

LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

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SIXTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY
1933



Legislative Assembly.

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Deputy President :

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MR. B. SITA MARAJU, M.L.A.

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

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LEGISLATIVE ASSEMBLY.

Wednesday, 13th 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.

STATEMENT LAID ON THE TABLE.

The Honourable Sir Joseph Bhoré (Member for Commerce and Railways): Sir, I lay on the table a statement giving details as to the imports of rice from Japan and other foreign countries in accordance with the promise given by me on the 29th November, 1933, in answer to a supplementary question by Diwan Bahadur A. Ramaswami Mudaliar, to starred question No. 1212 asked by Lala Rameshwar Prasad Bagla.

RICE SOLD TO INDIA BY JAPAN.

*1212. The following table shows the imports of rice (in tons) into India from foreign countries for the period 1st April to 21st November, 1933.

1933.	Siam.	Indo-China.	Japan.	Other countries.	Total.
April	0	562	4	6	572
May	100	766	6	18	890
June	0	1,018	4	8	1,030
July	100	1,245	5	4	1,354
August	150	152	4	2	308
September . .	1,401	2,714	4	0	4,119
October	5,761	698	54	0	6,513
November (up to 21st)	4,267	1,099	3	..	5,369
Total	11,779	8,254	84	38	20,155

2. It will be seen that in the past two months there has been an appreciable increase in imports from Siam. Nevertheless, the total imports show no great divergence from the total imports for the same period in the last two years, namely, 13,122 tons in 1931 and 22,244 tons in 1932. Nor do imports appear to be on a scale disproportionate to the total yearly imports in recent years as may be seen from the following statement :

Year.	Total imports (in tons) from foreign countries.
1927-28	42,527
1928-29	117,094
1929-30	4,939
1930-31	7,036
1931-32	17,804
1932-33	35,510

3. The figures of imports from foreign countries may be compared with the imports from Burma into Madras ports over the corresponding period. The Burma figures (in thousands of tons) are as follows :

— —	Paddy.	Cleaned Rice.	Broken Rice.	Others, including boiled.	Total.
1927-28 . . .	87	40	140	171	438
1928-29 . . .	98	28	85	164	375
1929-30 . . .	125	38	98	207	468
1930-31 . . .	110	40	85	235	470
1931-32 . . .	89	37	87	310	523
1932-33 . . .	..	..	..	..	500*
1933-34 (to date). . .	..	28	60	259	347

*This is an approximate figure.

4. That the imports of foreign rice have not adversely affected prices may be seen from the following table :

Table showing course of prices in Rangoon and Calcutta since April, 1933.

— — — — —	Big mills specials—Rangoon (per 100 baskets of 75 lbs. each).	Bullam No. 1— Calcutta (per maund).
	Rs. s.	Rs. s.
2nd Week of April, 1933 . . .	150 0	2 12
Do. May, 1933 . . .	165 0	2 14
Do. June, 1933 . . .	170 0	3 5
Do. July, 1933 . . .	167 8	3 6
Do. August, 1933 . . .	165 0	3 6
Do. September, 1933 . . .	150 0	3 6
Do. October, 1933 . . .	147 8	3 6
Do. November, 1933 . . .	160 0	3 12
Last week of November, 1933 . . .	182 8	4 2

THE RESERVE BANK OF INDIA BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the following amendment moved by Mr. Aravamudha Ayangar:

"That sub-clause (E) of clause 8 of the Bill be omitted."

Mr. S. C. Mitra (Chittagong and Rajshahi Division: Non-Muham-madan Rural): Sir, I am opposed to this motion moved by Mr. Aravamudha Ayangar, and I do not understand why Government are so very anxious to press this amendment. This is the only amendment that I see in the whole list which has been proposed on behalf of Government. In the Select Committee, I think, this was the only provision that was carried by the largest majority. With the exception of the two official members, all members of the Select Committee, including the two Honourable Members of the European Group, one from this Assembly and the other from the Upper House, supported this provision in the Bill. We did not claim any special wisdom, in suggesting this; we merely reproduced it from the South African Reserve Bank Act, and I think the main difficulty in the Select Committee was that we were under the impression that Government may have in their mind,—I do not mean the Government of India only, but also the Secretary of State,—some person who may be not only unacceptable to Indians, but may risk the entire Central Reserve Bank of India. And I think it was the Honourable the Finance Member himself who suggested that something on those lines might serve our purpose. It is not his exact language, but I think the suggestion came from Government for having some such provision that the Governor should have some practical banking experience, and by that means we could avoid many undesirable persons.

