375	0 0	
1928	Monotype " D " Keyboard	1	4,500	0 0	
"	Monotype Casting Machine	1	13,065	0 0	
"	Ludlow Typograph Machine	1	23,724	0 0	
"	Miller Saw with Motor	1	868	0 0	
"	Elrod Lead Rule and Clump Casting Machine	1	5,436	0 0	
"	Two-Reel Rotary Printing Machine	1	26,054	0 0	
"	Rapid Letter Press Demy	4	19,192	0 0	
"	Paper Folding Machine	1	2,527	0 0	
"	Card Board Shears on Wooden Stand	1	330	0 0	
"	Paper Folding Machine	1	2,527	0 0	
"	Automatic Die Stamping Press	1	668	0 0	
"	Boston Wire Stitching Machine	2	1,797	0 0	
"	Overhead Litho Stone Grinder	1	436	0 0	
"	Ratcliff Plate Graining Machine	1	1,224	0 0	
"	Circular Saw 24"	1	215	0 0	
1929	Monotype " D " Keyboard	1	3,333	0 0	
"	Monotype Casting Machine	2	28,673	0 0	
"	Rotary Plate Routing Machine	1	2,914	9 0	
"	Automatic Metal Furnace	1	580	0 0	
"	Guillotine Cutting Machine 48"	1	4,250	0 0	
1930	Monotype Casting Machine	1	12,506	0 0	
"	Rotary Machine Re-Reeling attachment	1	2,576	8 0	
"	Wharfedale Printing Machine D. R.	2	18,229	0 0	
"	Boston Wire Stitching Machine	2	1,886	4 0	
1931	Electrolux Portable Type Case Dust Extractor	1	258	8 0	
"	Single Reel Rotary Printing Machine	1	23,304	3 0	
"	Paper Folding Machine D. R.	1	3,591	11 0	
"	" " " "	1	3,591	11 0	
"	" " " "	1	3,591	11 0	
"	Rapid Wire Stitiching Machine	1	1,505	14 0	
"	Envelope Making Machine Type No. 1	1	8,195	1 0	
"	Drilling Machine	1	375	0 0	

(b) The answer is in the negative. The machines in question are in daily use.

(c) The information asked for is not readily available.

(d) A list of machines sold since 1926 is given below. Records for the years 1914—1925 are not available.

Year.	Description.	No.	Sold for	Date of Disposal.	Original Cost.
			Rs. A. P.		
1926	Folding Machine	1	7 4 9	22-3-26	
	Roller Washing Outfit	1	5 0 0	13-1-26	
	Kitson Gas Cylinders	2	3 0 0	22-3-26	
	Stereo Makers Cabinet Stereo Metal Furnace Hot Chamber	1			
	Lino Machine	1	650 0 0	26-11-26	
	Royal Wharfedale Printing Machine	1	385 0 0	23-9-26	
	Royal Wharfedale Machine	1	385 0 0	15-12-26	
	Guillotine Cutting Machine	1	470 0 0	4-11-26	
	Guillotine Knives (9 cwt.)	3	74 13 0	22-9-26	
	Stereo Plates Set Squares	3			
	Stereo Plate Planting Block with Knives	2			
	Hand Press Ink Tables	3			
	Stereo Plate Circular Saw	1			
	Stereo Casting Box Complete	1	32 14 0		
	D. R. Wharfedale Printing Machine	1	525 0 0	17-11-26	
	Royal Wharfedale Printing Machine	1	610 0 0	17-11-26	
1927	Litho Press 17" x 27"	1			
	Litho Press Double Crown	1			
	Litho Press Double Crown	1	300 0 0	22-3-27	
	Milling Machine	1		15-1-27	
	Type Casting Machine	1	325 0 0	22-3-27	
	Sand Stone Wheel	1		10-1-27	
	Roller Washing Tank	1		21-1-27	
	Platen Machine Royal folio	1	290 14 0	18-2-27	
	Bath Tanks	2	60 0 0	21-2-27	
1928	Scrap Metal Lot	1		14-9-28	
	Gas Tanks	2	60 0 0	21-2-27	
	Plate Gauges	3			
	Planners	2			
	Sewing Machine	1			
	Stereo Mould	1	81 0 0	23-7-28	
	Pulleys of Sizes	17		21-6-28	
	Wharfedale Machine Crown	1	890 0 0	4-8-28	
	" " Royal	1	1,260 0 0	4-8-28	
	" " "	1	1,415 0 0	4-8-28	
	Treadle Wire Stitching Machine	1	110 0 0	4-8-28	
	Stereo Planting Machine	1	45 0 0	4-8-28	
	Hand Press with Inking Table R. Size	5	1,905 0 0	4-8-28	
	Hand Press with Inking Rube D. Crown	1	400 0 0	4-8-28	
1930	Second Hand Thomson Quad Casting Machine (Incomplete).	1	140 0 0	6-8-30	
	Second Hand Davis Type casting Machine	1	125 0 0	6-8-30	
	Printing Machine Second Stereo Plate	1	25 0 0	6-8-30	
	Printing Wood Planing Machine	1	25 0 0	6-8-30	
	Printing Die Stamping Press	1	40 0 0	6-8-30	
	Printing Ruling Machine (Waterlow & Sons)	1	42 0 0	6-8-30	
	Printing Ruling Machine (Harold)	1	42 0 0	6-8-30	

Records not available.

Records not available.

Transferred from O. R. Railway. Records not available for 1906.

PURCHASE OF CERTAIN MACHINES BY THE EAST INDIAN RAILWAY PRESS.

(g) Does not arise.

73. (c) There is no rule under which the existing incumbents of the posts referred to in para (a) of the question are required to have qualified from the Walton Training School. So far as the existing incumbents of the posts are concerned, none of them have been ordered to qualify at the Walton Training School in the duties of the posts held.

THE RESERVE BANK OF INDIA BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of amendment No. 39* moved by Raja Bahadur Krishnamachariar.

Mr. B. B. Puri (West Punjab: Non-Muhammadan): Sir, I was discussing yesterday afternoon various reasons and arguments which had been advanced by the Honourable the Finance Member in support of his statement that, as the measure is worded and framed, it sufficiently secures the achievement of our object, namely, that 75 per cent. of the shares of the Reserve Bank will be held by Indian nationals. I had already shown that the fact, that there were so many separate registers provided for each province, did not achieve the object that we had in view, because in each and every province there are non-Indians. There is no part of the country where non-Indians are not to be found and, unless there was some restriction placed upon the purchase of shares by them, we cannot safely expect to achieve our object. Sir, I endeavoured to show, would it help if the shares were allotted to applicants according to the plan adopted in the Bill? This would hardly secure to any particular class of people the bulk of the shares. Then the Honourable the Finance Member refers to the evidence of some of the expert witnesses, notably Mr. Shroff, whom the Select Committee examined. But, on going through his speech, I find the following passage:

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

—now these are the words to be noted—

" that the vast majority of these shares will be firmly held and will not go on the market again."

Now, I understand that sentence to mean only this that Mr. Shroff and certain other experts were merely of the opinion that, once these shares are bought, the holders would not be eager to sell them away. They would cling to them, because it is a good investment. This reference to Mr. Shroff's statement does not solve our difficulties. Mr. Shroff does not say that the preponderance of shares will go to Indian nationals. Therefore, the reference to Mr. Shroff's evidence is to my mind irrelevant. The next argument to which the Finance Member resorted was that non-Indians on retirement from India will be debarred from the benefits of those shares. They will not be able to draw the dividends, and they will lose their vote. That is perfectly correct, but they could always find non-Indians to purchase the shares. If the shares are really valuable and nobody can doubt that, and if, in addition, they confer a valuable right, then non-Indians would always welcome to purchase these shares. I submit that this again would hardly be an argument in support of the Finance Member's contention. As long as there is a very large number of non-Indians in the country with enough means to buy off these shares, these shares need not go abegging. There is a small number of non-Indians retiring from time to time, and if they are compelled to part

*"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'."

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with these shares, they can always find—very conveniently and with profit—other men of their own community to purchase those shares from them. This would not solve the problem and would not achieve us the object we have in view.

Then, Sir, the Honourable Member says that nobody can have more than 10 votes. There, again, I have got no dispute with him, but how does that solve our difficulty? Lastly, he says: Look at the example of the Imperial Bank: On the shareholders list of the Imperial Bank, there are 65 per cent of Indian nationals, and from that he concludes that the shares of the Reserve Bank also will be held by Indian nationals in the same proportion. Sir, I was at some pains yesterday to show that the position of the Imperial Bank was not identical with the position of the Reserve Bank. One is a commercial institution, pure and simple, and the other is a commercial institution *plus* a great deal more. Therefore, the demand on the part of non-Indian nationals to secure the shares of the Reserve Bank would be far greater and they will be far more eager to secure the privilege of a vote in an institution which is to control the destinies, at least the financial destinies, of this country. I have endeavoured to discover some kind of material in the speech of the Honourable Member which could be validly regarded as an argument to convince us that our object would be achieved by the arrangement adopted in the Bill. Now, Sir, I have failed to find any hidden or mysterious mechanism in this measure whereby the Indian nationals would necessarily secure any advantage over others. If by accident, chance or luck we happen to achieve that position, the credit of that will not be due to the Honourable Member. I would ask the Honourable Member to show me a single clause which could be regarded as a valid argument for the proposition in question. I, therefore, regret to say that to my mind the hope held out by the Honourable Member appears to be totally illusory.

But let us assume for a moment that his assurance is a genuine assurance, where does it lead to? Sir, ever since my childhood, I have known one great trait of character of English people and that is their patriotism. Sir, I wish we could take a leaf out of their book. If we only possessed one-half or one-fourth of the patriotism which an average Englishman possesses, we would not be asking for these Reforms from them—we would take them ourselves. It is only as long as I and Dr. Ziauddin cut each other's throat, that they come in. Now, Sir, we are being assured today by an Englishman, Sir George Schuster, possessing the same measure of patriotism running in his blood as in any other Englishmen and he says: "Children, you keep quiet. I have put in the Bill enough for you. It does not appear on the surface, but you will get 75 per cent. all the same. You will control the destinies of this Bank. But you should not make any noise, it is there". Should we take it that the Honourable the Finance Member is going to do a bad turn to his own countrymen by curtailing their right to purchase these valuable shares? If it is a valuable right, he is obviously injuring his own people, and at their expense giving us an advantage. Could we for a moment take that assurance seriously? I think an Englishman even under chloroform is not capable of doing injury to his own people, and I admire that trait of his character. I, therefore, say that when Sir George Schuster assures us that he has here in this measure given us an advantage over his own

people, there must be some mistake. It is much safer to conclude that this assurance or hope which he has held out is illusory.

Referring once more to the Finance Member's speech, I invite your attention to a particular sentence where he says:

"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 (*now kindly note the words*) natural born Indians."

Sir Abdulla-al-Māmūn Suhrawardy (Burdwan and Presidency Divisions: Muhammadan Rural): What is wrong with natural born Indians?

Mr. B. B. Puri: Who said there was anything wrong with them? I have not yet said anything. Kindly wait and listen and then comment. I only want you to bear in mind the words that I am emphasising. It will be secured to natural born Indians. Now, in one breath the Honourable Member says that natural born Indians will secure this and, in the next breath, he says:

"But we must take our stand on the position that, so far as the Statutory provisions are concerned, no distinction can be drawn in this matter between Indian born subjects of His Majesty and United Kingdom,—not dominion—British subjects, resident in India. That is an essential constitutional principle and the parallels quoted from other Central Bank Statutes do not apply in the present case,"

—here are words to which I would invite the attention of the House in particular.—

"because in this case, we must regard the United Kingdom British subjects resident in India as equivalent to Indian nationals."

Now, Sir, the Honourable the Finance Member starts by saying that 75 per cent. of the shares will be secured to the natural born Indians, and ends by proving that 75 per cent. shares will be secured by natural born Indians *plus* the British subjects of His Majesty, who will constitute, according to his definition, the Indian nationals.

The Honourable Sir George Schuster (Finance Member): I never said anything of the kind. I think the whole House must appreciate that.

Mr. B. B. Puri: If necessary, I will repeat again what he said. One has only got to compare the two expressions which I have already quoted from the speech, it is not from memory that I am placing this material before the House. I am placing before the House the very words used in that speech. Natural born Indians—I take that expression to mean natural born Indians out and out and I understand Indian nationals to mean the same.

Mr. F. E. James (Madras European): Not as natural born Indians.

Mr. B. B. Puri: What else are they? For the purpose of securing shares in this Reserve Bank, I take it that the Honourable Member makes no distinction between the two classes. If, for the purpose of purchasing shares, we and the British subjects resident in India are on par and if there is no distinction between us, then I submit that the claim of the Honourable the Finance Member that 75 per cent. of the shares will be secured to natural born Indians is not well founded. It remains not only not proved, but disproved. Sir, if, as I said in the beginning, the Government are really and genuinely in agreement with us, if they really think that our aspiration is a legitimate one and that we should be given these shares to the extent of 75 per cent., then I submit, as pointed out by the Raja Bahadur, what is there to prevent the Government from so stating openly in the Bill itself? We have

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been reminded of a new constitutional principle, a very convenient principle from the non-Indian point of view, one aspect of which we discussed yesterday when we were dealing with the adjournment motion. Sir, the mere fact that the Government hesitate to say so raises our suspicions. Nor can the measure be regarded an honest measure in the sense that it does not correctly represent all that is intended to be laid down. It reminds me of the case of a man who on his death bed was dictating his will to his lawyer and he said, so much money to each of my nephews and nieces, so much money to my employees who have been in my service for more than 15 years, and the Solicitor then asked for the names of nephews and nieces and servants who fulfilled the particular qualification and the man said: 'To tell you the truth, I have not got any nephew or niece nor any employee who has been with me for 15 years, but it must be stated as such items always sound well in a will'. It appears, therefore, that for the sake of the Bill sounding well, certain things which should have been mentioned have been omitted, and I am afraid there must be certain things mentioned which are not intended to be carried out. Why not place before the House an honest document which contains all that is intended to be said and does not contain anything which should not find any place in it? I do not propose to leave it at that. I would like to go a step further and show that this measure is not as innocent as it looks, and that it contains a great deal more which would militate against our securing our object.

I take it that this Reserve Bank Bill is a reform measure and that the granting of a new Constitution depends upon it. I regard all these reform measures as "*war measures*," because, from the point of view of Government, a new régime is coming in, and naturally the English people are out to set their house in order. They are fortifying their position. They are safeguarding their interests, and I am not blaming them, I am not criticising them, for, if we were in their position, we would perhaps be doing more or less the same thing. I am mentioning it only in order to understand where we stand. The present measure appears to be a measure to secure financial safeguards.

Now, Sir, so far as the reforms and the Constitution that has been promised to us are concerned, my observations would be very few. And all that I want to say is that I attach very little importance to any reform or Constitution whereunder we have got no control over our finances, no control over the foreign policy, no control over the army, over the railways when our trade and commercial relations are to be governed by certain pacts and certain conventions of doubtful advantage to India. If these are the reforms that we are going to get, then the less said about the reforms the better. We have long been hearing about these reforms and at one time we were quite jubilant about them. It reminds me of the story of a man who was about to be married. He was very happy at first, but when the actual day arrived and he went inside the church where there was a large company of friends assembled, the bridegroom's behaviour appeared curious. So the best man stepped forward and said to him: "What's the matter with you? Have you lost the ring, or what?" He said: "No, I have not lost the ring, but I have lost my enthusiasm." So, by the time these reforms arrive, owing to measures such as this with all their safeguards and fortifications, I am afraid we shall have lost all our enthusiasm. Now, let us examine this Bill a little further. Looking at clause 4, you will find that this Reserve Bank

is going to be more or less a *cosmopolitan* institution. We have heard of cosmopolitan clubs, but I have not yet heard of a cosmopolitan Reserve Bank. Sir, I expected this Bank to be a *national* institution. Instead of that, I think it will be a more apt description to call it an *international* institution, because Gerinans, French, English, Americans, Japanese, etc., all can come in. Every one of them has got a voice in one form or another, some getting in through the main door, others through the side doors and still others through the trap doors or, as my Honourable friend, Dr. Ziauddin, said, the *chora durwaza*. But all of them are welcome, all classes of people and all races. It is a sort of a general meeting place for all sorts of nationalities, why we do not know. I hope and trust that the Honourable the Finance Member would give this House an assurance that the Central Banks in other countries are also run on similar cosmopolitan principles. If they are not run on such principles, then I would submit that this charity at our expense is neither fair nor honest. Sir, in every village a portion of the land is set apart as what is called the *Shamilat-deh*. The *Shamilat-deh* is the village common, which every one is entitled to use. When there are festivals, they are celebrated there. It is a general meeting place. Now, it appears to me that this unfortunate country is the *Shamilat-deh* for other nations. Germans might come, Japanese might come, all sorts of experiments, financial and otherwise, might be made here in this country. They have been given a voice, because, through these trap doors, foreign firms, as long as they have got a branch here and are registered here as a company, can buy shares in this Bank. Again, in the form of scheduled banks, any of these foreigners could come in. I submit, Sir, that this does not look very much like promoting the object of this amendment, namely, that 75 per cent. of the shares must be reserved for Indian nationals. Sir, whatever justification there may be for the English people to share with Indians the profits of this Bank, there seems no justification to invite the foreigners. Why allow us to be eaten by them? Perhaps you know the story of four friends who arranged a pic-nic. One of them said, he would bring some meat; another said, he would bring the drinks; and the third said, he would bring some sweets; but the fourth man, on being asked what he would bring, said, "I will bring couple of friends". Now, Sir, if there is a big feast going on here in this *Shamilat-deh*, which is the common property of everybody, we don't mind if you can eat yourself, but why invite outsiders? I submit that in these circumstances, the achievement of the object that this amendment has in view becomes a very remote reality, and the only way to secure it is by making a specific provision in the measure itself. Sir, I support.