Sir, I do not know why we should not claim that the first Governor of the Bank should be a man having tested banking experience for a considerable period of time. At one stage of the Select Committee's deliberations, we agreed that the pay of the Governor should be ordinarily up to a maximum of Rs. 10,000, and, considering the contingencies, we suggested that it might be raised even to Rs. 15,000 a month if a really exceptional man could be had for any temporary period. When we are thus agreeable to pay the highest amount of salary that may be obtained anywhere in the world, why should we not claim that this particular Governor should not only be a man, who is well known in the financial world, but must also have banking experience? The only ground that has been suggested by my Honourable friend, Mr. Aravamudha Ayangar, in his very able speech, is that a man may be otherwise very able, but may not have banking experience. But I could not follow his argument very far. We do not say that the Governor should not be a financially experienced man, but what we claim is that, in addition to his other qualifications, it should be an essential qualification for the first Governor of the Reserve Bank that he must have practical experience of banking also. When we demand that he should have practical tested banking experience for a reasonable period of time, we never say that he should be merely a banking man. The high salary that we are agreeable to offer should attract the very best men in the whole world; and, if the House is agreeable to pay even Rs. 15,000 a month, why should we not claim that, in addition to his other qualifications, he should also be a really practical banking man? It is absurd to say that for the Governor of this Bank it should not be considered an essentially necessary element that he should have a practical experience of banking. I appreciate that this provision is necessary for the first period only, because subsequently the Governor will be appointed after consultation with the Directors of the Bank, and I am absolutely certain that they will always insist that the Governor of the

[Mr. S. C. Mitra.]

Bank should have practical banking experience. The issue may be made much clear if the Honourable the Finance Member can tell us even now whom they are thinking of as the first Governor. I really echo the sentiments of a large number of friends on this side that we have our apprehensions that Government may have a man in contemplation who may not be acceptable to India and who may put to a risk the whole Reserve Bank. The first choice should be very carefully made, and much of the opposition would subside if we could really know who is it that Government are thinking of. They must have their man, otherwise why should they be so particularly anxious that banking experience, which should certainly be essential for the first Governor, should be excluded from this clause? I could understand their argument if they had said that five years' experience should not be considered to be so essential and that a man falling short by six months or so should not be debarred from being a candidate. But, for the premier Bank of India, to have as the first Governor a man without practical experience of banking is really absurd and that makes us much more suspicious that Government must have made up their mind to appoint some man who has not got that experience and they are particularly trying to force their man on this Bank. These are the considerations which led us in the Select Committee as well to press for the retention of such a clause. I think the House will be agreeable, if necessary, to delete the portion about the five years' complete experience; but I find no reason why the first Governor should not be a man having practical banking experience.

Rai Bahadur Kunwar Raghbir Singh (Agra Division: Non-Muhammadan Rural): Sir, the other day we were discussing clause 8 of the Bill as framed by the Select Committee. At the outset, I must point out that I am opposed both to the insertion of the clause as put by the Select Committee as well as the amendment moved by my Honourable friend, Mr. Ayangar, because, sub-clause (2) which has been put by the Select Committee is too wide and vague. If it remains, it will limit the choice of those who will select the first Governor of the Reserve Bank, to a very narrow groove. For example, I will point out that Sir Purshotamdas Thakurdas, who has no tested banking experience, can be a very good Governor. Another case may be cited of a Director of a Co-Operative Bank.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): How does my Honourable friend make out that Sir Purshotamdas Thakurdas has not got tested banking experience? He has been Chairman of the Local Board of the Imperial Bank and a Director for several years.

Rai Bahadur Kunwar Raghbir Singh: It says here a man of "tested banking experience". It is not clear what is meant by the word "tested". That is what I am pointing out. Then, I gave another example of a Director of a Co-operative Bank who has been working on the Directorate of a District Co-Operative Bank for years: he may be said to have no tested banking experience. As I said just now, it is not clear what "tested" experience will mean, as there is no test just at present to define banking experience. There is the question of five years too that he should be a man having banking experience covering a period of not less than five years. This period may be too long or too short a period according to the different points of view. As I said about the amendment

moved by Mr. Ayangar, if the amendment is carried, then no qualifications will be given, and hence it will be an absurd proposition. So, as a *via media*, I suggest that in lieu of "tested banking experience of not less than five years", the words "practical banking or financial experience" be inserted. As Mr. Mitra has also pointed out, these wordings would meet with their objection also. If the Government are pleased to accept this, I hope, Sir, you will allow me to move it as an amendment: it will make the matter more simple and will not restrict the choice of those who will have to select the Governor and the field of choice will be wide enough, and you will restore confidence all round. This is what I suggest, Sir, with your permission.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair now proposes to ask Raja Bahadur Krishnamachariar and Mr. Chinoy to move their amendments, because the House must be given a chance of substituting certain words in sub-clause (2).

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Might I suggest that at least Mr. Chinoy's amendment be postponed till we know the fate of this one?

Mr. President (The Honourable Sir Shanmukham Chetty): The result will be the same; but the discussion will be more comprehensive, and the Chair thinks it will help the House to take a decision on this amendment with greater confidence.