Mian Muhammad Shah Nawaz (West Central Punjab: Muhammadan):

Sir, this amendment will serve no useful purpose; on the other hand, it will cause unnecessary irritation and friction between the Indians and the British residents in this country. It also offends against the canon of non-discrimination agreed to by all parties in London. The White Paper lays it down by common consent that there should be no discrimination in respect of taxation, the holding of property of any kind and in other matters. Sir, I congratulate my Honourable friend, Mr. James on the speech which he made yesterday,—that Britishers in this country are going to be partners in the destinies of this country. We are not likely to break that partnership up, we welcome it. Apart from the representatives of banks and business houses who take interest in the finances, I do not think British institutions and British residents in India will jump at the offer to

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purchase the Reserve Bank shares. The idea that the British residents in this country will invest money in the Reserve Bank for political reasons is a pure moonshine. There is not one of them who would invest money in the Bank except for the reason that it represents a good investment. The British people are the wisest people in the matter of investment. They have equally good business of other kinds to invest their money in.

Now, Sir, there are many provisions in the Bill itself which will give a preponderance of Indian capital to Indians. Separate registers are kept to assure equitable distribution of shares in different provinces. Special methods of allotment are intended which will give precedence to the applicant for a few shares and will lead to other widespread holdings throughout India. No group in Calcutta or in Bombay or in Delhi will be able to control or dominate the affairs of the Bank. In view of the fact that we have reduced the denomination of shares from Rs. 500 to Rs. 100, even small people will be able to purchase a few shares. In addition to this, no shareholder, no matter how many shares he holds, will be able to exercise more than 10 votes. And the greatest and most important safeguard is this, that if a British resident holding Bank shares retires from India, he will automatically cease to vote or to draw a dividend. He will, therefore, be compelled to sell his share in the open market. Then there is another safeguard, namely, that the nationals of the British Dominions, which discriminate in any way against Indians, will not be allowed to purchase any shares. Are not these safeguards enough to ensure a preponderance of Indian capital, through the ordinary operation of the stock and share market? By virtue of these operations well over half the capital of the Imperial Bank is now held by the Indians. As our Honourable friend, Sir George Schuster, pointed out, if this has happened in the case of the Imperial Bank, there is no reason why it should not happen in the case of the Reserve Bank. We all know that the Imperial Bank was a British enterprise in its inception and we all know that the Governor General in Council has always nominated four Indian Directors to the Board of that Bank and it is by these nominations that there is a substantial majority of Indians on the Board. There is no reason then to hold that the Governor General in Council will adopt a different principle in his nominations to the Board of the Reserve Bank. As I have already said, we welcome the fact that British residents in this country are going to be partners in the destinies of this country: we are now partners in a joint venture and it would be invidious, if not to say impracticable, to discriminate. Sir, discrimination will lead to friction; it will lead to irritation; and it will endanger the smooth working of the new Constitution. I oppose this amendment and I do hope that the House will reject it. (Applause.)

Mr. B. Sitaramaraju: (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, I am afraid I cannot share the optimism of my Honourable friend to my right, and I also feel that he misunderstood the scope and the purpose of this amendment. Nor can I agree with my friend, Mr. Puri, to all he said. He has overdrawn the picture. The object he has in view is in accord with mine. On this motion we have this advantage which we generally do not have: that is, that the Honourable the Finance Member, on an earlier occasion, had been pleased to deal with this point, and the House has before it his point of view. I am not going into the

details of the question whether, in the actual application of the provisions of this Bill in practical effect, 75 per cent. or more of Indians would be secured or not. My Honourable friend, Mr. Mitra, was satisfied, and would not, as told in the *Statesman*, be pressing for this motion, because he was satisfied that the provisions of the Bill would in actual practice secure for Indians 75 per cent. If the matter rested with that, I for one would believe that there is a considerable section on this side of the House, who would like to leave the matter at that. But the Honourable the Finance Member as well as my Honourable friend, Mr. James, speaking for the European Group, imported into this question what is called a great essential constitutional principle which is said to be involved in it. When a statement to that effect has been made, I humbly submit that I for one would not like to leave the matter at that without taking very serious notice of it. It is said that an essential constitutional principle is involved. What is that constitutional principle? Where was it laid? And how is it involved? There seems to be considerable misapprehension and some confusion of thought also with regard to this question. So far as the constitutional position is concerned, there are two documents of considerable importance which throw light on the position. They are the Proclamation of Queen Victoria and the Government of India Act. These were discussed at some length yesterday afternoon. In one respect it does bear upon this question, as well as on the question of dominion subjects, because it deals with the larger question involved, namely, what are the rights of British subjects, one and all resident in India? So far as the present constitutional position is concerned, I confess that I was not able to get at any particular provision of law there or anywhere else which would support the statement that this is an essential principle involved, namely, that the native born subjects of this country are equal to the British subjects resident here. It may be, as was pointed out by Mr. Puri yesterday, that in the constitution that we may have in the future, some provision to that effect might be made. Assuming for a moment that such a provision would be made, assuming for a moment that we have got to take note of what may be into our present legislation, assuming all that to be proper and possible. I would like to ask whether that affects the position seriously? By asking that 75 per cent. of these shares should be held by Indians, are you making a distinction in order to discriminate? I could very well understand, if we have shut out every non-national British subject, who is domiciled in this country, that that would amount to discrimination. But when we are prepared to say that 25 per cent is set apart for these people and we want at least 75 per cent to be secured to the people born in our country, I would like to ask, do you call that a distinction to discriminate? I venture to submit, Sir, that it is not. It is not a distinction to discriminate, but it is a distinction to protect certain vested interests. If that were not so, the course of legislation that we have so far been pursuing in this House would all be wrong. For instance, in the Airways Act, which we passed only last year, we have stated that enrolment under that Act, according to the provisions of section 9 of the Act, would be under the following conditions:

" Unless such person is a subject of His Majesty or a Prince of India and

- (a) is of unmixed Indian descent; or
- (b) if he is of mixed Indian and non-Indian descent, or
- (c) if he is of unmixed non-Indian Asiatic descent, is domiciled in India and his father and grandfather domiciled in India."

That is one of the provisions of the Act which we passed only last year in this very Legislature. When we passed that, was this House discriminating? Was this House making a distinction to discriminate? Was

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it making a discrimination to set apart certain kinds of services to people who are expected to be benefited by it having regard to the fact that they are the people of this country and therefore deserve to be treated with consideration?

Then, again, Sir, we have so many seats reserved on a communal basis for Muslims, for Hindus, for Christians and others. Was it also a distinction to discriminate or it was a distinction intended to protect certain interests in India? According to the Queen's Proclamation, every British Indian or British subject in this country, without any prejudice to his caste, colour or creed, is entitled to have equal opportunities and no denial to serve on those grounds. Notwithstanding that, in communal compartments certain interests have been provided for special treatment. When that was done, was it, I ask, a distinction to discriminate or a distinction only to protect weaker interests.

Again, Sir, legislation has been pursued with a view to protecting certain interests in the Provinces also. Was that *ultra vires*? I am afraid, a great confusion of thought does exist if Honourable Members or even the Government were to say, by merely providing a greater share in this case to India, we are making a distinction in order to discriminate. I venture to submit that it is not so. As I have already said, if we wanted to discriminate, we could have shut out the whole lot of them, but that was never our intention. This distinction was made only to protect Indian interests, with a view to providing for them a greater share in their own country.

This brings us, Sir, to two important questions. One is the question of domicile and the other is, what are the rights of the people who are born in this country? It must be remembered that we, who are born in this country, who belong to this country, must admittedly have a greater and a predominant claim for services in our own country. We cannot, at the same time, having regard to our constitutional position, shut out or overlook for a minute the rights of those British subjects who have come here and settled down. It was not at any rate the intention of any one of us that we should discriminate against those Britishers who are actually domiciled in this country having regard to our constitutional position. We feel conscious that, constituted as we are, we have to take their interests also into consideration, although we feel conscious that they are different from us.

The next question is the question of domicile. Yesterday the question of domicile was in a way said to be synonymous to that of residence, but that, mere residence was not enough to claim domicile, can easily be noted. Domicile is something more than residence. It is a status by which you make a permanent home in a country although you are not precluded from changing it from time to time. No person can have two domiciles. If an Englishman comes here and settles down for a number of years, he does not acquire any domicile in this country, and the authority for it will be found in one of the leading cases on that subject in Halsbury's Laws of England. I may cite an instance from that. An Englishman was resident in this country for a large number of years. He went back to his own country and wanted to press his claim in a court of law. The success of that claim depended on his having an English domicile. It was contended by his opponent that he, having been resident for a long time in India, India was his domicile. But it was held that the mere fact of a man being resident for however long a period in another country does not give him

the status of domicile, nor deprive his domicile in the country of his origin and that at no single time a man can have two domiciles, one in England and the other in India. There must be a clear intention to create one and determine the other. Such being the rights of domicile, we have to consider whether mere residence in this country would give them the same rights as domicile may secure, or whether there is any justification in making a confusion between residence and domicile. We should insist upon domiciliary qualification. In England, it is only men, who are domiciled there, have got rights. Mere residence by itself does not confer any rights on them. It is said, we cannot discriminate, because the Britishers do not discriminate.

Further, the Finance Member said that the mere fact that, in every Constitution and in every statutory provision in other countries, these shares are practically reserved to the nationals of those country should have no application here. It is not my desire to bring in the analogy of foreign countries. I do see the force of that argument that we cannot bring in the analogy of those countries in this matter for the simple reason that our own position is peculiar inasmuch as there are people of another country who are our Rulers and who have taken residence in this country and that their rights cannot be either ignored or denied. So far I do admit; but when it is said that in England there is no question of discrimination, no Statute ever made any discrimination; even assuming for the purpose of argument that I was wrong in holding that this was not discrimination, I would respectfully invite the attention of Honourable Members opposite to some facts. Before I do so, I invite Honourable Members to consider

12 Noon. this. Generally we do discriminate where there is a possibility of conflict of interests. Where the possibility of conflict of interests is not present or is so remote that it is impossible to conceive that it can ever come within the range of practical politics, there would be no occasion to make any provision in any Statute to discriminate. Therefore, whether British Statutes discriminate or not in the past cannot be taken into serious consideration. But, of late, if what I read the other day in the *Literary Digest* is correct, things even in Great Britain are moving so fast in this direction that it cannot be said that things are today going on in England as they did some years back. The *Literary Digest* of March 30, 1929, says:

"One after another of British companies whose securities have been made active are hastily meeting and amending charters and bye-laws to provide that control can never go overseas."

Then, again, we find, for instance, the Imperial Airways Company, Limited, excluding people who are non-Britons. Then there is another constitution under which the Marconi International Marine Company, Limited, have provided separate registers for foreigners and for British born subjects. The Marconi International Marine has made it very clear that, while a shareholder, who holds a share under the allotment given to the foreigners, cannot acquire any other share reserved or allotted to the nationals of Great Britain, it is permissible under its constitution that persons who are nationals of Britain can purchase the shares allotted for the foreigners.

Mr. F. E. James: May I be allowed to interrupt the Honourable Member for one moment, because I think there is some misunderstanding there? First of all, my Honourable friend has quoted certain cases of private companies which are making provisions themselves against the holding of

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shares by aliens, that is to say, by foreigners. Secondly, I am not aware of any Statute or any British Act at present which discriminates against British subjects from India, and that was the whole point of the argument which was used yesterday. I think my Honourable friend will perhaps remember that there was no claim that private companies did not discriminate against persons who are regarded as foreigners in Britain. I would remind him that Indians are not regarded as foreigners, but are welcomed as subjects of His Majesty.

Mr. B. Sitaramaraju: I think my Honourable friend has misunderstood the line of argument that I was pursuing. I started with a statement that, where there is a conflict of interests, there you will find always a provision to discriminate. Where there is no such possibility, or the contingency is remote, you do not find such a provision. But when conditions do appear, or appear to be reasonably probable, then you begin to move, and I said, the recent tendency was to move in that direction. I was first quoting a number of private companies. It is a fact that certain private companies have made this distinction by amending their charters granted by Government. (Mr. Vidya Sagar Pandya: "Even banks.") Even banks. The principle on which the whole thing is based is as I have read out from the *Literary Digest*, and the tendency in England at the present moment is in that direction. There is also confusion in the mind of my Honourable friend, Mr. James. A British born subject must be noted to be not the same as a British subject. He is considering both are same. What is provided here is that no British born subject shall have any right to hold any of these shares in these British companies. Coming to the Bank of England, we do not know what the Bank of England will do in the next four or five years. At the present moment there is a great outcry going on in England that the financiers, who are wielding great influence over the Bank of England, have of late engaged themselves in matters which were not conducive to the pure national interests of England, and Mr. Jarrie and Keynes and some other writers recently stated that the original intention of the Bank of England to have national control in order to promote national interests was lost sight of by the international adventurers of the financiers of the Bank of England, and it was considered necessary to raise a campaign in England itself to mobilise public opinion to the effect that the Bank of England should be purely confined to national interests. It is not quite possible for us at the present moment to know what exactly the Bank of England may do in the near future. My Honourable friend, Mr. Vidya Sagar Pandya, draws my attention to the provisions of the Midland Bank, which are to the effect that non-nationals are to be discriminated. Having regard to all these facts, I venture to submit that our providing 25 per cent. at the very outset must be appreciated even by the people of Great Britain. It is not a small thing to provide 25 per cent. of these shares for those people. All that we wanted was 75 per cent. and our justification is that this is our country, and we who are born in this country have a claim that institutions of this country should be, if not wholly ours, at least predominantly ours. Is that wrong? Are we so unreasonable as to say that in our own country we should have a greater share? Are we to hold this in partnership with people who may come here as sojourners? I submit, therefore, that so far as this constitutional principle is involved, I deny that there is such a principle as that and I maintain that if, in any future Constitution, this country is to be deprived of any legitimate share in

the service of this country or in the privileges of the natural born of this country, I for one would certainly object to it. With these few words, I support the motion.

Sir Leslie Hudson (Bombay: European): After the speech of my Honourable friend, Mian Shah Nawaz, I hardly thought it would be necessary for me to intervene in this debate; but consequent on the remarks of my Honourable friend, who has just sat down, I think it is necessary that I should put before the House the position, as we see it, of the British community out here and of the European residents in India. I should like to make it perfectly clear that the sole point on which I wish to take my stand is one of reciprocity. In doing so, I am merely repeating, and I am not going to repeat at any great length, what Mr. James said in his speech on the second reading of the Bill and the remarks which he made in his speech yesterday, and perhaps I may here say that the speeches on the adjournment motion yesterday rose to a height that we have not seen in this House for some time. The clear reasoning and the restraint with which Members spoke, I think, appealed to all in this House and will appeal to the whole of India.

Now, Sir, we British subjects resident in India have submitted to the Joint Parliamentary Committee in London memoranda drawn up by the European Association and by the Associated Chambers of Commerce which are the two main bodies through which European opinion is disseminated in India. Those memoranda definitely stated that any principle of discrimination between ourselves and Indian nationals is a principle that we cannot admit and that we cannot agree to. That is a plank in our platform on which the European witnesses before the Joint Parliamentary Committee pressed most strenuously, and here I should like to acknowledge the remarks made yesterday by my Honourable friend, Dr. Ziauddin Ahmad, who said that he wanted no discrimination between British residents in India and Indian nationals, and my Honourable friend, Mr. B. Das, who said definitely that he wanted to have equal rights for both those communities. Earlier in the debate, Mr. Mitra expressed similar sentiments. Our claim has always been based on the basis of reciprocity, reciprocity in the legislation of the United Kingdom, and we maintain that British residents out here should be at no disadvantage in India in any matter where no similar discrimination exists in the United Kingdom. The matter of disabilities imposed on Indian nationals in other parts of the Empire is an entirely different matter and was fully discussed yesterday. This Group has on many previous occasions given its unequivocal support to Indian interests and to Indian protest in that particular matter. This question of reciprocity was accepted by the Round Table Conference in 1931 and an endeavour has been made to incorporate it in the White Paper. We only ask for the acceptance of that principle by this House, which, I maintain, is being infringed by this amendment, and, with regard to this question of percentages, I echo what my friend, Mian Shah Nawaz, said. There is not the slightest possibility of any British interests in India investing in shares of the Reserve Bank with the ultimate view of using them as a political instrument. British business men are not given to that sort of procedure, especially out in this country. They put their money in investments which they consider to be secure for getting a reasonable return on their capital, and the fact that no British resident in India can retain shares when he retires from India will not produce any great enthusiasm amongst Britons out here

[Sir Leslie Hudson.]

for investing in a concern that has so restricted a market so far as the Britisher is concerned. As for my Honourable friend, Mr. Puri's remark that any Britisher can get rid of the shares to another Britisher, that is not the usual way of disposing of your securities when you leave India. They are sold in the open market through a broker. It is quite immaterial to the seller who the purchaser is, provided his cheque is good for the amount. We take our main stand on this principle of reciprocity and any attack on that principle, as an amendment of this description and other amendments later on do so attack it, must and will be strongly opposed by us.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): After long speeches made on this amendment, I do not want to take up the time of the House by making another long speech, but I would like to put one or two questions to the Honourable the Finance Member so that he might answer those questions when he replies to the debate on this amendment. The Honourable the Finance Member the other day said that there would not be great inducement for the Britishers to take many shares in this Reserve Bank as they have to sell out their shares when they go back to their country after retirement from service or profession, and the same idea has also been expressed the other day by my Honourable friend, Mr. Studd. But, after reading the evidence of the Secretary of State and also the memoranda which he submitted before the Joint Parliamentary Committee, I find some difficulty which I will put in the form of questions for my Honourable friend to answer. As for the memoranda it is stated that in regard to any company or corporation that is or may hereafter be established or incorporated in India, the question of domicile or residence will have a different meaning altogether, that is to say, a British subject domiciled or resident in England is deemed to fulfil all the conditions laid down by any Indian law as to the question of domicile, residence or duration of residence and other things. Putting this in plain language, it means that if any Indian Act provides, as this Reserve Bank Bill attempts to do, that a person should be resident in India for the purpose of holding shares, then a Britisher, who is domiciled in the United Kingdom, who has not come over to India or who has come and returned after coming here, is deemed to fulfil the conditions laid down by this Bill. That is to say, he is deemed to reside or continue to reside in India and hold shares in the Bank. That is the meaning, and this has been amplified by the question put by Sir Hari Singh Gour and the answer given by the Secretary of State. On page 890 of the evidence, Second Volume, in question No. 15577—that a person domiciled in the United Kingdom shall, notwithstanding an Indian law to that effect that he shall be domiciled in India, be deemed to be domiciled in India for the purpose of this clause. The answer is: "Yes, that is so". Instead of "domicile" you might substitute "residence". I will read the section in the memorandum itself. This is the memorandum submitted by the Secretary of State before this Committee. It says:

"In the case of a company which is or may hereafter be incorporated in India, British subjects domiciled in the United Kingdom will be deemed *ipso facto* to comply with any conditions imposed by law on the company instead of domicile, residence, duration of residence, language, race, religion, descent or place of birth of the Directors, shareholders, agents and servants."

That is the question which I would like the Honourable the Finance Member to answer.

Then, with regard to the question of discrimination, in my humble opinion, this reservation of 75 per cent of the shares for Indian nationals will not come under the definition of discrimination. Sir, every day we are having questions put on the subject of the percentage of appointments to be reserved for a particular community in India, and so on, and the Government also have approved of and are in fact adopting a certain percentage of appointments being reserved for a particular community. Even in the case of the Indian Civil Service, they reserve a certain proportion for Europeans and Indians. So that, the mere reservation of a certain percentage, even according to the Government's showing, does not and cannot amount to discrimination. If a particular community or a particular nation is entirely excluded from enjoying the fruits of some particular appointments, then it amounts to discrimination, but if a certain percentage is reserved for Indian nationals, then it does not come under the definition of discrimination. So, with these few words, I would request the Honourable the Finance Member to reply to these points that I have raised.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Sir, this amendment has raised an issue on which, if I understand aright, the different sections in this House are all of one mind. So, I do not know why we are taking so much time of the House in coming to a decision. Everybody here (including the Treasury Benches) is anxious that Indians should secure the shares of this Bank not only to the extent of 75 per cent, but much more, and the Honourable the Finance Member made it clear that he not only desired, but he was almost certain that that purpose would be attained. With that view, Sir, I completely agree. The Honourable the Mover of this amendment, the Raja Bahadur, said that he wanted to get 75 per cent of the shares for Indians and that the surplus of 25 per cent should go to non-Indian nationals. Here, Sir, I join issue with him, because I expect that Indians should and will secure more than 75 per cent, and I further agree with my friend, Mr. Reddi, who has just spoken, that, strictly speaking, it will not be discrimination as suggested by Sir Leslie Hudson, because, as he says, 25 per cent. will be left for non-Indian nationals, that is, British-born subjects resident in India. I think logically he is correct, because the British-born subjects resident in India will not form more than 25 per cent. So, speaking very logically, it is not even discrimination; but my main ground is, why should we have a needless point stretched too far when there is the least feeling against it amongst the Members of the European Group or anybody else. Our main purpose may be attained, we should work for that; then, as the Honourable Mr. Puri put it, to make the "will" more decent-looking or reasonable, why should we provide for nephews, nieces and old servants? (Laughter.) Let us be strictly practical, and, as such, in fixing the limit of 75 per cent for Indians, I think it does no credit to our Indian fellow-subjects to put in that limit even. Sir, I am fully optimistic on this particular issue as regards the Reserve Bank. Our Indian fellow-subjects will be very alert and will get much more than 75 per cent, but, if still the point is stressed, may I appeal to the Honourable the Finance Member to see that, in the rule-making section of this Bill, he can provide in some way or other that, in case of any extreme necessity for which there is no reasonable apprehension, some steps might be taken to assure my friends on this side. But I think that to provide specifically here, by Statute, fixing 75 per cent for Indians, is absolutely unnecessary and needless. It is no doubt true that there is a strong feeling in the

[Mr. S. C. Mitra.]

country, because it is not possible perhaps for the ordinary man to judge the detailed scheme for the distribution of these shares. It has been made abundantly clear that in the first instance these shares will go to anybody who applies for Rs. 500 worth of shares and more and a large amount of the share capital will certainly be exhausted at the first stage. Sir, it is not without much consideration that I have come to the definite conclusion that a statutory provision here is not necessary if it in any way unduly hurts the feelings of our fellow-subjects. (Applause from the European Group.) Sir, the very excellent sentiments expressed by my Honourable friend, Mr. James, yesterday, we here fully reciprocate. (Loud Applause.) It may be said that this friendship between the dwarf and the giant may not be always to the advantage of the dwarf; but in any case we would like to forget if that is possible to forget the past, and for the future we confidently expect that the British-born subjects of His Majesty will always help us, the Indians, to attain our true position in the British Commonwealth of Nations. (Loud Applause.) On all these grounds, I appeal to the House that they may not press for this amendment.

The Honourable Sir George Schuster: Sir, I desire to follow the excellent example set by my two friends who have just spoken and to be as brief as possible. I think, Sir, you yourself have expressed the view that it is undesirable that any Member speaking on any clause in connection with this Bill should repeat arguments which he has already put before the House—and in this case my own view of the position has been very clearly, or as clearly as I could put it, laid before the House in a speech which I made last week, and I maintain that the case which I then put before the House remains entirely unanswered. I do not think it is necessary for me to follow my learned friend, Mr. B. R. Puri, into those very low depths—I hope he will excuse me for saying so—into which he attempted to take this discussion. I think my Honourable friends who listened to my speech and then listened to Mr. Puri's travesty of what I said will require no further contradiction from me to emphasise the way in which he misrepresented my remarks.

Before I enter upon any general statement, I should like just to deal with this question raised by my Honourable friend, Mr. Ramakrishna Reddi. I must confess that I have not yet had time fully to digest the significance of these somewhat complicated and technical questions and answers. In fact, until my Honourable friend raised the point, I had not had my attention called to them at all. But, as far as I have been able to see in the few minutes that have elapsed since my Honourable friend spoke, the examination of that point was directed to the position of companies incorporated in India. There is one answer of the Secretary of State which my Honourable friend did not read and which I think is instructive. He says:

"No, not at all. The meaning of the clause is the meaning that Sir Malcolm Hailey and I explained in answer to a question of Lord Reading's yesterday. This clause deals with the setting up of Companies in India. The Indian Legislature can make conditions, but if those conditions affect domicile, residence, duration of residence, and so on, a United Kingdom Company incorporated in India would, for that purpose, count as an Indian Company."

Sir, I think that the point at issue there is quite different to that which is concerning my Honourable friends.

Mr. T. N. Ramakrishna Reddi: I will refer my Honourable friend to question No. 15595 which directly refers to the Reserve Bank. It is to be found on page 321:

"Questions were put to you yesterday in regard to the shares in such Companies where they should be held by those residing in India. I do not remember your answer, but is it not a condition laid down in the Reserve Bank Act that shares of that Bank will only be allotted to residents in India."

That is a direct question, and then comes the answer:

"Here, again, it is very difficult, without reverting to the report of the Committee, to give a specific answer. My memory goes to show that that is so, but I should like to confirm the actual words of the recommendations."

The Honourable Sir George Schuster: My Honourable friend has now got on to quite a different point. In this case the Secretary of State clearly had not got the report before him. But, in fact, his answer is perfectly correct. He said that, in the case of the Reserve Bank, the holding of shares would be restricted to residents in India, and that is exactly what we are providing in this clause.

Mr. T. N. Ramakrishna Reddi: This clause applies to the residents of Great Britain as well as to the residents of India. It applies to a British subject. That is what is contained in the memorandum. If you will kindly . . .

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

The Honourable Sir George Schuster: I am making the speech, and not my Honourable friend. I am perfectly willing to look into the question again, and if my Honourable friend likes to discuss the matter with me, I should be very glad to do so. But what he has put before the House does not substantiate any point which has thrown any doubt on the matter at all. In the one passage the Secretary of State was dealing with position of Companies which are incorporated in India and in the other case he is dealing with the Reserve Bank and the conditions that are to be imposed on the holding of shares in the Reserve Bank. In the latter case, he has referred to the necessity for residence in India and that is exactly what is provided for in this clause. That is our intention, and, as I made clear to the House yesterday, when Mr. Bhuput Sing raised the point, if the intention is not clearly carried out in the Bill as drafted, we are quite prepared to assist in clearing up that obscurity and in filling up that gap and adding a clause on the lines suggested by my Honourable friend, Mr. Bhuput Sing, yesterday. I submit that that will create a position which is entirely defensible, completely impregnable.

Now, Sir, on general grounds, as I have already said, I have not much more to say. The view which I put before the House when I spoke the other day was that this amendment really was a sign rather of weakness than of strength, that those who felt that it was necessary to provide for statutory protection of their position in this way were basing their ideas on conditions which had prevailed in the past. They have not examined the provisions of this Bill and they have not realised what will be the conditions of the future.

[Sir George Schuster.]

Sir, my Honourable friend, Mr. Puri, spoke about assurances which I had given. I gave no assurances of any kind, but I did express confidence in the way in which Indians would interest themselves in this Bank in the future. Nothing that Mr. Puri has said has shaken my confidence and I am very glad to find my views on that matter supported by Members who are not always ready to support our views. I refer particularly to my Honourable friend, Mr. Shah Nawaz, and my Honourable friend, Mr. S. C. Mitra, who has just spoken. We feel that the safeguard for the Indian position in this case lies in the original provisions for allotment. We feel that, owing to the conditions which we have laid down, it is quite certain that, in the first place, the vast majority of the shares will be allotted to Indians. If that position is once created, surely Indians will have sufficient interest in their own institutions to protect that position in the future. I hope that that is the view which the House will take because, as has already been clearly pointed out by several speakers, we must regard any attempt to lay down definite percentages and to introduce statutory protection of this kind as an example of discrimination which would be contrary to the constitutional principles which must be observed in this legislation. I think that that is all that I need say. I hope very much that my Honourable friend will agree to withdraw his amendment. I submit that that is the course which is likely to be the best in accord with the wishes of the House.

Mr. President: (The Honourable Sir Shanmukham Chetty): The point raised by Mr. Reddi may be discussed with reference to the amendment of Mr. Bhuput Sing. That will be the proper occasion when a point of that nature can be cleared up as the amendment of Mr. Bhuput Sing raises the issue definitely as to what will be the rights of non-Indian British subjects who cease to reside in India. That point can be taken up at that stage. Does the Honourable Member (Raja Bahadur G. Krishnamachariar) ask for leave to withdraw his amendment?

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I know, Sir, whether the debate is going to be closed. No one has asked for its closure. I want to speak.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair is putting the question. When the Chair feels that there has been a fair debate on a question, it has the right to put the question.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): So far as the proposal to withdraw my amendment is concerned, would it not be possible for you to allow me time till that question is decided, because the question of the remaining 25 per cent is also involved as I stated in my speech?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair does not think that the decision on this point need be postponed, because it understood the Honourable the Finance Member to say that it was clearly the intention of Government that when a non-Indian British subject who resided in India left India, he forfeited his rights as a shareholder. There does not seem to be any difference of opinion on the point. If the evidence given by the Secretary of State has cast any doubt, then, when the amendment of Mr. Bhuput Sing is

taken up for consideration, the House can introduce any necessary amendment which will place that point beyond doubt. The Chair does not think that the decision on this particular amendment of the Honourable Member, Raja Bahadur G. Krishnamachariar, need be postponed for that purpose.

Raja Bahadur G. Krishnamachariar: I am sorry I cannot withdraw my amendment. Will you please allow me time till after Lunch to make up my mind, because there are only five minutes more to adjourn for Lunch?

Mr. President (The Honourable Sir Shanmukham Chetty): What the Chair proposes to do is this. After disposing of this amendment either by withdrawal or by putting the question, the Chair proposes to go back to Mr. Bhuput Sing's question.

Raja Bahadur G. Krishnamachariar: My humble request was whether you could postpone the disposal of this amendment till after Lunch. It is for this reason that this question has been discussed all this time and I was out.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair will now adjourn the House and, soon after Lunch, if the Honourable Member does not ask for leave to withdraw, the Chair will straightaway put the question on this amendment.

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

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

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

"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'."

The Assembly divided:

AYES—30.

Abdul Matin Chaudhury, Mr.
Bagla, Lala Rameshwar Prasad.
Das, Mr. B.
Hoon, Mr. A.
Jadhav, Mr. B. V.
Krishnamachariar, Raja Bahadur G.
Lalchand Navarai, Mr.
Liladhar Chaudhury, Seth.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mujumdar, Sardar G. N.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Puri, Mr. B. R.

Puri, Mr. Goswami M. R.
Paghubir Singh, Rai Bahadur
Kunwar.
Rajah, Rao Bahadur M. C.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Roy, Kumar G. B.
Sant Singh, Sardar.
Sarma, Mr. R. S.
Sen, Mr. S. C.
Singh, Kumar Gupteshwar Prasad.
Sitarameraju, Mr. B.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Ziauddin Ahmad, Dr.

NOES—52.

Abdul Aziz, Khan Bahadur Mian.
 Ahmad Nawaz Khan, Major Nawab.
 Anklesaria, Mr. N. N.
 Ayangar, Mr. V. K. A. Aravamudha.
 Bapna, Mr. G. S.
 Bhore, The Honourable Sir Joseph
 Bower, Mr. E. H. M.
 Brij Kishore, Rai Bahadur Lala
 Chatarji, Mr. J. M.
 Clow, Mr. A. G.
 Cox, Mr. A. B.
 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.
 Ismail A'i Khan, Kunwar Hajee.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Lee, Mr. D. J. N.
 Mackenzie, Mr. R. T. H.
 Macmillan, Mr. A. M.
 Metcalfe, Mr. H. A. F.

The motion was negatived.

Millar, Mr. E. S.
 Miligan, Mr. J. A.
 Mitter, The Honourable Sir Brojesara,
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur S. C.
 Nihal Singh, Sardar.
 Noyce, The Honourable Sir Frank.
 Pandit, Rao Bahadur S. R.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Raisman, Mr. A.
 Ramakrishna, Mr. V.
 Rau, Mr. P. R.
 Schuster, The Honourable Sir George,
 Scott, Mr. J. Ramsay.
 Shah Nawaz, Mian Muhammad.
 Sher Muhammad Khan Gakhar,
 Captain.
 Singh, Mr. Pradyumna Prashed.
 Sinha, Rai Bahadur Madan Mohan.
 Smith, Mr. R.
 Studd, Mr. E.
 Subrawardy, Sir Abdulla-al-Mamun.
 Talib Mehdi Khan, Nawab Major
 Malik.
 Tottenham, Mr. G. R. F.
 Yakub, Sir Muhammad.
 Yamin Khan, Mr. Muhammad.

Mr. President (The Honourable Sir Shanmukham Chetty): We now go back to amendment* No. 35 moved by Mr. Bhuput Sing. In this connection fresh notice has been received of an amendment from Mr. Gaya Prasad Singh: the Chair will now ask Mr. Gaya Prasad Singh to move his amendment.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muham-madan): Sir, I beg to move:

"That to sub-clause (J) of clause 4 of the Bill, the following be added at the end:

'and no person, who, having been duly registered as a shareholder, ceases to be qualified to be so registered, shall be able to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of his shares'."