Sir Cowasji Jehangir: I respectfully submit for your consideration that Mr. Chinoy's amendment be postponed for discussion after a vote has been taken on this, and I think if you desire that there should be an understanding that the discussion on that amendment should be a very short one, I personally will abide by that understanding if you accept this suggestion.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair understands, probably the difficulty of the Honourable Member is that Mr. Chinoy is not in his place; in view of that situation and, for the sake of the convenience of the House, the Chair does not mind allowing the Honourable Member himself, as a very specific case, to move that amendment which stands in the name of Mr. Chinoy.

Raja Bahadur G. Krishnamachariar (Tanjore *cum*. Trichinopoly: Non-Muhammadan Rural): As a matter of information, Sir, supposing I move my amendment, have I got a right to speak on the amendment of the Government later?

Mr. President (The Honourable Sir Shanmukham Chetty): The procedure that the Chair proposes to follow is this: the Chair will ask Raja Bahadur Krishnamachariar to move his amendment; then it will ask Mr. Chinoy to move his amendment. In moving his amendment, the Raja Bahadur can make a speech in support of his amendment and also explaining the position arising out of the Government amendment, and then the discussion will be a comprehensive discussion on all the three amendments.

Mr. R. S. Sarma (Nominated Non-Official): Will he have the right of reply?

Mr. President (The Honourable Sir Shanmukham Chetty): The Mover of an amendment has never got a right of reply.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): May I ask whether it will not facilitate the discussion a great deal if you ask the Government to say "Yes" or "No" to the suggestion which has been made by my friend, Mr. Raghbir Singh?

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair cannot ask the Government to say anything; it is their look-out to get up at any stage.

The Honourable Sir George Schuster (Finance Member): If that is intended as a hint to me, Sir, I can explain Government's position on this matter. Our view is that it will be better to have no limitation at all; but we see no objection to the words that have been suggested by the Honourable Member who just spoke; that is a formula which we would be prepared to accept if that represents the general view of the House.

Raja Bahadur G. Krishnamachariar: Sir, would it be possible for you to allow me to speak later on?

Mr. President (The Honourable Sir Shanmukham Chetty): But the Honourable Member must move his amendment if he wants to do so.

Raja Bahadur G. Krishnamachariar: I do not object. I only asked if it would be possible at all: I do not object to comply with your ruling at all: I am quite prepared to obey, if you say I must move it now. I have no idea of defying your ruling—I merely wanted to know if it could be done.

Mr. President (The Honourable Sir Shanmukham Chetty): No: the Honourable Member should move the amendment now if he wants.

Raja Bahadur G. Krishnamachariar: I do not move my amendment.

Mr. Rahimtoola M. Chinoy (Bombay City: Muhammadan Urban): Mr. President, I beg to move:

"That in sub-clause (2) of clause 8 of the Bill, the words 'covering a period of not less than five years' be omitted."

I am suggesting this by way of a compromise as against the original amendment moved by Mr. Ayangar.

It is unnecessary for me to make any lengthy observations in support of my amendment. My only object in moving this amendment is to make sure that we are not deprived of the services of eminent financiers with international reputation, who might admirably fill the position of the Governor of our Reserve Bank, but who might not satisfy the exact requirements of the provisions laid down. At the same time, I grant that it is very desirable to ensure a certain degree of banking knowledge and experience, and, for that purpose, the words I have deleted from this clause are unnecessary. The clause, as thus amended, is on all fours with the provisions to be found in the constitution of several Reserve Banks in other

parts of the world. It is possible that the time may come when we may find that the five years' requirement may operate against the appointment of some eminent Indian who may have all the qualifications required for the appointment except the actual banking experience of five years as laid down.

I venture to think that my amendment meets most of the objections of Government, and I hope they will accept it as a compromise.

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

"That in sub-clause (2) of clause 8 of the Bill, the words 'covering a period of not less than five years' be omitted."

Sir Cowasji Jehangir: Mr. President, this is the only amendment that Government will move on the Report

The Honourable Sir George Schuster: We have several other amendments.

Sir Cowasji Jehangir: Oh, there are surprises in store for us. At any rate, according to the minutes written by the two Government members of the Select Committee, this is the most important amendment to the Report of the Select Committee, and, therefore, perhaps the House ought to know why it is that Government were forced to disagree with us. I must candidly admit that the origin of this provision in the Select Committee's Report is due to considerable apprehensions in the minds of the commercial community of India with regard to the first appointment. Dame rumour has it that.

Mr. N. M. Joshi (Nominated Non-Official): Does the Indian commercial community want the first appointment for themselves?

Sir Cowasji Jehangir: I am afraid the Indian commercial community is on the brain of my friend, Mr. Joshi. I was hoping that his trip to England would have cured him of that.

At any rate, Sir, there is no question of the commercial community wanting this appointment to themselves, as the Committee would not have provided that the Governor should have tested banking experience. Well, Sir, as I was saying, it was due to the apprehensions of the commercial community that a man may be appointed who has not only had no banking experience, but who may come straight out of a Secretariat or a Government office.

Captain Sher Muhammad Khan Gakhar (Nominated Non-Official): Why a man? Why not a lady?