As was pointed out yesterday, there seems to have been a lacuna left in this clause as it has emerged from the Select Committee, and it is, with the object of filling up that lacuna, that I am rising to move this amendment. The qualifications prescribed for a shareholder in clause 4(3)(b) are that he must be:

"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."

These are the qualifications which entitle a person to be registered as a shareholder of the Bank. If he ceases to fulfil these qualifications, that is, if he ceases to be ordinarily resident in India and to be domiciled

"That to part (b) of sub-clause (J) 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'."

in the United Kingdom or if the dominion from which he comes begins in any way to observe any sort of discrimination against the Indian subjects of His Majesty, he shall cease to be so qualified, and will cease to be entitled to hold any share. I have very few words to say by way of support of this amendment. It will be observed, as pointed out in a book on "Central Banks" by Kisch and Elkin, that there are provisions inserted in the Acts of various countries limiting the right of shareholding or otherwise only to nationals of that country. In the Bank of Japan, only Japanese are entitled to hold shares. In the Bank of Greece, voting is limited to Greek subjects only. In the Reichsbank of Germany, the President and members must be Germans. In the National Bank of Denmark, Danish citizens, whose shares have been registered in name for at least six months, are entitled to vote. In the National Bank of Roumania, the general meeting consists of Roumanian shareholders. . . .

The Honourable Sir George Schnuster: Sir, is this relevant to my Honourable friend's motion? He knows that we are prepared to accept this amendment, and, in the circumstances, I suggest to my Honourable friend that no further speech is required.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Perhaps he wants to atone for not having voted in the last division!

Mr. Gaya Prasad Singh: The motive which my friend, the Leader of the newly formed Party, has attributed to me is unworthy of him, and I do not think that on the mere fact that, I refrained from voting, he should have indulged in this sort of personal reflection. I was going to stop: but in view of what has been said, Sir, is it your ruling, that a Member, when he is moving an amendment, should be precluded from making his speech?

Mr. President (The Honourable Sir Shanmukham Chetty): No: the Honourable Member can go on.

Mr. E. S. Sarma (Nominated Non-Official): Is not a speech always in support of an amendment and to convince the Government Benches of the reasons for accepting it? And, when they have accepted it, there is no need to make a speech.

Mr. Gaya Prasad Singh: However, in view of the fact that the amendment of which notice was given by my Honourable friend, Mr. Bhuput Sing, is also to the same effect, but as there were certain considerations which prevented the Government from accepting that amendment, I have been asked to move this amendment in a form which may be acceptable to the Government while securing for us the object which we have in view. I, therefore, move this amendment, and I hope the Government will accept it.

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

"That to sub-clause (3) of clause 4 of the Bill, the following be added at the end: 'and no person, who, having been duly registered as a shareholder, ceases to be qualified to be so registered, shall be able to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of his shares'."

The Honourable Sir George Schuster: Sir, I should like to congratulate my Honourable friend on the excellence of his drafting; and, while I am prepared to accept my Honourable friend's amendment, I must also add that I do not entirely agree with all that he has said in support of it.

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member, Mr. Bhuput Sing, want to withdraw his amendment?

Mr. Bhuput Sing (Bihar and Orissa Landholders): Sir, I think my purpose would be served by the amendment proposed by my Honourable friend, Mr. Gaya Prasad Singh, and I, therefore, beg leave of the House to withdraw my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Has the Honourable Member the leave of the House to withdraw his amendment?

The amendment was, by leave of the Assembly, withdrawn.

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

"That to sub-clause (3) of clause 4 of the Bill the following be added at the end: 'and no person who, having been duly registered as a shareholder, ceases to be qualified to be so registered, shall be able to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of his shares'."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): We now go back to the amendment* of Mr. Thampan, No. 86 on the Order Paper, and the Chair would ask Mr. Puri to move the amendment of which he has given notice.

The Honourable Sir George Schuster: Sir, before my Honourable friend moves his amendment, I should be grateful if you can allow me to explain the position so far as Government are concerned, because this also is a matter which was left over at our request so that we could consider the position. . . .

Dr. Ziauddin Ahmad: May I rise to a point of order: first of all we should know what the amendment is before the speech is delivered.

The Honourable Sir George Schuster: I think I can explain the position and my Honourable friend will understand it without hearing what the amendment is. The position is this: I stated on behalf of the Government yesterday that if it was possible to devise a clause which would meet the purpose stated in the first five lines of the Select Committee's note, we would have no objection to endeavour to find words for that purpose, instead of following the course recommended by the Select Committee, namely, waiting until the abuse arose and leaving it to be legislated against then. We have not had very much time to consider this, and the difficulties which we found illustrate the difficulties of attempting to alter a matter of this kind except in Select Committee. There are

*"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."

a good many difficulties that we have discovered and we certainly want a little more time to consider this matter before we can put forward a form of words which I could inform the House that the Government would accept. I hope, therefore, that my Honourable friend will refrain from moving his amendment for the present if you, Sir, would allow him the opportunity to do so at a later stage. Again, I think it is unlikely that we shall conclude consideration of clause 4 today; and, in these circumstances, we ought to have a little more time to discuss the matter with my Honourable friend.

Dr. Ziauddin Ahmad: On a point of order, Sir, may I know on what topic the Honourable Member has been talking? Is it a point of order or is it upon a certain motion? There is no motion before the House now.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair said that the House resumed consideration of the amendment moved by Mr. Thampan, the consideration of which was held in abeyance. The House has now resumed consideration of that amendment. At that stage any Member can make a speech and Government can get up and make their position clear. In the meantime, the Chair thought that the Honourable Member, Mr. Puri, might be called upon to move his amendment. The Finance Member has made the position of the Government clear. It comes to this, that the Government are not yet clear that the amendment in the form suggested by Mr. Puri would meet the case, and, therefore, what the Finance Member suggests is that this might be held over until a satisfactory form of words can be devised. The Chair thinks, if that will suit the Finance Member, it would hold over Mr. Thampan's amendment for the present.

Dr. Ziauddin Ahmad: Sir, in fairness to ourselves, it is but right and proper that we should know what the amendment is. Discussion has been going on. . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The amendment is on the Paper.

Dr. Ziauddin Ahmad: What is the new form of the amendment?

Mr. President (The Honourable Sir Shanmukham Chetty): The new form of the amendment has been circulated to Honourable Members.

Then the next amendment is No. 40 standing in the name of Mr. Sitaramaraju which raises the same issue as Mr. Thampan's, and, therefore, it is automatically held over.

Then the next amendment is No. 41 standing in the name of Mr. Reddi. The Chair thinks that that amendment is now out of order in view of the decision taken by the House on the previous amendment, and, therefore, No. 41 goes.

The next amendment is that of Mr. Vidya Sagar Pandya and he has withdrawn it, and notice of the same amendment has been given by Dr. Ziauddin Ahmad. This amendment presumes that the share capital is 7½ crores, and, therefore, this amendment is now out of order.

The next amendment is the one standing in the name of Mr. Yamin Khan, No. 48.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I move:

"That in sub-clause (5) (a) of clause 4 of the Bill, for the word 'forty' the word 'twenty-five' be substituted."

Sir, if you will allow me, I should like to move Nos. 43 and 44 together, because there will be no meaning if both are not moved at the same time.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): And you can move No. 46 also?

Mr. President (The Honourable Sir Shanmukham Chetty): But the other two will be consequential on this amendment. So, if the Honourable Member gets a verdict in his favour on this amendment, then the other amendments can be moved. Therefore, he can now confine himself to amendment No. 43.

Mr. Muhammad Yamin Khan: Very well, Sir. In the original Bill, it was provided that the Bombay area should get one crore and 65 lakhs and that the Delhi area should get only 80 lakhs. When the matter came before the Select Committee, I sponsored the case of Delhi and pointed out that a good deal of injustice would be done to Delhi and that should not be allowed. The Select Committee appointed a small sub-Committee which went into this question with a view to finding out the respective population in these two areas. . . .

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Male population.

Mr. Muhammad Yamin Khan: Not male population only, but the whole population, because my contention was that the Delhi area contained the Delhi Province, the United Provinces, the Punjab, Kashmir, the North-West Frontier Province, Baluchistan, the Punjab States, Rajputana States and Gwalior States. That is an area which practically covers one-third of the whole of India and that may cover one-third of the whole population, and if one-third of the population and one-third of the area is not given one-third of the capital, then it will not be right to say that Indians hold all the shares. If we are to be consistent in saying that Indians will hold all the shares, then we must be equally consistent in allotting to the population of the different areas shares on a population basis. But if we condemn from the very beginning that one-third of the area and one-third of the population, and say that they are incapable of subscribing one-third of the capital, then we defeat our own object, and it will be a confession on our part that Indians are not capable of subscribing to the shares of this Bank, and, especially, it becomes all the more prominent when we say that Bombay and Calcutta should be given more than their due share. That would be tantamount to saying that the Indian population living in small towns and villages is incapable of subscribing to the shares and only those who have the privilege of living in big cities like Bombay and Calcutta are alone capable of subscribing to these shares. When this sub-Committee went into the whole question, it was found that the population of the Bombay area was only 19.5 per cent, that of the Eastern area or of the Bengal area was 29.8 per cent, that of the Northern area, i.e., of the Delhi area was 30.4 per cent. that of the

Southern area or of Madras was 16·5 per cent, and that of the Burma area or of Rangoon only 4·3 per cent. Therefore, according to the population basis and according to the area on which the population is distributed, in the division of five crores of rupees, Bombay should have got only 97½ lakhs; but Bombay was given one crore and 65 lakhs, Delhi ought to have got one crore and 52 lakhs, while Delhi was given only 80 lakhs—Delhi was given only half of the share that was legitimately due to her, while the Bombay area was given double of what was due to her. That was naturally a great hardship on the people living in small towns, because people living in big cities like Bombay and Calcutta got a larger share. In that Committee we had representatives from Bombay, Bengal and Madras, and I had the privilege to represent Delhi. The great difficulty was that the Bengal people found that their shares came to one crore and 46 lakhs and they were allotted one crore and 65 lakhs, and there was some difficulty to persuade them to accept less than this. So they also joined hands with other people who were benefiting at the cost of Delhi, and we found that eventually only Delhi and Madras were the greatest sufferers, but ultimately the Committee came to the decision that the whole question should be left to the Chairman of that Committee for decision and that we should all abide by his decision. . . .

Mr. S. C. Mitra: Can the Honourable Member go into all the details as to what happened in the Select Committee and how they came to a decision, and so forth? In that case, I hope you will also allow us to go into the details of what happened in the Select Committee.

Mr. Muhammad Yamin Khan: I am merely trying to point out as to how that decision was arrived at, because I find that several alterations have been made by the Select Committee in that amendment, and, therefore, I am not bound by the decision given by the Sub-Committee. Once that decision is disturbed, then the whole thing is disturbed, and I am entitled to re-open this question in this House.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): May I ask him whether the sub-Committee did not give his register one crore and 15 lakhs, and whether he did not agree to it?

Mr. Muhammad Yamin Khan: On condition that Bombay should not get more than one crore and 30 lakhs, while they pressed and got one crore and 40 lakhs.

Sir Cowasji Jehangir: I would appeal to the members of the sub-Committee to say who pressed and who yelled and shouted?

Mr. Muhammad Yamin Khan: My friend was the most vociferous and tried to take the fullest advantage of the absence of. . . .

Sir Cowasji Jehangir: That is absolutely incorrect, and I would appeal to my colleagues to say whether I opened my mouth at all on the subject. All the shouting, all the yelling, was done by the Honourable Member, and I would appeal to him not to repeat the shouting in this House.

Mr. Muhammad Yamin Khan: I thank my Honourable friend for the advice that he has given, but I can remind him that in the Committee he was the person who took up most of the time, he did most of the

[Mr. Muhammad Yamin Khan.]

talking. (An Honourable Member: "Never.") Certainly I represented the cause of the people whom I have the honour to represent. If it was a question of injustice done, my Honourable friend would have found me equally zealous if Bombay had been the sufferer, although it might not concern me, and I would have gladly given out of the share of the Delhi area. My friends will see that under the amendment I am not demanding my due; I am asking far below that. Recognising that Bombay may be able to subscribe more, Bombay has been given more than its due share, and my Honourable friend cannot have any grievance against my amendment at least.

Mr. Gaya Prasad Singh: What was the decision in the London Committee?

Mr. Muhammad Yamin Khan: There was no decision on this point.

An Honourable Member: That is the trouble.

Mr. Muhammad Yamin Khan: We must presume that the people of India as a whole are capable of subscribing to the capital according to the population. If I have supported this Bill, if I have supported the shareholders' scheme, it is under the belief that the people of India will subscribe to the capital. If you condemn one-third of the population and say that that proportion is incapable of subscribing what ought to be their share.

Mr. Bhuput Sing: What should be the proportion according to the income-tax returns for each province?

Mr. Muhammad Yamin Khan: If you go by the income-tax returns, my Honourable friend will be going against his own amendment, because the European population are paying a great deal of income-tax. My Honourable friend wants to take all the advantage in the name of Indians and not to give to the European, and at the same time he wants to condemn the Indian population. I have not got the figures of income-tax returns, but I will say one thing. While the Bombay area may say it has got a big urban population, I may say that Bombay has got an urban population of 92,72,000 while the Northern area has got 1,08,00,000 urban population. The Bombay Presidency may be proud of having Bombay, and the second town which comes in order is Hyderabad, and Karachi probably. At the same time, I will tell my friend that the Delhi area comprises the towns of Delhi, Lahore, Amritsar, Rawalpindi, Simla, Peshawar, Lucknow, Cawnpore, Benares, Allahabad, Meerut, Bareilly, Agra—these towns have got a population of more than one lakh each, some even have three or four lakhs. Delhi has got five lakhs population in the winter. Sir Cowasji Jehangir may say that more than Rs. 20,000 worth of shares may be allotted. Mr. Bhuput Sing says that not more than Rs. 20,000 worth should be allotted to one subscriber, but at the same time he wants that the very rich people should be given these shares and he wants to condemn in one breath the people who are living in the rural area and living in small towns. There is no consistency. If he wants to be consistent, he must be consistent from beginning to end. In the name of the Indians, a few people would get all the shares. I do not think they are fighting the cause of India; they

are fighting for a particular class only, and not for the whole of India. Even the Select Committee has given only 115 lakhs to the Delhi area while 152 lakhs is its due share. It was argued by some Members that this area will not be able to subscribe. I repudiate this assertion. This amount will be subscribed, I say, within half an hour's time. The whole capital will be subscribed by this area alone if it is left to this area. Simply because rich people are living in Bombay and Calcutta, it does not mean that they should be given more chance. We want the poor people to subscribe and not the rich people. There is no question of income-tax. It is the man who does not pay income-tax that should subscribe. I want the poor man in the Secretariat who gets Rs. 100 or 200 a month and can save Rs. 20 or so to subscribe. I want the agriculturist to subscribe. I do not want those people who pay income-tax to subscribe. People paying income-tax have other concerns to look after and not this Bank only. That was my fear that a time may come when it will be controlled by a few rich money-lenders or some rich people who will come in in the name of paying income-tax. Whose money is this that is going into their pockets? Is it not the earnings of the poorer classes?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair thinks the Honourable Member is repeating the argument over and over again.

Mr. Muhammad Yamin Khan: Because a claim is made on behalf of those who pay income-tax. I say that it is the earning of the poor people that goes into the pockets of these men who pay income-tax. If all the three amendments are taken together, Bombay, instead of getting 140 lakhs, will get 125 lakhs, and I give this difference of 15 lakhs to the Delhi area, including the U. P., Delhi, the Punjab, N.-W. F. P. and Indian States. This is not a very big demand. Bombay should not get more than Rs. 97 lakhs on population basis, but I am giving it by my amendment Rs. 125 lakhs. With these few words, I commend my amendment to the House. It is an amendment in the interests of the whole of India.

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

"That in sub-clause (5) (a) of clause 4 of the Bill, for the word 'forty' the word 'twenty-five' be substituted."

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadian Rural): The one redeeming feature of this amendment, which has aroused some inter-provincial jealousy, is that once at least we have heard "United India" not repeating His Master's Voice. I certainly do not see my way to support the amendment so ably moved, so feelingly moved and so eloquently moved, though the Chair called him to order for repeating his arguments. We were at times almost impressed by the repetition of his arguments and believed that there might be something in his arguments, but when we analyse his arguments, I do not find myself able to agree with what he would ask us to do in this matter. One argument of his has been that if you allot money or allot shares according to the income-tax that is paid by different provinces, why do you ignore the Britishers who pay income-tax. My friend forgets that we do not ignore them. They at least can have as much share in this Bank as any other Indian; but considering the proportion of income-tax which our European

[Mr. Amar Nath Dutt.]

fellow subjects in India pay, the proportion of income-tax paid by Indians is certainly much higher. It is a question of simple arithmetic. One need not be a Wrangler like my friend, Dr. Ziauddin Ahmad, to appreciate it. Be that as it may, the argument about income-tax does not hold water in the present case. Then, again, he was pleading for the poor. Certainly any one having a grain of humanity in him would be with him if he was really pleading for the poor; but when I heard him and came to know the standard of poverty for which he was really pleading, I had to revise my opinion. He was saying that clerks getting Rs. 100 and Rs. 200 ought also to be able to subscribe. If that be the idea of poverty in a country like India, I should say that he has no idea of the appalling poverty of Indians and, if he only goes round a village, he will find. . . .

Mr. Muhammad Yamin Khan: My friend ought to know that I have taken more rounds in the villages than my friend even in spite of his old age may have taken.

Mr. Amar Nath Dutt: I protest against any insinuation of old age. I am as young as my friend over there and I can claim to have a more intimate knowledge of Indian villages than my friend can claim. I have my own village home. I live there. I own property there and I have relations in Bengal villages where I go every now and then. I know most of the villages in Western Bengal, if not in East Bengal. That being so, though I claim to be not as old as he is, still I submit that my knowledge about villages is not less than his. If one goes through any village, he will find that people there hardly earn more than three or four rupees a month and even then they are well off with a small paddy field and this small income. They are wealthy, compared with the people in the mud hovels with not even one full meal a day, and if he had spoken for them, I could have certainly understood him and supported him. I ask, why should this inter-provincial jealousy be raked up in every matter? We have had enough of these matters since the days of the Morley-Minto Reforms, which has degraded and debased our public life. The less that these things are spoken on the floor of this House, the better. With these words, I oppose the amendment.

Sardar Sant Singh (West Punjab: Sikh): Sir, my friend has severely condemned the spirit of inter-provincial jealousy that is exhibited in the House. He probably did not realise that he was himself, though unconsciously, committing the same breach with which he was charging Mr. Yamin Khan. If he was imbued with a national feeling he had no business to get up and oppose this amendment. But he knew that in the next two amendments the Calcutta register was sought to be deprived of a part of the share capital allotted to that register.

Mr. S. C. Mitra: There is no amendment for reducing the Calcutta shares. Do not go on surmises.

Sardar Sant Singh: I would very much like to support the motion moved by my friend, Mr. Yamin Khan, for the simple reason that my province is also included in the Delhi register. But there are two difficulties in my way—firstly, that the amended allotment of capital to various registers, as now found in the Bill, is the result of a compromise. The amendment goes against the spirit of compromise entered into in the Select Committee. Secondly, still a greater principle is involved in this amendment to which my friend did not direct his mind, and that is this, that he and I belong to

minority communities and have been clamouring for weightage and protection against the majority. If every problem in India is to be decided by numbers alone, we shall have to modify our demands. Is he prepared to do so? I do not mind it if he also does not mind it. But if he does, how can he expect us to subscribe to such an amendment? This will give a handle to the majority community to use it against us in other matters. Therefore, I have to oppose this amendment.

The Honourable Sir George Schuster: This is a matter on which it is impossible to say with any certainty what is right or wrong. It would be possible to spend three or four weeks discussing all the various possible permutations and combinations of the amounts that are to be given to each of these area registers. So far as we are concerned, speaking for the Government, we have no particular views as to the exact figures, provided that the amounts are roughly commensurate with the importance of the areas, and with the distribution of Directors from the various areas which has been proposed. Therefore, on this particular amendment, as far as the Government are concerned, we propose to remain entirely neutral. We do not think that the distribution proposed would be inconsistent with the importance of the areas or with the scheme of distribution of Directors and, therefore, we do not wish to lend the weight of our votes to one side or the other. That is our position.

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

"That in sub-clause (5) (a) of clause 4 of the Bill, for the word 'forty' the word 'twenty-five' be substituted."

As many as are of that opinion will say "Aye". (*Some Honourable Members:* "Aye.") Those of the contrary opinion will say "No". (*Some Honourable Members:* "No.") The Chair thinks the "Ayes" have it? (*Some Honourable Members:* "The 'Noes'.") Honourable Members who require a division will kindly stand in their places. The Chair proposes to take this division by requesting Honourable Members—the "Ayes" as well as the "Noes"—to rise in their places instead of going to the Division Lobbies.

Dr. Ziauddin Ahmad: Will you kindly read out the names also?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair will explain that to the Honourable Member after the division.

The "Noes" have it.

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair may explain to Dr. Ziauddin and for the information of the House that there are precedents in this House in which, where it appears to the Chair that the demand for a division is not supported by many Members of the House, the Chair directs that Members who vote for the "Ayes" and those who vote for the "Noes" should stand in their places instead of going to the Division Lobbies, just to save the time of the House. The Chair proposes where it finds that the demand for a division is not strong enough in the House, to follow that practice. (Applause.)

Mr. Muhammad Yamin Khan: The only point I wish to urge, Sir, is that by recording the names of the Honourable Members who vote either way, it may be found whether the demand has come from the area which feels that it is unjustified; and as I say that all the people representing that area, excepting possibly one or two—all others feel that it was an injustice

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

Mr. S. O. Mitra: Sir, I submit that in that way a great privilege of the House will be interfered with if the names are not put on record. It is not an individual question; even the voting itself will suffer and the whole House will suffer in respect of its privileges if at any division the names are not recorded. The fact of names appearing on a division list even influences many Members in regard to their course of action, and this right of a division is a great privilege of the Members of the House. Therefore, Sir, if you do not think that it is a merely frivolous demand for a division, I would request you to direct that this may not be the general rule.

Mr. President (The Honourable Sir Shanmukham Chetty): There is absolutely no fear of this being made a general rule. The Chair can assure the Honourable Member that it will exercise this power in very very rare cases.

The next amendment, that of Mr. Muhammad Yamin Khan, also goes out. Does the Honourable Member, Raja Bahadur Krishnamachariar, want to move his amendment No. 45, dealing with sub-clause (5) (d)?

Mr. Muhammad Yamin Khan: Sir, my amendment No. 44 depends upon my amendment No. 46. No. 46 has not failed. No 43 may have failed—where the question was of taking away more money from the Bombay area; but, as far as it concerns the taking away of money from the Rangoon area, it did not fail. If you will permit No. 46 to be put in, then, if that fails, my No. 44 and also Raja Bahadur's No. 45 *ipso facto* fail; otherwise they do not fail.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. In No. 44, the Honourable Member seeks to take away 15 lakhs, and in amendment No. 46, how does he distribute . . .

Mr. Muhammad Yamin Khan: The Rangoon area is proposed at present to be given 30 lakhs. Well, my amendment No. 46 wants to give to the Rangoon area 20 lakhs. This means a difference of Rs. 10 lakhs.

Mr. President (The Honourable Sir Shanmukham Chetty): Where is it to be distributed?

Mr. Muhammad Yamin Khan: That I want to be given to the Delhi area.

Mr. President (The Honourable Sir Shanmukham Chetty): The amendment of Raja Bahadur Krishnamachariar is defective for this reason. He wants to give 30 lakhs more to the Madras register, but he does not say wherefrom the 30 lakhs is to come.

Raja Bahadur G. Krishnamachariar: I say it must be taken from the rest just as the House may choose. It is not my business.

Mr. President (The Honourable Sir Shanmukham Chetty): The amendment, in that form, is vague and, therefore, cannot be moved. It is the duty of the Honourable Member himself to give a scheme which will be a self-contained one.

Raja Bahadur G. Krishnamachariar: May I submit that I am ready to omit the words "and necessary alteration be made to bring up the total to five hundred lakhs," and I simply want to move the first portion of my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Even then it will be out of order, because that will leave it incomplete. The effect of this amendment will be to make the share capital five crores 30 lakhs, whereas the House has adopted a five crore share capital.

Raja Bahadur G. Krishnamachariar: Then I shall bring in another amendment if you will allow me; it is only a question of notice.

Mr. President (The Honourable Sir Shanmukham Chetty): The notice ought to be before the House when the amendment is taken. The amendment is now before the House, and there is no notice.

Raja Bahadur G. Krishnamachariar: In view of your ruling, Sir, I hope I may be given a chance to say from where the rest should be taken. It is very easy. I say from Bombay one-half and from Calcutta one-half. (Laughter.)

Mr. President (The Honourable Sir Shanmukham Chetty): That is out of order. The next amendment is No. 47 in the name of Mr. Jhampan.

Mr. Amar Nath Dutt: May I request you, Sir, to give the same latitude to my friend in regard to his amendment, namely, that it may stand over till tomorrow, as has been given twice to the Government Benches?

3 P.M.

Mr. President (The Honourable Sir Shanmukham Chetty): There is no justification for doing that in this case.

Mr. Muhammad Yamin Khan: Sir, my amendment No. 46 requires that the Rangoon area may be given shares worth 20 lakhs instead of 30 lakhs and that is in order. What I request to the Chair is that I might be allowed to move all the three amendments simultaneously. I propose to take away 15 lakhs from the Bombay area and 10 lakhs from the Rangoon area, and I propose that this amount may be allotted to the Delhi area. Now, if my amendment fails, as far as Bombay is concerned, the 10 lakhs from Rangoon still stands and a consequential amendment will have to be made by the Government. Instead of 40 lakhs, the Delhi area will be allotted 30 lakhs.

Mr. President (The Honourable Sir Shanmukham Chetty): Even if the Honourable Member had moved all his three amendments together, the verdict of the House on his first amendment would have cleared out the other two amendments and those two amendments would not have been put to the House.

Mr. Muhammad Yamin Khan: Sir, the House may not be willing to take away from Bombay, but it may be willing to take away from other areas.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair cannot discuss a point of this nature on the floor of the House. The amendment, in view of the verdict of the House, is out of order.

The Honourable Sir George Schuster: On a matter of procedure, might I call your attention to the fact that there are a great number of amendments which cover very much the same ground as my Honourable friend's amendment does. These are Nos. 47, 51 and 53 in the consolidated list and Nos. 3, 4 and 5 in the second supplementary list. I suggest that they might all be taken together.

Mr. President (The Honourable Sir Shanmukham Chetty): Yes. The object of all these amendments is to constitute some sort of an *ad hoc* committee for the allotment of shares. So the Chair would allow all the Honourable Members to move their amendments and have a comprehensive discussion.

Mr. T. N. Ramakrishna Reddi: Before allowing those amendments to be moved, will you please see that my amendments Nos. 49 and 50 are allowed to be moved as they refer to the distribution of the share capital. You can afterwards take up the other amendments.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will come to them in their proper order.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I beg to move:

"That in sub-clause (5) of clause 4 of the Bill, before the proviso the following be inserted:

'A Committee consisting of six non-official and two official members of the Legislative Assembly shall be constituted to conduct the allotment of shares in accordance with the terms of these provisions'."

Sir, the object of this amendment is obvious. I want to entrust the task of allotting the shares to a non-official body elected by this House. You will find, Sir, that, under clause 8, the first Directors have to be nominated by the Governor General in Council. He will appoint the Governor, the Deputy Governor and the four Directors also to be nominated by him. The remaining eight Directors have to be elected by local bodies. But as the local bodies themselves will not come into being before the allotment of shares is over, it is essential to devise a machinery by which this allotment should be made. Moreover, the Directors to be nominated are the creatures of the Government and inasmuch as the casting of lots and other things contemplated in the subsequent provisions, namely, sub-clauses (6) and (7) of this section are proposed to be entrusted to them, it is highly desirable that a non-official body should be constituted for the purpose. It will also create, if I may say so, confidence in the country that the thing has been properly done. There are other purposes also to be served by this Committee to which I will refer later on. For the time being, however, I will content myself by moving this amendment and commend it for the acceptance of the House. The formation of the Committee may be in the manner in which the election for the Public Accounts Committee of this

House is made. The elected non-official Members may offer themselves as candidates and the election itself be on the basis of a single transferable vote. That is all I wish to say now.

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

"That in sub-clause (5) of clause 4 of the Bill, before the proviso the following be inserted:

'A Committee consisting of six non-official and two official members of the Legislative Assembly shall be constituted to conduct the allotment of shares in accordance with the terms of these provisions'."

The Chair will now ask Mr. Azhar Ali to move his amendment, No. 3, that stands in the supplementary list No. 2.

Dr. Ziauddin Ahmad: I rise on a point of order. These two amendments serve entirely two different purposes. The object of the first amendment is that there is no need for the first nomination of the Central Board. This Committee will make allotment and the first Central Board will be elected as soon as these shares have been allotted. The intention of the second amendment is to serve as a kind of watch dog to see that the distribution is properly made.

Mr. President (The Honourable Sir Shanmukham Chetty): Whatever might be the intention of the Movers of the amendment, the language of the amendments show that they raise substantially the same point and the right of the Honourable Members is not affected by this procedure so far as the voting is concerned. On the other hand, it will be more convenient from the point of view of discussion.

Mr. Muhammad Ashar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I beg to move:

"That in sub-clause (5) of clause 4 of the Bill, after the proviso the following be inserted:

'A Committee consisting of two elected Members of the Assembly and one elected Member of the Council of State, to be elected by non-official Members of the respective Houses shall be associated with the Central Board for the purpose of making public issue of shares and looking after the first allotment of shares'."

I might point out first of all that there is very little difference between the two amendments. The one moved by Mr. Thampan relates only to the conducting of the allotment of shares and my amendment also refers to the public issue of shares. I do not wish to take up the time of the House on this amendment of mine, but what I do wish to point out is that these two things will be the most important business of the Reserve Bank. In the very beginning, these two things will have to be done. We do not care whether the proxies will be obtained honestly or otherwise, but the first most important business of the Bank would be the issue of shares and the allotment of these shares. Sir, if the Members of the Assembly are given a chance to participate in the first sitting, and also whenever necessary, of the Reserve Bank, then it will inspire confidence throughout the country. I do not propose that they should be only Members of the Assembly, as I have also suggested a Member from the Council of State. Sir, it is known to all of us here that Members of the Legislature, whether they be of the Provincial or of the

[Mr. Muhammad Azhar Ali.]

Central, are excluded simply for the reason that political influence should not be introduced into this Reserve Bank. But, considering the importance of these two matters, I would ask the House at least to give one opportunity to the Members of the Legislature who are the representatives of the people and thus to show to the whole country that the whole thing is being done sincerely and in accordance with the principles of banking and that, at the same time, the interests of the different provinces are not being ignored.

Sir, we have been hearing today, from this morning up till now, about provincial interests, and my Honourable friend, Mr. Yamin Khan, also moved an amendment to that effect. The other thing that we discussed today was about safeguards and the interest of the nationals. These two very important amendments were moved, and what did we find? We were in a minority and we were defeated; but we had at least our say in the matter of safeguarding the interest of the nationals and the shareholders. We want now that such things should be in the hands of the would-be Members who would be the representatives of the people on this Bank. With these words, I move my amendment.

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

"That in sub-clause (5) of clause 4 of the Bill, after the proviso the following be inserted:

"A Committee consisting of two elected Members of the Assembly and one elected Member of the Council of State, to be elected by non-official Members of the respective Houses shall be associated with the Central Board for the purpose of making public issue of shares and looking after the first allotment of shares."

The Honourable Sir George Schuster: Sir, I think it might be convenient for the House if I explain the Government's attitude on this amendment before we go any further. We entirely appreciate the reasons of Honourable Members who move these amendments and, so far as we are concerned, we have no objection at all to a Committee of the Legislature being appointed to satisfy itself that the allotment of shares is being conducted in accordance with the provisions laid down in the Bill. Of the various amendments that are down, we prefer an amendment on the lines just moved by my Honourable friend, Mr. Azhar Ali. It seems to us right that the proposal should take the form of appointing a Committee to be associated with the Central Board, because the provision of the Bill is that the Central Board should conduct the allotment. That, after all, is the business of the Central Board and a Committee of this Assembly will not have at its disposal all the machinery necessary to carry out that rather complicated bit of work. Apart from that, we think that a small committee would be better for the purpose and, for that reason, again, we prefer my Honourable friend, Mr. Azhar Ali's amendment. The wording is perhaps slightly vague, "shall be associated with the Central Board for the purpose of making public issue of shares", but I presume what my Honourable friend has in mind is that there should be a Committee of this House to satisfy itself as regards advertisements and the publicity which is given to the issue, and so on. On that understanding, we see no objection to the proposal. Therefore, on behalf of Government, I can say, we would accept the amendment which has just been moved. If that is satisfactory to the House, I think it might avoid further discussion.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I am glad that after all the Government have seen that they should not fight shy of the Legislature in these matters.

The Honourable Sir George Schuster: I do not know what my Honourable friend means by "after all". That has always been our position from the beginning.

Mr. Lalchand Navalrai: I have seen up to now that whenever we said that the Members of the Legislature should have something to do with this Reserve Bank, the suggestion was not taken up at all. I was considering at one time whether the Reserve Bank was going to be the Brahmin and we, the Members of the Legislature, were going to be the depressed classes. The Legislature is not composed of depressed classes, and I do not see any justification for Government to keep them at a distance. Therefore, it was that I said, after all good sense has prevailed with the Government. Now, Sir, my point is this. I have given an amendment which is similar to the amendment just moved by my Honourable friend, Mr. Azhar Ali, but there is one difference and that difference I want to point out to the Honourable the Finance Member and I would request him that my amendment should be accepted in preference to the one moved by Mr. Azhar Ali. My amendment runs thus:

"That in sub-clause (5) of clause 4 of the Bill, after the proviso the following be inserted:

'A Committee consisting of two elected Members of the Assembly and one elected Member of the Council of State, to be elected by elected Members of the respective Houses, shall be associated with the Central Board for the purpose of making the first allotment of the shares.'"