Sir Cowasji Jehangir: Who made that interruption?

Captain Sher Muhammad Khan Gakhar: I made that interruption.

Sir Cowasji Jehangir: Oh, the gallant soldier,—I can understand it.

The Honourable Sir Brojendra Mitter (Law Member): In legal phraseology, man includes a woman.

Sir Cowasji Jehangir: Interruptions of this sort are due to ignorance, and so we shall not complain, because they come from a gallant soldier. At any rate, Mr. President, that was the apprehension in the minds of the commercial community, and those apprehensions have found their echo in this provision in the Select Committee's Report, but, as my friend, Mr. Mitra, pointed out, we did not invent this phrase of "tested banking experience"; we took it straight out of an Act which, we were given to understand in England, was the last word in the Central Banking legislation. It is the South African Reserve Bank Act, and in it you will find these words "the Governor shall have tested banking experience". My Honourable friend, Mr. Chinoy, has moved an amendment omitting the words "five years", and, if that amendment is accepted by Government, then the words will be exactly the words included in the South African Act, and I will be revealing no secret when I tell this House that the financier, the expert in Central Banking who was responsible for the South African Act to a great extent, was a member of our Committee in London,—may I say with due deference to my friend, the Finance Member, who was also a member,—that the gentleman I was referring to was perhaps the most prominent and the most important member of our Committee on whose advice, on whose opinions we laid the greatest importance—I mean Sir Henry Strakosch.

An Honourable Member: We never discussed it in England.

The Honourable Sir George Schuster: Has my friend any authority for saying that Sir Henry Strakosch was responsible for this particular clause?

Sir Cowasji Jehangir: None whatsoever. I did not say so. What I said was that Sir Henry Strakosch was supposed to have been the guide, philosopher and friend of those who drafted the South African Act; beyond that I go no further. But I have further proof that we are doing nothing very reckless. The House may perhaps be aware of a Committee having been very lately appointed, with Lord Macmillan as its Chairman, to advise Canada on the establishment of a Central Bank for that country. The Report has been published. Unfortunately it is not available in Delhi. I understand it arrived in Bombay by the last mail, and I have been authorised to state by those who have read it in Bombay that a similar provision has been recommended by Lord Macmillan's Committee for the Canadian Reserve Bank which is to come into existence. I cannot bring a more forcible argument before this House for the provision as drafted by the Select Committee. If two Committees, if two duly constituted bodies to advise on the establishment of Reserve Banks in two parts of the Empire include these words, who are we, Mr. President, and who is Government, to say that we should not include them in our Act, and, if my facts are correct that Lord Macmillan's Committee for Canada, which has just reported, has advised that the Canadian Act, which is still to be drafted and passed, should have this qualification for the appointment of its Governor, there must be some wisdom in that provision. Now, my friend who moved this amendment on behalf of the Government, if I may say so, has only given us two arguments against the inclusion of this qualification and in support of his amendment. Firstly, he said that the wording was vague. I deny that allegation. If it is vague, I can only say that we are in very good company. There is an Act already in existence with that vague phraseology. That phraseology has been recommended by a Committee with a well known expert, Lord Macmillan, as

its Chairman, and that Committee sat only a short time ago. But why is it vague? "Tested banking experience" surely can be decided by anybody who has ordinary common sense. I quite realise that there may be difficulties sometimes, and it is not the intention of anybody on this side of the House that this phrase should ever be taken to a court of law to decide its interpretation, and if this accusation of vagueness can be met by a suggestion that I will make, I for one would have no objection to including the following words:

"After the word 'unless' add the words 'in the opinion of the Governor General in Council and the Central Board'."

It will then read as follows:

"No person shall be appointed a Governor unless, in the opinion of the Governor General in Council and the Central Board, he is a person of tested banking experience."

Therefore, we will leave it to the Governor General in Council and the Central Board to decide what is tested banking experience and their word will be final.

Raja Bahadur G. Krishnamachariar: If they differ in their opinion?

Sir Cowasji Jehangir: My Honourable friend talks of differing, but, if he would read the Bill a little more carefully, he will see that the ultimate decision is in the hands of the Governor General in Council.

Raja Bahadur G. Krishnamachariar: I am sorry to interrupt the Honourable Member, because he suggests that I have not read the Bill carefully. I may say I did it with some diligence, and I want to know in what provision this new suggestion of his is to be found that the Governor General in Council has got the powers which he says he has?

Sir Cowasji Jehangir: I have not followed the Honourable Member.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member may proceed with his speech.