I want the members of the Committee to be elected by only elected non-official Members of the House. But in the amendment, moved by Mr. Azhar Ali, they have to be elected by non-official Members of the House who include nominated Members also and my humble submission is that when the official side is fully represented in the Reserve Bank by the Governor General, it is not necessary that any of the creatures of the Governor General directly nominated should be made to join again in sending representatives from this House. Therefore the justification lies in this that in order to allow the popular side to be properly represented, the election should be confined to be made by the elected Members of both Houses. I think my request is a very reasonable one and I hope the Honourable the Finance Member, who is now in a mood to agree to some reasonable amendments on this point, would feel that mine is a more reasonable one and he would accept it.

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

"That in sub-clause (5) of clause 4 of the Bill, after the proviso the following be inserted:

'A Committee consisting of two elected Members of the Assembly and one elected Member of the Council of State, to be elected by elected Members of the respective Houses, shall be associated with the Central Board for the purpose of making the first allotment of the shares.'"

The Honourable Sir George Schuster: As my Honourable friend has asked me what the Government's attitude on this matter is, I should like to say at once that we are not prepared to associate ourselves with my Honourable friend in regarding the nominated Members as untouchables. (Hear, hear.) We much prefer the form of amendment which leaves the election to the non-official Members of the House; and my Honourable friend was also not quite correct when he said that there was only one point in which his form of amendment differed from the one which I said we would accept. There is also another point of difference. In the earlier amendment the duty is laid upon this Committee to be associated with the Central Board also for the purpose of making public issue of shares, and, from my recollections of what passed in the Select Committee, I understood that this House was very much interested in satisfying itself that proper arrangements should be made for the advertisement of the issue, and so on, so that facilities should be available all over the country to the poorest classes. In that respect also I regret to have to tell my Honourable friend that I think his form of amendment is inferior to the one which I have said I would accept.

Mr. Lalchand Navalrai: I would admit

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member has no right of reply.

Mr. Lalchand Navalrai: I have none, but I do not like to move my amendment

Mr. President (The Honourable Sir Shanmukham Chetty): But the Honourable Member has already moved it.

Mr. Lalchand Navalrai: If I have moved it I should like to have the permission of the House for withdrawing it and my only reason for doing so is this, that my attention has been drawn to this better portion of the first amendment, namely, that the Members of the Legislature will be associated also for the purpose of making public issue of shares of the Reserve Bank and, in that sense, the first amendment is better than mine. I, therefore, beg leave of the House to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. K. P. Thampan: Sir, I also beg leave of the House to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

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

"That in sub-clause (5) of clause 4 of the Bill, after the proviso the following be inserted:

'A Committee consisting of two elected Members of the Assembly and one elected Member of the Council of State, to be elected by non-official Members of the respective Houses, shall be associated with the Central Board for the purpose of making public issue of shares and looking after the first allotment of shares'."

The motion was adopted.

Mr. T. N. Ramakrishna Reddi: Sir, I beg to move:

"That in the proviso to sub-clause (5) of clause 4 of the Bill, for the words 'in two equal portions to the Bombay and the Calcutta register' the words 'to the Madras register' be substituted."

I am not so ambitious as my Honourable friend, Mr. Yamin Khan, in taking money out of some area and appropriating it for his own area. My amendment is only to request the House to allow the extra share capital that has not been absorbed by the Delhi area to be transferred to the Madras area instead of transferring to Bombay and Calcutta areas. Sir, I join with my friend, Mr. Yamin Khan, in condemning this assumption of inferiority complex about Delhi in thinking that the Delhi area is incapable of subscribing to the whole share capital that has been allotted to it, because there has been a general impression that it is only Bombay and Calcutta where all the share capital can be subscribed and that in other areas it will not be subscribed. Sir, I demur from that view. I do not know if Bombay is as rich today as it is reputed to be after this trade depression and after the mills, one after another, have been closed down. However, Sir, once this proviso has been put in this Bill, I only want that whatever money is left unsubscribed in the Delhi area should be transferred to Madras. I do not want to repeat all the arguments of my friend, Mr. Yamin Khan, because he has proved my case also while proving the case for his province or his area. (*Several Honourable Members:* "He did not prove it, because he was defeated.") He failed, because he was more ambitious and wanted to take some of the share capital allotted to other areas. My intention is that what is left from the Delhi area unsubscribed may be given to Madras. With your permission, Sir, I may also be permitted to move the other amendment if this one fails, that is:

"That in the proviso to sub-clause (5) of clause 4 of the Bill, for the words 'in two equal portions to the Bombay and Calcutta register' the words 'in three equal portions to the Madras, Bombay and Calcutta registers' be substituted."

I am also a little ambitious and want to get all the 35 lakhs or whatever amount has been left unallotted for the Delhi area to be given to Madras straightaway, failing which I am less ambitious and I want to share with the other Presidencies of Bombay and Calcutta. With these words, I move my amendment.

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

(1) "That in the proviso to sub-clause (5) of clause 4 of the Bill, for the words 'in two equal portions to the Bombay and the Calcutta register' the words 'to the Madras register' be substituted."

(2) "That in the proviso to sub-clause (5) of clause 4 of the Bill, for the words 'in two equal portions to the Bombay and the Calcutta register' the words 'in three equal portions to the Madras, Bombay and Calcutta registers' be substituted."

Mr. S. C. Mitra: Sir, I oppose the motion. I think Mr. Reddi has not understood the main purpose of this. We did not take any part in Mr. Yamin Khan's motion on a similar question and so we could not make the point clear at that time. In the original allotment, a crore and 65 lakhs were given to Bengal and Bombay areas each and Delhi was allotted only 80 lakhs. There was a sub-Committee appointed and there were men from each province and they changed these allotments considerably, and, when they reported to the Committee, we asked them the reason for changing it and they made it clear that they wanted to consider the various

[Mr. S. C. Mitra.]

questions of population, trade importance, area and all other important factors. But it was, more or less, due to the clamourings of Mr. Yamin Khan that they had to yield and give the Delhi area 35 lakhs more. Now, there was a general impression among the members that the Northern India area, that is the Delhi area, may not really subscribe the whole amount of a crore and 15 lakhs. If you refer to the original Bill, as introduced in the House, you will find that Bombay was given a lakh and 65 thousand and Calcutta a lakh and 65 thousand and Madras was given 50 lakhs. According to the re-arrangement that we made, Madras's share was raised from 50 to 70 lakhs while 20 lakhs and 25 lakhs were deducted from the Calcutta and Bombay areas, respectively. That was the reason why, if there was a surplus left unsubscribed from Delhi's share, keeping 80 lakhs for the Delhi area, the balance should in all fairness go in equal shares to Calcutta and Bombay areas, and the Madras claim, as my friend puts it, is quite unreasonable. I could have understood my friend's argument to some extent if he had asked that the surplus should have been divided between all other areas. But when he says that his province, which has already got additional 20 lakhs by this re-settlement, should get a further portion of the surplus of which the other two areas have been deprived, I think there is no sense in his argument.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Sir, after the experience of my Honourable friend, Mr. Yamin Khan, one would have thought that my Honourable friend, Mr. Reddi, might have withdrawn his amendment or not moved it. The House has definitely shown itself above all parochial considerations and the main question before the House to be considered is not whether Bombay has got more or Madras has got less or Delhi has got still less. But the main question is whether the allotment and apportionment made will conduce to the success of the Reserve Bank scheme or not. That ought to be the main consideration before the House, and I am glad to see that the House is quite alive to that consideration. And, so far as that consideration is concerned, a dispassionate guidance cannot come from Honourable Members who have shown themselves definitely parochial. That dispassionate guidance can only come from the Select Committee which belong neither to Bombay nor to Madras nor to Delhi nor to any other province; and also from the Honourable the Finance Member, who belongs not to any particular province, but to the whole of India. I, therefore, think that the House will be well guided by the opinion of the Select Committee and the Honourable the Finance Member in coming to their conclusion on the present amendment. Sir, I oppose the amendment.

Mr. Muhammad Yamin Khan: Sir, there is some kind of misunderstanding on the part of my Honourable friend, Mr. Reddi, when he moved this amendment. And as one point was not cleared in the speech of my friend, Mr. Mitra, I think I might explain it for the guidance of my Honourable friend also and for the information of the House. It is Madras that is not getting the full extent of what is their due. Mr. Mitra says that they have got 70 lakhs instead of 50 lakhs. So he thinks that, because they have got 20 lakhs more, they must be satisfied since they have got it as a surplus which they ought not to have got. But this is not the case. On the basis of population, the Madras area ought to have got 82 lakhs. Originally Madras was given 50 lakhs; and although I voted for the Delhi

area, I was not the less zealous in voting for the Madras area too. I also tried for this, and the Committee was only willing to give 20 lakhs more, while they ought to have given 32 lakhs more or 82 lakhs in all. The Bengal area has got its just due: they were originally given 165 lakhs, and now they are getting 145 lakhs which is absolutely on the population basis. It is the only area which is getting on the population basis. Bombay is getting more than its due share and the Rangoon area also is getting more than its due share. Rangoon ought to get only 21 lakhs, but it is being actually given 30 lakhs. Therefore, both the Rangoon area and the Bombay area are getting more at the expense of the Delhi and Madras areas. Madras is losing 12 lakhs and Delhi about 37 lakhs. If we consider that this 12 lakhs from Madras has gone to Rangoon, we have to take it that 37 lakhs of the Delhi area has gone to Bombay and nothing else.

But my friend's amendment, as it stands, that it should be divided into three portions, has got no justification, because the Calcutta area cannot suffer simply because Madras has suffered. I will not in any way advocate that Bengal should be deprived of her due share, because when I stand up here to justify a suitable allotment for my area, the Delhi area, I cannot in the same argument say that people who have got only their due share should be deprived of it. If my friend had moved that 12 lakhs more should be given to the Madras area and that it might be taken from the Rangoon or Bombay area, I should have wholeheartedly supported him, consistently with my own amendment; but unfortunately he is seeking something which will not do justice to the Bengal area; therefore, I am sorry, I cannot support that.

Mr. A. Hoon (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I had no intention whatever of taking part in the debate, but I find that with regard to the distribution of shares to the various provinces, a sort of inter-provincial controversy has arisen. It has been mentioned by some Members that such a controversy should not have arisen, and I also agree with that. But probably it was a very essential sort of controversy, because we have all come here to look after the interests of our various provinces. Mr. Yamin Khan raised the point with regard to the question as to what should be the proper share of the United Provinces and the Delhi area: and I was one of those who stood up to ask for a division on that point, because I thought it was my duty to bring on the records of this House that we have done our duty to our province. Now, apparently, the opinion of the House was against us and so we had to submit to it. It is now said that there were various considerations on the basis of which the share capital had been allotted to various provinces and it has also been mentioned by one of the Honourable Members that conditions of trade, population and taxation were considered, to fix the allotments, by the Select Committee.....

Mr. Muhammad Yamin Khan: Not at all: nothing of the sort.

Mr. A. Hoon: But we, who were not members of the Select Committee, are not at all aware as to what were really the considerations on the basis of which this arrangement was made. The object of my rising to take part in this debate is simply to say that we shall consider it a matter of great favour if the Honourable the Finance Member will kindly enlighten us as to what was really the basis on which these allotments were made.

Mr. Muhammad Yamin Khan: It was only a case of might is right

Diwan Bahadur A. Ramaswami Mudaliar: Sir, this is a very simple matter, and I would not have intervened but for the fact that some confusion has been created particularly in the mind of my Honourable friend, Mr. Yamin Khan. He has not read the proviso. What it says is this: the original allotment stands, but there was a lurking suspicion in the minds of the members of the Select Committee that the 115 lakhs allotted to the Delhi area may not be digested by that area and, therefore, the proviso says, if, up to a maximum of 35 lakhs, the Delhi register is not able to absorb the share allotted to it, that amount should, in addition to the allotment that is already made to Bengal and Bombay, be further distributed between those two provinces.....

Mr. Muhammad Yamin Khan: For the information of my Honourable friend, I may enlighten him that the same opinion was held about the Madras area—that it may not be able to subscribe to that extent.....

Diwan Bahadur A. Ramaswami Mudaliar: I have not been enlightened, and I wonder whether any Member of the House has been enlightened, by the interruption of my Honourable friend. I leave it at that. My friend, Mr. Reddi, says that if this unfortunate event occurs, if the Delhi area is not able to take up all the 115 lakhs, then the balance should be equally allotted, not merely to Bombay and Calcutta, but also to Madras. He has excluded Rangoon, and the justification for that exclusion is quite simple: Honourable Members in this House must also feel that Burma has had as large an allotment as it could digest—30 lakhs—and I think it is within the recollection of Members of this House that my friend from Bombay who spoke on the subject said that 30 lakhs was all too much for Burma, and that in fact many non-Burmans would really contribute towards the share capital there—Madrasis who were resident there, Europeans who were resident there—and that Burmans would not be able to subscribe even that 30 lakhs. It was for that reason that my friend, Mr. Reddi, did not include Rangoon. Now, I ask, what is the justification for distributing this extra amount which comes, because the province has not been able to absorb it, only to Bengal and to Bombay and not to give a portion to Madras? Three Honourable Members on the Joint Select Committee who came from Madras, Mr. Vidya Sagar Pandya and two Honourable Members of the Council of State, have appended a minute of dissent in which they say that they are dissatisfied with the share capital that has been given to Madras and with the number of Directors allotted to Madras. Therefore, it cannot be denied that Madras can really take more of that amount. We are not questioning the first allotment at all; we accept that, not because it is fair to Madras or any other province, but we must have a workable scheme; and where there has been a certain amount of agreement, it is better to stick to it whether there is justice to one province or injustice to another. But when this surplus comes in, I do not see how it inconveniences my friend from Bengal, because we are not taking anything from him: but when additional capital is to be distributed, we suggest it should be distributed to all the other registers which are able to take it up: Burma has been excluded merely because the Burmans feel that they cannot take anything more than 30 lakhs that

has been suggested. It is a very small point and I do not think the time of the House should be wasted over it. I intervened in order to make the point clear.

Mr. Bhuput Sing: Sir, I oppose the motion. I do not think that Madras has any just claim over the surplus of shares if there be any left after the allotment in the Delhi area. In the Joint Committee, the figures for the Delhi area were increased at the cost of Calcutta and Bombay and it is only proper that if that area is not able to digest, in the words of **Mr. Mudaliar**, these shares should go to those provinces from where they were snatched away. Originally Madras was given 50 lakhs: now they are getting 70 lakhs: Delhi was getting 80 lakhs and now it is getting 115 lakhs: so it is only proper that the surplus from Delhi should revert to Bombay and Calcutta. When I interrupted **Mr. Yamin Khan** about income-tax, he immediately laid much stress on the agriculturist interest, because he knew that the income-tax principle would go against his area and, therefore, he said that it would deprive the rural population from getting their due share. But, in fact, the capacity to purchase shares will depend largely on the trade, commerce and industry of an area. Necessarily the principle of income-tax will be a very important factor to be taken into consideration: it is only sentimental so far as agriculturists are concerned, because they are very poor people.

Mr. Muhammad Yamin Khan: But have we not been talking of the agriculturists all the time?

Mr. Bhuput Sing: We must take bare facts. The agriculturists generally are the poorest class and they have very little capacity to purchase shares. It is only the richest and the middle classes who would form the bulk of shareholders and I am considering the capacity of a province on that basis. I have nothing further to add.

The Honourable Sir George Schuster: My friend, **Mr. Hoon**, has put to me a specific question and asked what is the basis of the distribution which is contained in this scheme. It is a difficult question to answer. This scheme, as it stands in the present Bill, must be regarded as a compromise on the scheme which stood in the original Bill which was the scheme which had been accepted in 1928. I cannot carry the pedigree back any further than that. That represents in the minds of certain Honourable Members at present a sort of basic allocation, and any departure from it must be justified.

Diwan Bahadur A. Ramaswami Mudaliar: That scheme was accepted by whom, may I know? Does the Honourable Member mean that it was drawn up by the Government, because the House never accepted the shareholders' scheme in 1928?

The Honourable Sir George Schuster: Then its pedigree is still more questionable. I will accept my Honourable friend's description and call it the scheme then proposed by Government. At any rate, that was the scheme which was discussed in London and accepted in London, but before the very forceful attack of my friend, **Mr. Yamin Khan**, it has given way somewhat already.

Mr. Muhammad Yamin Khan: May I remind the Honourable Member that in London, as the scheme showed, the Delhi area was given one crore and 40 lakhs and not 80 lakhs, but because the Indian States were taken away from the Delhi area and distributed all over India, instead of one crore and 40 lakhs, the Delhi area was given 80 lakhs, but even then I did not agree, and I then pointed out that Delhi was originally given one crore and 40 lakhs, and it was given 80 lakhs only because of the redistribution of the areas, and that I would have my say in the matter in the House here.