Sir Cowasji Jehangir: The other objection that my Honourable friend from the Government Benches had was that, for the appointment of the Governor of this Bank, it was not essential to have banking experience. (An Honourable Member: "A new theory". As far as I understood my Honourable friend, what he stated was that banking experience might be a very good thing, but that it was not absolutely essential in the appointment of the Governor of the Reserve Bank, and therefore, why put in a qualification which was not essential and which might preclude in the future the appointment of a man worthy of being the Governor but who might not have five years' tested banking experience. I quite understand that argument. It is possible that there are many—I won't say very many, or hundreds and thousands, but there may be five or six, after all men with experience of this sort are very few and far between, there may be some, I can mention one or two well known names in the financial world who would be very worthy Governors of the Reserve Bank, who may not have had actual five years of tested banking experience. That is perfectly true. But we are in a peculiar position. The peculiar position in which we are is that this appointment in the first instance is to be made by the

[Sir Cowasji Jehangir.]

Governor General in Council, and we very well know that the Governor General in Council in this case will be the Secretary of State. I mean no insult to my Honourable friends on the opposite Benches, but that is the Constitution. According to the Constitution, they are merely agents in India of the Secretary of State, and, whatever powers they may exercise, they only exercise at his dictation or by his indulgence. And, in this matter, I am confident that there will not be very much indulgence. Therefore, this appointment will be made by the Secretary of State and we do desire to preclude from this first appointment any officer of the Government. We are of opinion and very strongly of opinion that at no time should the Governor of this Bank come straight out of a Government office.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Not even Sir Malcolm Hailey?

Mr. N. M. Joshi: Why?

Sir Cowasji Jehangir: I will tell you why. My Honourable friend has once been a Government servant. Who said, why? I thought it came from that direction. It is very difficult to make out where the voice came from. Because Government servants do get into a certain groove. However able and brilliant they may be, they cannot possibly help it, they do get rather stale, and we do not want a man who has had experience of only a Government office to take charge of this Bank. Personally I would not object to a Government servant, whether he be from the Government offices in England or the Secretariats in this country, being appointed, provided he had a break of at least five years in that service; for at least five years he should be out of Government office, out of this red-tapism, out of this groove into which they get, out of that system which makes their visions narrow, which clouds their horizon. If at least for five years they have got out of this groove, some of them will be most worthy of being the Managers and Governors of the Reserve Bank of the future. Therefore, the words "five years" were inserted. For at least five years the Government servant would be forced to leave Government service. We have not made this provision for the Deputy Governors, and it was deliberately done. It was to enable Government servants to serve for five years in the Reserve Bank as Deputy Governors and then to step into the shoes of the Governor. That five years in the Reserve Bank will serve to have that break in Government service which is so necessary in our humble opinion. Sir, I have shown that we have exceptionally good precedents, the South African Act, and much more, Lord Macmillan's Committee's report, a copy of which I have not seen, but which, I have full authority to say, includes this provision.

The Honourable Sir George Schuster: Exactly the same language?

Sir Cowasji Jehangir: Yes, tested banking experience, most probably taken from the South African Act. We took it from that, and there is no reason why they should not. They were a Committee considering this matter and probably they had this Act and many more Acts than we had before us.

Sardar Sant Singh (West Punjab: Sikh): Are you sure that they did not take it from our report?

Sir Cowasji Jehangir: They had reported before us, but if they had reported after us, we should have claimed the credit. At any rate, Sir, I do believe that this will give considerable confidence to the public and if, in the future, an occasion does arise when a first class man is available for this post who does not fulfil these qualifications what is there to prevent Government coming with an amending Act? I am sure, the House would readily agree in the future to amend the Act so as to enable the Central Board and Government to have this man, but, under present conditions and in present circumstances, we on this side of the House are forced to back up the Select Committee's report with all the force that is in us, which may not be very great, but we do so fully believing that we are acting in the best interests of the future Bank, believing that, if any mistake is made in this direction by the Government in England, it will be a mistake of a colossal nature which will start the Bank on a hopeless foundation with prejudice against it which is hard to kill. To prevent this, we have included this provision and, Mr. President, I must repeat what has been said that it is difficult to understand why Government should object so strongly. We are prepared to make two changes. One is the one that I have suggested, leaving it to the Governor General and the Central Board to decide what is tested banking experience and the other is to leave out the words "five years" and, if those two amendments to the provisions of the Bill, as it is presented to the House, do not satisfy Government, then it will be said with some justification that we have some foundation for our apprehensions. We have gone as far as we could to meet Government and, at the same time, satisfy public opinion. I trust that Government will see their way to accept those two amendments. We have gone as far as we can. If they are not acceptable, then we will do our best to beg of this House to accept the provisions of the Select Committee's report.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair has just got notice of an amendment by Mr. Raghuraj Singh saying that for the words "tested banking experience covering a period of not less than five years" the words "of practical banking or financial experience" be inserted. The Chair does not know if the House wants to discuss that amendment, but it would strongly deprecate the handing in of last moment notices of amendments of this nature. The Chair must first find out whether anybody objects to this amendment for want of two days' notice. (*Some Honourable Members*: "We object".) Then the Chair cannot allow this amendment to be moved.