The Honourable Sir George Schuster: I am sure my Honourable friend will have his say wherever the matter is discussed. Sir, my friend is a more expert genealogist than I am, and I have no doubt that he is correct, and having got 140 lakhs once on the basis of having all the Indian States included in the Delhi register, he now wants to get again 140 lakhs without them. That, as far as I can put it shortly, is the position. There was a scheme which had achieved a certain amount of agreement in London from which we started as a basis, and then it was reconsidered in the Select Committee here, and as a result of that reconsideration a certain amount of the allotments from Bombay, Rangoon, and Calcutta were taken away and added partly to Delhi and partly to Madras. We are now discussing what is to happen with any amount of its own share that Delhi cannot absorb, and inasmuch as the addition to Delhi was taken from Bombay and Calcutta, and also considering that the share of Madras was put up by further taking shares from Bombay and Calcutta, certain Honourable Members think that if there is any surplus it would not be fair that Madras should have a share in it. I think perhaps that is giving too much authority to the original basis. So far as we are concerned, we should again remain neutral in voting on this matter, but I must express the view first of all that to give the whole of that surplus to Madras would be entirely unfair, secondly that there seems to me to be no very great objection to including Madras with Bombay and Calcutta, and thirdly that I consider the question is of no practical importance, because I agree with Mr. Yamin Khan that Delhi is going to absorb the whole of its allotment. That is our position.

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member press his amendment?

Mr. T. N. Ramakrishna Reddi: I will withdraw my first amendment.

The first amendment was, by leave of the Assembly, withdrawn.

Mr. President (The Honourable Sir Shanmukham Chetty): The question I have now to put is—

"That in the proviso to sub-clause (5) of clause 4 of the Bill, for the words 'in two equal portions to the Bombay and the Calcutta registers' the words 'in three equal portions to the Madras, Bombay and Calcutta registers' be substituted."

The motion was negatived.

The next amendment that is to be moved is by Mr. B. Das, No. 54.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, I beg to move the amendment that stands in my name, namely:

"That in sub-clause (5) of clause 4 of the Bill, for the word 'five', wherever it occurs, the word 'one' be substituted."

[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).]

Sir, I do not wish to take a long time of the House, and so I shall merely read my view which I have given in my minute of dissent pertaining to this subject.

"Our colleagues signing the majority report place sublime faith in the desirability of distributing the shares and the voting rights attached to them as widely as possible. Yet, in the same breath they disqualify and sterilize votes of so many shareholders by providing one vote for a holder of 5 shares of Rs. 100 each which means that all shareholders holding 1 to 4 shares will have no voting power. The most democratic provision should be 'one share, one vote' and 'one person, one vote'. Our colleagues have been more anxious for the conveniences of would-be-directors than widening the franchise."

Sir, I do not wish to say anything further, but if sub-clause (6) will satisfy the objective of sub-clause (7), then this House would be democratic enough to accept my amendment.

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

"That in sub-clause (6) of clause 4 of the Bill, for the word 'five', wherever it occurs, the word 'one' be substituted."

Dr. Ziauddin Ahmad: Sir, the motion before the House is that every person who has a share should also have a vote. . . .

The Honourable Sir George Schuster: I really must intervene and say that that is not the motion before the House. The motion before the House is as regards a direction for the allotment of the shares and not as regards the voting on the shares. . . .

Mr. B. Das: Quite so. Sub-clause (6) says that the Central Board shall allot five shares to each qualified applicant who has applied for five or more shares, while sub-clause (7) desires that allotment should be such as to ensure equitable distribution of shares and also the voting rights. So let us better make it "one share one vote".

Dr. Ziauddin Ahmad: The Honourable gentleman who has moved this motion said clearly that that was his intention, and I wholeheartedly give my support to this motion. In fact, the whole of clause 4 is very badly drafted, and when we come to the actual discussion of clause 4, as a whole, I shall give my reasons why I am opposed to this whole clause.

The Honourable Sir George Schuster: If my Honourable friend's objection merely arises on a point of drafting, I have little doubt we could meet him.

Dr. Ziauddin Ahmad: I am not really quibbling with words. Drafting practically belongs to the department of the gentleman who is sitting by him; it is really the picture of shareholders which we are now discussing. The intention of this motion is that the votes should not be wasted. If a large number of persons purchase these shares which are not multiples of five, then a large number of votes will be wasted. We on this side of the House lay very great stress on the point that the very object of a

[Dr. Ziauddin Ahmad.]

shareholders' scheme will be defeated if a large number of votes are concentrated in a few persons' hands or wasted. We on this side are fighting inch by inch to secure that a large number of persons should be associated as shareholders with the Bank, and that they should also have votes. On the other side, it has been provided in the Bill that the number of persons who will actually vote should be the very minimum. I would, at one stage later on, give a mathematical problem to the Finance Member and his supporters of which I will expect a solution afterwards. That is, given the provisions of this particular Bill, what is the total number of persons who will actually vote? I think this is one which the Finance Member is quite incapable of solving, and in fact, they have never visualised it in their minds. I tried to work it out, and probably, after this Bill is passed, the data will be very clear. But I think that there will not be more than 300 persons actually available to vote in a particular area. I expected that this particular problem would be solved by the Finance Department. When they brought forward the scheme for shareholders, they must also give us what the probable number of actual voters in each area will be. The question of one share one vote is a very important point. In every institution, which is popular and democratic, poor people should not be neglected. Any institution, in which you put a premium on money and a discount on poverty, cannot be called a national institution; it may be called capitalistic. I submit that those persons who really bring small sums should not be lightly treated. A comparatively poor person who has subscribed one hundred rupees has got more interest in that one share than the capitalist who puts Rs. 2,000 out of his one crore of rupees. (Mr. Vidya Sagar Pandya: "Won't they become Nimboo-Nichors?") (Sir Cowasji Jehangir: "What is that?") I prefer a large number of people subscribing small lemons, to a few big men bringing forward bigger lemons, which the P. W. D. has supplied in our houses. We want to make the institution very democratic, and I think if you really desire that the persons who have got a share should also have a little interest in it, then it is very desirable that we ought to accept this amendment. Before I sit down, I know it will not be relevant, but a charge was levied against me by Sir Cowasji Jehangir on the floor of this House, and I take this opportunity to reply to it. He asked me why I did not raise a particular question in the Reserve Bank Committee in London, about the Shareholders Bank. May I just remind him that I was not a member of that Committee? I was not even allowed to open my mouth and, on some occasions, I was really pent up so much that I suffered from stomach ache for not being able to speak out what I considered to be very vital. When I approached the Finance Member privately on one occasion, he told me that I would have plenty of opportunity to speak out when I returned to India, and that was the consolation given to me, and this is the first opportunity that I have got really to express my opinion. Before that, I had no opportunity.

Mr. Lalchand Navarai: I hope you have got all right now.

Dr. Ziauddin Ahmad: No, not yet. A good many things are to be discussed yet. Really speaking, I was not a member of that Committee and I was not allowed to speak. I raised my voice against the Shareholders Bank *versus* the State Bank in the Lobbies. I think the charge that was levied against me was not really justified. With these few words, I very strongly support that we should fight for one man one vote.

That is the principle on which the present Constitution of India rests. When the Minto-Morley reforms were introduced, the minorities had a double vote. They took part in the general election and, at the same time, they had a second vote in having their own representation. The principle was set aside and these are the days of one man one vote. I think one man one vote is the principle we should stand by.

Mr. S. C. Mitra: I beg to draw, Mr. Deputy President, your attention to this that if this amendment is carried at this stage, it will make the position of the House anomalous, because there are other amendments of Mr. B. Das, Nos. 123 and 125, where he really wants to make a shareholder of Rs. 100 eligible for one vote. If that is not carried, then there will be some confusion. If we change five to one in the clause as now proposed without accepting the Mover's other amendments, the effect will be that a very large number of shares will be subscribed at the first instance when it is distributed, and, as the Bill stands, only holders of five shares will be eligible for a vote. So a vast number of shareholders will be sterilised in exercising votes and they are not eligible to vote for the election of the Directorate. If clause 9, which comes subsequently, is not altered, then Mr. B. Das himself will agree that 50 to 60 per cent at least of the subscribers will have no right to vote. So, I think it is for you to decide whether the other amendment should not be first discussed and voted upon.

Sir Oowasji Jehangir: This is really a consequential amendment to the amendment that is going to be moved to clause 14 (2) of the Bill. If the amendment on clause 14 (2) is carried, then naturally consequential amendments will be required to clause 4 (d). That is the position, and this might be postponed till clause 14 (2) has been voted upon. The main clause is 14 (2). All the rest are consequential and you have

4 P.M. power, as you know, to postpone the consideration of any clauses which require amendments due to an amendment that may be moved and then accepted or rejected by the House later on.

The Honourable Sir George Schuster: I think that my Honourable friend is perfectly correct, and that would be the logical procedure. We, of course, have no objection to that. The only suggestion that I have to make is that such part of the debate as has already taken place should be treated as part of the debate when we come to the amendments to 14 (2). My Honourable friend, Dr. Ziauddin Ahmad, is a believer in the principle of unitarianism,—one man one vote. Similarly, the rule of one man one speech should also apply.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Further discussion on this amendment is held over. We now come to the amendment* of Mr. Sitakanta Mahapatra.

Diwan Bahadur A. Ramaswami Mudaliar: That is unnecessary now in view of the Committee of the House which has been accepted with reference to this publicity.

*"That to sub-clause (7) of clause 4 of the Bill, the following proviso be added: 'Provided that the widest publicity possible shall be given to the notices inviting applications for purchasing shares in the rural areas and sufficient time shall be allowed to intending purchasers of shares from these areas to make up their minds'."

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Does the Honourable Member want to move his amendment in view of the acceptance by the Government of the proposal about wider publicity by associating two Members of the Assembly with the Central Board?

Mr. Sitakanta Mahapatra: I want an assurance from the Honourable the Finance Member on that. That is why I want to move it.

The Honourable Sir George Schuster: I do suggest to my Honourable friend that it is unnecessary to proceed with this matter. So far as we are concerned, we have accepted a recommendation in the Committee's report that the widest publicity possible should be given to the notice inviting applications for shares. We have now agreed that a Committee of the Legislature should be associated with the Board for looking after that matter and I would put it to my Honourable friend that it seems hardly necessary to go so far as to include a statutory provision on this point.

Mr. Sitakanta Mahapatra: In view of the assurance given, I beg leave of the House to withdraw my amendment.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member has not moved it. The next amendment stands in the name of Dr. Ziauddin Ahmad, Supplementary List, No. 4.

Dr. Ziauddin Ahmad: I do not want to make a speech on this particular question. We have already had speeches on this topic

The Honourable Sir George Schuster: On a point of order, I submit that this is a mere repetition of the amendment which was discussed yesterday and which was rejected by a majority of the House.

Dr. Ziauddin Ahmad: May I say something on this? The other day we discussed only one aspect, that is that no person should be allowed more than 200 shares, and if the House rejected 200 shares, it really means it would reject any number below 200. So this thing does not preclude from discussing a higher limit. The question that was discussed was not whether the maximum limit should be placed or not, but the question was whether 200 is an appropriate maximum limit, and we are entitled to discuss a limit over 200, and the second question is that this amendment of mine affects not only the subsequent share, but also the shares at the time of the first allotment.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Dr. Ziauddin is correct in his contention. What the House rejected last time was that not more than 200 shares should be allowed to one person. He wants to fix a higher limit of 250 and, therefore, the amendment is in order.

Sir Lancelot Graham (Secretary, Legislative Department): Your ruling then would enable the Members to go on increasing the maximum allotment by five each time?

Mr. S. C. Mitra: After the ruling has been given, has anybody the right to challenge the ruling of the Chair.

Sir Lancelot Graham: On a point of notice. We must take objection on every possible ground. Notice of two days is required for amendments. This notice was handed in yesterday afternoon after the main question had been voted upon. This is really an attempt to get a second division on the same point. We must take every possible objection.

Mr. Deputy President (Mr. Abdul Matin Chaudhry): It is within the discretion of the Chair to allow amendments to be moved even when sufficient notice is not given. Dr. Ziauddin Ahmad will move his amendment.

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That after sub-clause (7) of clause 4 of the Bill, the following new sub-clause be inserted and the subsequent sub-clauses be re-numbered accordingly:

'(8) No person shall be allowed to have more than 250 shares at the time of first allotment or at any subsequent time'."

In moving this amendment, I should like to say that our intention, which is really a very honest intention, is that votes should not be blocked. We should not like that one person should be able to take a very large number of shares, and 250 is practically the maximum which one person should be allowed to have. If this institution is to be a democratic institution, then more chances should be given to a larger number of persons to exercise the right of votes and not concentrate the thing in a few persons. We are establishing a Bank for the people of India and not for the capitalists of the world. With these words, I beg to move my motion.

Mr. Deputy President (Mr. Abdul Matin Chaudhry): Amendment moved:

"That after sub-clause (7) of clause 4 of the Bill, the following new sub-clause be inserted and the subsequent sub-clauses be re-numbered accordingly:

'(8) No person shall be allowed to have more than 250 shares at the time of first allotment or at any subsequent time'."

This motion has been sufficiently discussed.

The Honourable Sir George Schuster: Sir, your remark that this measure has been sufficiently discussed substantiates the point which I took just now. I agree with you, Sir, that the matter has been sufficiently discussed. I have nothing to add to what I said on a motion which for all practical purposes would have had identically the same effect as this one, and on which I spoke yesterday. We must oppose this amendment on the grounds that I explained yesterday.

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

Mr. F. E. James: Before you put that question, Sir, may I ask your advice on one matter? If this particular motion is rejected by the House, before clause 4 is put finally, will it be in order for anyone to submit an amendment suggesting that no person should be allowed to have more than 300 or more shares?

Mr. S. C. Mitra: May I draw your attention, Sir, to the fact that that point has already been decided by Mr. Deputy President?

Mr. F. E. James: I am really asking for future guidance.

Mr. President (The Honourable Sir Shanmukham Chetty): It would not be in order because this particular sub-clause would have been finished. According to the point of order on which, it is understood, a ruling was given by Mr. Deputy President, this has been held to be in order. The question is:

"That after sub-clause (7) of clause 4 of the Bill the following new sub-clause be inserted and the subsequent sub-clauses be re-numbered accordingly:

'(8) No person shall be allowed to have more than 250 shares at the time of first allotment or at any subsequent time'."

The Assembly divided:

AYES—28.

Abdul Matin Chaudhury, Mr.
Azhar Ali, Mr. Muhammad.
Bhuput Sing, Mr.
Das, Mr. B.
Hoon, Mr. A.
Jadhav, Mr. B. V.
Lalchand Navalrai, Mr.
Liladhar Chaudhury, Seth.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Mudaliar, Diwan Bahadur A.
Ramaswami.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.

Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Puri, Mr. B. R.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Sant Singh, Sardar.
Sen, Mr. S. C.
Shafee Daoodi, Maulvi Muhammad.
Shah Nawaz, Mian Muhammad.
Singh, Mr. Gaya Prasad
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Sahab Bahadur, Mr.
Ziauddin Ahmad, Dr.

NOES—63.

Abdul Aziz, Khan Bahadur Mian.
Ahmad Nawaz Khan, Major Nawab.
Anklesaria, Mr. N. N.
Anwar-ul-Azim, Mr. Muhammad.
Ayangar, Mr. V. K. A. Aravamudha.
Bagla, Iala Rameshwar Prasad.
Bajpai, Mr. G. S.
Bhore, The Honourable Sir Joseph.
Bower, Mr. E. H. M.
Brij Kishore, Rai Bahadur Lala.
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.
Ismail Ali Khan, Kunwar Hajee.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar.
Jehangir, Sir Cowasji.
Lal Chand, Honv. Captain Rao
Bahadur Chaudhri.
Lee, Mr. D. J. N.
Mackenzie, Mr. R. T. H.
Macmillan, Mr. A. M.
Metcalfe, Mr. H. A. F.
Millar, Mr. E. S.

Milligan, Mr. J. A.
Mitter, The Honourable Sir Brojendra,
Mody, Mr. H. P.
Morgan, Mr. G.
Mujumdar, Sardar G. N.
Mukherjee, Rai Bahadur S. C.
Nihal Singh, Sardar.
Noyce, The Honourable Sir Frank.
O'Sullivan, Mr. D. N.
Pandit, Rao Bahadur S. R.
Puri, Mr. Goswami M. R.
Rafiuddin Ahmad, Khan Bahadur
Maulvi.
Raghubir Singh, Rai Bahadur
Kunwar.
Raisman, Mr. A.
Rajah, Raja Sir Vasudeva.
Rajah, Rao Bahadur M. C.
Ramakrishna, Mr. V.
Rau, Mr. P. R.
Sarma, Mr. R. S.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Singh, Kumar Gupteshwar Prasad.
Singh, Mr. Pradyumna Prashad.
Sinha, Rai Bahadur Madan Mohan.
Smith, Mr. R.
Sohan Singh, Sirdar.
Studd, Mr. E.
Suhrawardy, Sir Abdulla-al-Māmūn.
Tottenham, Mr. G. R. F.
Wilavtullah, Khan Bahadur H. M.
Yamin Khan, Mr. Muhammad.