Mr. Gaya Prasad Singh (Muzaffarpore cum Champaran: Non-Muhammadan): Sir, during the last three weeks that we have been discussing this Bill, it was the privilege of the Honourable the Finance Member to stand up and support the Majority Report of the Joint Select Committee, and, from the way he supported that report, it appeared as if the majority of the members of that Joint Committee were the embodiment of wisdom on that subject.

The Honourable Sir George Schuster: Exceptions prove the rule.

Mr. Gaya Prasad Singh: But so far as the present amendment is concerned, the facts are reversed. It is now our privilege to stand up in support of the Majority Report of the Joint Select Committee, and it is now left

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to the Government to throw overboard what the majority in the Joint Select Committee have done. It will be seen from the report on this Bill that with the exception of the two Government members, I mean the Honourable the Finance Member and Mr. Taylor, all of us, numbering about 26, supported, including the European members, the inclusion of sub-clause (2) which is under consideration. It will, therefore, be seen that we have got full amount of support even in the Joint Select Committee which consisted of about 14 members from the other House. Now, the reason for the insertion of sub-clause (2) has been very clearly set forth in the report of the Committee itself. With your permission, Sir, I shall read one short paragraph from it:

"Clause 8, sub-clause (1) (a).—We consider that one of the most vital points affecting the successful operation of the Bank will be the personality and qualifications of the Governor. It is in our view essential that he should be a man who will command the confidence of the public generally and particularly of banking and commercial circles, so that the policy of the Bank which will largely depend on his guidance, may be accepted as authoritative. We do not consider that these conditions will be fulfilled unless he is a man who has established a position in the business world and we have therefore recommended the insertion of a provision in a new sub-clause (2), to cover appointments made both under clause 8 and clause 15, that he must be a man 'of tested banking experience covering a period of at least five years'."

The report goes on to discuss the objection of Government to the insertion of this clause, and lastly it says:

"We think it necessary definitely to provide in the Statute for the exclusion of certain types of appointment which we should consider undesirable, and we are prepared to face the necessity for amending legislation in the event of our words proving in practice to be unduly hampering."

Now, without disclosing any secret of what transpired in the Joint Select Committee, I might be permitted to say that many of us were obsessed with the feeling that Government had made up their mind in making a certain appointment as Governor of the Bank, and we wanted to preclude the possibility of his appointment.

The Honourable Sir George Schuster: I can assure my Honourable friend that Government have not made up their minds.

Mr. Gaya Prasad Singh: The Honourable Member said so and I certainly accepted it, but there is this Government of India which is a subordinate branch of the British administration in London, and I should like to know whether my friend would get up and say that the Secretary of State for India has not made up his mind with regard to the appointment of a particular person.

The Honourable Sir George Schuster: I have already given an assurance on that point.

Mr. Gaya Prasad Singh: I am glad to have this statement from my Honourable friend. If this is so, if Government have not under consideration the appointment of a particular gentleman or of a particular class of person, why should they be anxious to oppose the retention of this particular clause? (Hear, hear.) As has already been stated by previous speakers, we have not invented this expression of "tested banking experience": it occurs in the South African Reserve Bank Act and, as has been pointed out by

my Honourable friend, Sir Cowasji Jehangir, it finds a place in the new Central Bank which is going to be established in Canada. What, after all, is the objection to this phrase which is like a bugbear to the official Members,—"tested banking experience"? That is a very innocent phrase, and it ought to be applicable to quite a number of persons who may be held to be eligible for holding this appointment. With regard to the amendment of my friend, Mr. Raghunath Singh, it has not been admitted; so I need not say anything about it. It was a vague and indefinite amendment, and it was right that the House has not given permission to that amendment to be moved. With regard to the amendment of my friend, Mr. Chinoy, I must say, it is an improvement though it will, to a certain extent, detract from the importance which we attach to the insertion of this particular sub-clause as it stands, and I am not very enthusiastic about Mr. Chinoy's amendment also. I would like to let this sub-clause stand as it is. As I have already pointed out, the Joint Select Committee had about fourteen Members of the Council of State

Sir Cowasji Jehangir: May I point out that the amendment moved by Mr. Chinoy is really a compromise amendment. If Government accept both these suggestions and withdraw their amendment, then Mr. Chinoy's amendment is useful; but if Government carry their amendment, then Mr. Chinoy's amendment goes. If Government lose the division, Mr. Chinoy's amendment also goes. It is only if Government accept both these suggestions that Mr. Chinoy's amendment can be of any use.

Mr. Gaya Prasad Singh: It would, under the circumstances, be profitable to the House if the Government were to make up their minds and state whether they are prepared to accept Mr. Chinoy's amendment or not. That might curtail the scope of the discussion over the Bill, and I would request my Honourable friend, the Finance Member, to let us know this, because, if that amendment of Mr. Chinoy is not accepted, we might proceed on the footing of the sub-clause as it stands in the Bill.