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Chair would remind Honourable Members of one procedure which has been made clear to the House by its predecessors in the past. It is not the duty of the Chair to call any Honourable Member to move his amendment. The Chair can pass over amendments if it thinks that they are not in order. It is the duty of the Honourable Members to be looking at the agenda paper and, in their time, to get up and ask for the leave of the Chair to move those amendments. If the Honourable Members expect the Chair to say what the next number of the amendment to be moved is and then the Honourable Members are to search their order papers, that is not the proper procedure.

Sir Cowasji Jehangir: I quite agree, Sir, that it is the duty of Honourable Members here to watch their amendments, but, then, I do think, Sir, that the amendments should be placed in the hands of Honourable Members in a manner and in a form in which they may be able to find them readily. I find that there are no less than five different sets of amendments and it is impossible to pick out any particular amendment at once. Under those circumstances, I trust, although your orders will be obeyed implicitly on this side of the House, that you will allow us a little more latitude to find out where the amendments are. Give us five minutes on each occasion to find out where the amendment is on the order paper.

Mr. President (The Honourable Sir Shanmukham Chetty): If only the Leader of the Opposition had taken the trouble to find out what the office has done and how the Honourable Members—some of them—have responded to it, the Honourable Member would not have made that speech. Honourable Members, in spite of the fact that the Bill has been before them for days together, are handing in amendments at every moment even when the House is sitting. Notwithstanding all this pressure of work and the new procedure that has been evolved by the office, office has been trying its very best to consolidate the amendments and supply the Honourable Members a consolidated list. A consolidated list was given yesterday evening from clauses 1 to 19 and this morning an Honourable Member comes in and hands in an amendment to clause 4. May I ask the Leader of the Opposition how that is to be consolidated?

Mr. S. C. Mitra: We appreciate the difficult position of the office, but you will also appreciate the position of the Members on this side of the House. Things are developing every day and nobody knows what will be accepted by Government and, if the amendments are not sent in time, you, as President, can disallow it. You must appreciate our difficulty also. When we have got five lists of amendments and if we cannot get at the amendment to be moved at once, if we are late by 30 seconds, you should not take that fact into consideration.

Dr. Ziauddin Ahmad: I quite appreciate the enormous work which the office has done. At the same time, I request you that you may also realise the difficulties that we have to contend with. We have got neither the clerks nor offices. So, it will serve a useful purpose if the order in which these amendments are to be moved is called by the Chair or given to us in the arranged form as it is given to you, Sir. It is very difficult for us to prepare a list, unassisted as we are by any clerks or office.

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order: Next amendment. Amendment No. 57 of the main list.

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That sub-clause (d) of clause 4 of the Bill be omitted and consequential amendments be made accordingly."

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member realise that that amendment is vague? What are the consequential amendments to be made? I must point out that this is a typical case in which Honourable Members must exercise a little more care in giving notice of amendments. The notice of this amendment was originally given by the Honourable Member, Mr. Vidya Sagar Pandya, and the Chair thinks that this amendment is consequential on a State Bank scheme being adopted. Now, the Honourable Member, Dr. Ziauddin Ahmad, even after the State Bank scheme was defeated, simply sends in notice of all the amendments that stood in Mr. Pandya's name. Yesterday the House was faced with one amendment of this nature, namely, 7½ crores, while the House had passed five crores. It is hoped, Honourable Members, will realise the difficulty of the Chair when it is faced with a situation of this nature.

Dr. Ziauddin Ahmad: I said very clearly that we have accepted the defeat on the question of the State Bank *versus* the Shareholders Bank, and all our discussions now are on the basis of a Shareholders Bank. The object of this particular motion is that persons who are really *bond fide* possessors of shares should be elected alone and that Government should not act in a manner in which large shareholders will act.

Mr. President (The Honourable Sir Shanmukham Chetty): If that is the object of the amendment, then the amendment, as it is worded, is vague, because it does not say what consequential amendments are to be made. The Honourable Member cannot simply say in an amendment: Make this amendment and then make the consequential amendment. By taking away this allotment of the 2½ lakhs of shares, as is proposed to be done, who is to make the consequential amendment? No consequential amendments are on the Order Paper. Will the Honourable Member say what are his consequential amendments if the House accepts his amendment?

Mr. Vidya Sagar Pandya: Sub-clauses (10) and (11) will go out.

Dr. Ziauddin Ahmad: I will just continue this thing. The object of this amendment, as I understand it, is that we do not want to have a certain number of shares in the hands of the Government which they may allot to the person who is elected as a Director. Our intention is that a person, who is really in possession of shares in a *bond fide* manner, should be elected as a Director. But a person who does not possess a sufficient number of shares should not be allowed to get a certain number of shares from the Government in order to be qualified to act as a Director. That is the whole intention of this amendment. If this principle is accepted, then the other amendments will naturally fall to the ground.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member has not answered the question put by the Chair. Will the

Honourable Member please point out what are the consequential amendments that stand in his name or in the name of any other Honourable Member which deal with the question as to what is to be done with these shares worth 2½ lakhs of rupees?

Mr. Muhammad Yamin Khan: I think the consequential amendment that is proposed is this. If sub-clause (8) goes away, then the order of the other sub-clauses will be changed. That is the idea.

Mr. President (The Honourable Sir Shanmukham Chetty): In that case, the Honourable Member will allow the 2½ lakhs worth of shares to remain unallotted to any register.

Mr. Vidya Sagar Pandya: They will be disposed of in the same way as any other shares which are left in the hands of Government.

Diwan Bahadur A. Ramaswami Mudaliar: Sub-clause (8) says that, notwithstanding anything contained in sub-sections (6) and (7), the Government shall retain 2½ lakhs. If the whole of that sub-clause goes, then there would be no retention of 2½ lakhs, because 2½ lakhs has not already been reserved under any previous sub-clause. This sub-clause says that notwithstanding the scheme of allotment of the entire amount on the various registers, this sum of 2½ lakhs will be retained under this sub-clause. Therefore, if this sub-clause goes the Honourable Member is incorrect in saying that any consequential amendments are necessary at all.

The Honourable Sir George Schuster: I think my Honourable friend who has just spoken is also incorrect, because one consequential amendment will be the omission of sub-clause (11) and sub-clause (10).

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): As the Bill emerged from the Select Committee, all the shares of five crores have been allotted to the different registers and no provision has been made for reserving these 2½ lakhs.

Mr. S. O. Mitra: We are getting it now under the proviso which is being discussed.

Mr. B. V. Jadhav: It shall have to be provided from what register it has to be taken.

Dr. Ziauddin Ahmad: As I said just now, I am not raising the issue of the State Bank *versus* the Shareholders Bank. I admit that the future Bank will be, according to the decision of the House, a Shareholders Bank and a Shareholders Bank alone, and now my intention is that the Government in an indirect manner should not come forward and purchase these shares for themselves, when according to their own principle they do not want to step in. We wanted the Government to step in and purchase all the five crores, but by a majority the House defeated that motion. I want that the Government should stick to the principle. I cannot understand the object underlying the action of Government in acquiring these shares. The intention of the Government, as is evident from the subsequent clauses, is to help a Director who is not qualified by virtue of his

[Dr. Ziauddin Ahmad.]

holding smaller number of shares. Why should Government help a particular individual in this manner? A person who is a candidate for directorship should have sufficient interest in the bank and should have enough number of shares to qualify him to become a Director. I think it is not correct that Government should help a man who is not qualified to become a Director. Perhaps the Government are contemplating to help a person who may have just arrived from England and may not have sufficient number of shares and is not in a position to purchase them, because they may not have been available and, I submit, if the Government wish to be consistent, it is necessary that they should keep themselves aloof. On the one side, the Government say that they wash off their hands from purchasing shares in the Bank which we on this side of the House insisted that they should do; and, now, on the other side, the Government want to possess some shares in order that they may oblige certain person who may become a Director and who may not have the requisite qualification. That is a position which requires some explanation, because it is not consistent with what the Honourable the Finance Member has been giving us to understand all the time. Sir, I move.

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

"That sub-clause (f) of clause 4 of the Bill be omitted and consequential amendments be made accordingly."

Mr. Vidya Sagar Pandya: Sir, I had no intention of taking any part in these proceedings in the light of what I had said a couple of days before, but as this is an amendment which has been given notice of by me and adopted by the Honourable Dr. Ziauddin, I should like to explain the object of this amendment in a few words. In all banking institutions in this world, there is not a single bank, either State or private-owned, in which the shares are specially reserved for the Directors in the way it is done in this Bill. If the shares stand at a premium, the gentlemen who are anxious to become Directors must pay the premium for it and become Directors. Take the case of the Imperial Bank where the shares, which are of nominal values of Rs. 500, are sold in the market for Rs. 1,500 and had even gone over Rs. 2,000 sometimes. If a person cares to be a Director, he must be prepared to pay the premium. Supposing, as is contemplated in the Bill, there is liquidation of the Reserve Bank, which God forbid, the shares of the Reserve Bank will go down to the bottom. Will Government then make good the amount to these Directors and pay, out of public revenue, the money towards the loss of value in these shares? They are bound, under these clauses, to recoup the Directors and pay back to them at the face value while the shares will stand at a discount. As such, the persons who wish to come in as Directors must be prepared to take the shares from the market and pay the necessary premium, and Government should not reserve any shares for them as is sought to be done in this Bill.

The Honourable Sir George Schuster: I should like to intervene at this early moment in order to explain the position to the House. This is not a clause to which we attach any particular importance. It is not part of the devilish machinations of this Government. It was, I think, evolved by the Members of the Joint Select Committee with our co-operation and

sympathy and, on the whole, I think it is a very good clause and, therefore, we support it. The matter arose in this way. There was a question of what the qualification shares for a Director should be. A good many Honourable Members of the Select Committee thought that the qualification should not be so high as to make it difficult for a man, who did not happen to be a wealthy capitalist, to become a member of the Central Board or one of the Local Boards. It was represented by one of the members that it might be difficult for a man who wished to go on a Local Board or the Central Board to buy up the necessary five thousand rupees shares in the market and, therefore, in order to meet that difficulty, we—I do not know whether it was on our side, or whether it came from the unofficial members of the Committee,—the suggestion anyhow was made that the Government—should keep a certain amount of shares in reserve available for issuing as the qualification shares to any Director who found it difficult to buy these shares in the market. That seems to us to be a reasonable provision. It may be, as my Honourable friend has said, an unusual provision. but this is a very unusual form of company, and Government will be interested in seeing that the best possible Directors are available. My Honourable friend, Dr. Ziauddin Ahmad, seemed to contemplate that if things went right and in the proper way, nobody should be appointed as a Director who did not already hold enough shares to qualify him for that post. That is not the way these things work. It very often happens that a man stands for directorship, but he does not hold any shares in the company at the time when he stands or when he is elected and then he has to go into the open market and buy his qualification shares. This clause is merely intended to facilitate that operation in a way which will cost the Government nothing but which will make it easier for deserving men who are elected on the Board to buy up their qualification shares.

Mr. S. C. Mitra: I think we owe it to this House, and particularly I am duly bound to state that it was at our instance that this clause was accepted by Government and we are grateful to Government for accepting it. Because we thought that intelligence is not confined to the rich men alone, that there may be average middle class men who may have the suffrage of a very large class of people, because these Directors will be elected by thousands of men. Why should we think that the man, whom these thousands of electors will choose, who is not very rich and who is already holding a sufficient number of bank shares, will be an unworthy man. It was from that consideration, to give a wider latitude to an intelligent man who may not be very rich to have in his pocket thousands of shares of the Reserve Bank and the opportunity, that we suggested to Government, in the interest of the intelligentsia, that they should make some provision that such a Director can purchase shares at par from the Government; and when they retire, they will, under compulsion, sell those shares out to Government, so that, in case of any eventuality in the future, another man may get similar chances. I really wonder if there are no other instances, in other State Banks. But, in a poor country like India, there should certainly be such a salutary provision.

Mr. B. V. Jadhav: Sir I rise to oppose the amendment. The provision made in sub-clause (8) is a very necessary provision, because we see that when allotting shares certain provisions have been made that those who have applied for five shares or more will be allotted five shares

[Mr. B. V. Jadhav.]

in the first instance. So, if there are about 28 thousand applicants in the Bombay Presidency, the number of shares each one will get will be only five shares. And, in that way, nobody will be qualified to stand as a Director. And if he is obliged to purchase shares in the market in order to qualify himself as a Director, he will have sometimes to pay fancy prices, because he will be in office and, therefore, this provision of the shares in the hands of Government is very necessary. Of course it reduces the qualification of a Director nominally, because then it is not the possession of shares worth Rs. 5,000, but it is his ability to bring forth Rs. 5,000 after his election. However, if the electors like that man and have confidence in him, there is no reason why he should not be elected a Director and why Government should not help him in possessing the requisite qualification. Sir, I oppose this amendment.

Sir Cowasji Jehangir: Sir, this is just one of those instances where my Honourable friends do not give credit to the members of the Select Committee, who are their own men, for common sense and for having done their work to the best of their ability. This was an amendment suggested by my friend, Mr. Mitra,—I think he was too modest to tell the House,—in the interest of the poorer shareholders who may be elected by the shareholders to represent them on the Local Boards. And a man may not have Rs. 20,000 in his pocket, but still, as Mr. Mitra said, may have the brains and the ability to serve not only this Bank, but, after all, his country, through this Bank. And this provision, therefore, exceptional as it is, was made in the interest of the poorer shareholders of the Bank; and, therefore, this criticism, as my friends, Mr. Mitra and Mr. Jadhav, said, was rather unnecessary, and I only rise to point out to my Honourable friends that if they would only ask the members of the Select Committee for the reasons they had for having made several of these provisions in the Bill, there would be much less discussion and we would remain in this House just as happy a family as we were in the Select Committee.

Dr. Ziauddin Ahmad: The motion was moved by a member of the Committee.

Sir Cowasji Jehangir: I should like to say in reply to that that the member of the Select Committee was absent on the day this provision was suggested in the Bill.

Mr. N. N. Ankiesaria: Was not Mr. Pandya present in the Select Committee discussions?

Sir Cowasji Jehangir: He was not well and it was not his fault that he was absent. He was not keeping good health and it is a great credit to him that he should have been in the Select Committee notwithstanding being really ill; and I can understand his having moved this amendment, because he was not present to understand the reasons. That being the position, I would just like to point one thing to the Honourable the Finance Member. It came from Mr. Jadhav and I just noticed it. I see that the allotment of shares in clause 5 comes to exactly five crores. Does this mean that these 2½ lakhs must have to come out of that five crores somehow? What is the idea?

The Honourable Sir George Schuster: These shares, that are reserved by Government for this kind of allotment, will of course be on certain area registers. They will not be kept outside of the area registers. They will be reserved for allocation to the various areas.

Sir Cowasji Jehangir: Is it the idea that from the various areas you will take out a certain amount which *in toto* will come to 2½ lakhs?

The Honourable Sir George Schuster: They will not be taken out of the area registers. They will be part of the allocation to each area register. Each Director, who requires to acquire qualification shares, must come from one area or another, and therefore, there is no need to treat this as something additional to the five crores mentioned in sub-clause (5).

Mr. President (The Honourable Sir Shanmukham Chetty): That means that there will be pro-rata allotment to Government which will hold these shares in the respective registers.

Sir Cowasji Jehangir: If that is so, I want the Finance Member to consider this that there should be some provision to this effect that a pro-rata allotment should first be made to Government before the shares are handed over to the Central Board for allotment to the general public. I think some provision might have to be made.

The Honourable Sir George Schuster: That was the intention. The amount that is put in this clause is calculated so as to give what is necessary to cover all the Directors. Now, in each area, there will be a certain number of Directors included in the Local Boards or in the Central Board. Therefore, there will be a pro-rata allotment to Government from the various area registers.

Sir Cowasji Jehangir: My Honourable friend will see that he allotted 140 lakhs to Bombay. If the whole of the 140 lakhs are allotted to the public, what will there be left to Government for allotment for this purpose? You will have to give less to the public than 140 lakhs in Bombay. Some provision should be made for that.

The Honourable Sir George Schuster: My Honourable friend is quite correct, but the figures, that are given in sub-clause (5), are:

"The nominal value of the shares assigned to the various registers shall be as follows" etc.

The words are not:

"offered to the public"

but

"assigned to the various registers."

Sir Cowasji Jehangir: If my Honourable friend is satisfied that this will carry out the purpose that we have in view in clauses 8, 9, 10 and 11, I have nothing more to say.

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

"That sub-clause (8) of clause 4 of the Bill be omitted and consequential amendments be made accordingly."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): That disposes of all the amendments to clause 4, but there are two matters that were held over. One is relating to amendment No. 54* moved by Mr. B. Das and the other is amendment No. 36† moved by Mr. Thampan. It is not, therefore, possible for the Chair to put the question on clause 4 today, and so clause 4 will have to be held in abeyance.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 9th December, 1933.

*"That in sub-clause (6) of clause 4 of the Bill, for the word 'five' wherever it occurs, the word 'one' be substituted."

†"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."