The Honourable Sir George Schuster: Sir, if it is any help to my Honourable friend, I can tell him at once that we are not prepared to accept Mr. Chinoy's amendment, but as I have been asked to make that point clear, I should like to know from you what the position is. The Honourable the Leader of the Independent Party has apparently given a ruling that, if the Government press their amendment, Mr. Chinoy's amendment will not be put to the vote. I should like to know from you, Sir, what the position is.

Mr. President (The Honourable Sir Shanmukham Chetty): The Government amendment is that sub-clause (2) of clause 8 of the Bill be omitted. The form in which the question on that amendment will be put to the House will be like this:

"That the words in sub-clause (2) of clause 8 of the Bill, from the beginning to the end thereof, be omitted."

Now, if those words are omitted, then Mr. Chinoy's amendment automatically goes out, because there are no words left, but, if the Government amendment is defeated, then Mr. Chinoy's amendment will be put to the vote.

Mr. Gaya Prasad Singh: I hope the amendment of the Government will be defeated. Sir, it would be very uncomplimentary to this House to throw overboard the Majority Report of the Joint Select Committee on which all the parties in this House were represented—the members of the Independent Party, the members of the Nationalist Party, the members of the Democratic Party and the members of the European Group as well as the members of the United India Party, and the Centre Party. The whole non-official side was united over the insertion of this particular clause, and, as I gather from the report, the Members of the Council of State were also unanimous on the insertion of this clause; and the very fact that the Government are anxious to delete this sub-clause creates some suspicion in our mind as to their *bond fides* in this matter. Of course I will not go so far as to say that they have received instructions from the Secretary of State to oppose this sub-clause but from the fact that they are not willing to accept even this very minor amendment proposed by my Honourable friend, Mr. Chinoy, I am left to wonder as to the motive of the Government, and it would be rather derogatory to the House if this amendment of the Government is carried and the overwhelming majority of the recommendations on this point of the Joint Select Committee are thrown overboard.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I consider that this amendment of the Government is of considerable importance to this side of the House. I regret that the Government should have come forward to move this amendment. It is a pity that an attempt is being made to wear down the opposition, if I may say so, and to put forward these amendments in spite of the clear realization of the fact by the Finance Member that the unanimous opinion of the non-official members of the Select Committee was in favour of it. I had hoped that the note of dissent which my Honourable friend appended to the Majority Report of the Select Committee would have led him to feel that thereby he had done his duty and no further action was necessary. Sir, I am anxious to press on the attention of this House the fact that every party that was represented on the Select Committee was in favour of this amendment, and I am anxious that my Honourable friend, Sir Leslie Hudson, the Leader of the European Group, should bear that fact particularly in mind and that his Group should now be enlightened on the reasons why he supported this amendment in the Select Committee, I should be very much surprised if on this occasion they are asked to take a line different from that enlightened line which the Leader of the European Group took in the Select Committee.

Now my Honourable friend, the Mover of this amendment, rather overstated his case. If I followed his speech aright, he said that those who had banking experience—that is, joint-stock banking experience if I might correct myself—were not quite as good; he went so far as to say that their vision was cribbed, cabined and confined, and that they moved in narrow groove. The logic of the argument was that anybody who had banking experience ought not to be appointed Governor of the Reserve Bank. Sir Cowasji Jehangir did him an injustice when he said that what he said was that those who had banking experience were not necessary. My Honourable friend, Mr. Ayangar, went further; he said that they would be clogs in the wheel, that they would hamper progress, that their vision was narrow and that, with their narrow view of commercial banking, they could not reach that high altitude from which, as Governors of the Reserve Bank, they would have to manage the destinies of this country.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): I hope the Honourable the Leader of the United India Party also will enlighten us on the reasons which led him to support the others in this amendment at the Select Committee stage.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend, the Finance Member, was very keen on one aspect in the setting up of this Reserve Bank. He said, the commercial community and the business world in this country must have perfect confidence in that Bank. He said it was essential that commercial and banking opinion should feel that this Bank was in the interests of banking and commerce and that those interests should co-operate in the setting up of this Bank. I would ask my Honourable friend whether he is not by now satisfied that the overwhelming opinion in commercial and banking circles will be satisfied only if a Governor with banking experience is appointed. If that is so, why is he going back on such an important provision. The Governor of the Bank will occupy a pivotal position from which all the activities of the Bank will be judged. The Directors are there upto a certain stage and can go no farther than that. It is the Governor of the Bank who will

hold the key position. That is why we on this side of the
12 Noon. House are anxious that that Governor should be a man who commands the confidence of the Indian commercial community. I come to the European commercial community, to the public opinion of financial and commercial circles in England. Can the Honourable the Finance Member suggest for a moment that the commercial and financial circles in England, the Bank of England and the City of London, would be shocked if we were to introduce a provision that the Governor of the Central Bank should be a man of banking experience? Dare he suggest any such thing? He knows perfectly well that he cannot. Somebody sitting in a dark room in Whitehall, but not the Secretary of State, may suggest that this is an unnecessary qualification. But I challenge him to tell me the name of any banker in England who would say that this qualification is unnecessary. Opinion has been tending towards the position that the South African Government has taken and which Lord Macmillan took in the report about the Canadian Central Bank. They are all more and more anxious that the Governor should be in close touch and co-operation with the commercial banks and, therefore, banking experience on the part of the Governor will be a very good asset for him to command the confidence of the commercial banks. Take the question of financial experience. If my Honourable friend suggests banking or financial experience, it merely means that a man with financial experience may also be appointed and a man who has not got banking experience may also be appointed. I cannot conceive how a man, who has neither banking experience nor financial experience, can ever be appointed as a Governor of the Bank. I hope that my friend, the Leader of the United India Party will explain the conundrum to this House how a man, who has neither banking experience, nor financial experience, can ever be thought of by any person who is out of bedlam to be a fit man for the post of Governor of a Central Bank? Therefore, when the alternative was put before the House, we were right in thinking that it was a perfectly frivolous amendment. It was vague and impractical and it was absolutely no use asking this House to consider the position seriously from that stand point. My Honourable friend suggested that if the clause regarding banking experience is there, it would considerably hamper selection. My Honourable friend has not

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realised the wide choice that has been given under this Act. The Governor of the Central Bank can be any person of any nationality wherever it may exist in the whole world. We have prescribed qualifications for the shareholders and they must be of a particular kind; they must be resident in this country. But we have prescribed no qualification whatsoever for the appointment of the Governor of the Central Bank. He may be a Czecho-Slovakian, he may be an Armenian, he may be a German, he may belong to De Valera's Irish Free State, he may be of any nationality. We have not prescribed that he should be a resident of India. With this wide choice, does the Honourable the Finance Member suggest that this qualification of banking experience will be of such a nature that it will restrict the selection? In the South African Act, they not only prescribe that he must be a man of tested banking experience, but they have prescribed that he must belong to British nationality and must be resident in South Africa. I ask my Honourable friend to consider how little places can evolve a system under which they can find a Governor of that experience for their Central Bank. For the Czecho-Slovakian Central Bank, the Governor must be a Czecho-Slovak. The Rumanian law says that the Governor must be a natural domiciled subject of Rumania. They try to have a Belgian for the Belgian Central Bank. A man of Peru for the Peru Central Bank, and a man from Chili for the Chili Central Bank. These people are able to find a man fit for holding the position of a Governor of the Central Bank from amongst themselves. Now, we come to our Governor who can be chosen from all over the known world, he can be chosen from any part of the British Empire and outside the British Empire. The one qualification that the Joint Select Committee unanimously insisted on, from Sir Leslie Hudson—I will not say downwards—but right up to everybody else in this House, I mean the non-official Members,—is that this qualification should be put in. Now, my Honourable friend, the Finance Member, says that if this is done, the freedom in the matter of selection goes. He thinks that this matter is so vital that he would rather not have this clause at all. Therefore, he must move this amendment. Now, I would like to ask my Honourable friend if he realises the objection of the banking and commercial community. My Honourable friend knows that his Department has come in for considerable criticism for the way in which they have been managing the currency policy in this country during the last ten years. Every banker and every commercial man has criticised the policy of this Government. Much of this work is going to be done by the Governor of the Central Bank. The note-issue will be in his hands, the currency policy will be in his hands and, therefore, they say that we must not have a member of the Bureaucracy as the Currency Officer of the Government of India as has been the case heretofore. We must have a man with banking experience and a man who is in touch with the banking world. This man must be a member of the banking world so that he may discharge his duties in the interests of the commercial community.

Captain Sher Muhammad Khan Gakhar: What about the period of five years?

Diwan Bahadur A. Ramaswami Mudaliar: I wish my Honourable friend, the Finance Member, had asked me that question and then I would have replied to him. It is no use replying to my Honourable friend.

Will my Honourable friend agree to this that he will vote down this amendment of the Government and then support us if we drop the period of five years? I am willing to take that sporting chance with my Honourable friend who is also a gallant Member.

Now, Sir, I suggest that it will be a travesty of all understood procedure if the opinion of Honourable Members and the Leaders of Parties, who have been parties to this suggestion in the Select Committee, were to be thrown overboard without any reason and if this House were to accept the amendment which has been moved by the Honourable Member on behalf of the Government? It will do no good. It will merely be an irritating amendment if I may say so. I consider that it will merely upset those interests which the Honourable the Finance Member himself is so anxious to reconcile. It will create suspicion in the minds of those whom he wants to regiment on his side and whose authority and support and goodwill he wants. Does my Honourable friend really suggest that this amendment is of so grave a character that he can take the risk of antagonising the forces on this side of the House? If he thinks that his hands are tied, then let it be decided by the overwhelming opinion of this House. Let the clause be there. The Honourable Member then has a chance of going to the Council of State. Let him, in the meanwhile, consult those who are against this amendment. If he still feels that his hands are forced, let him have this amendment moved in the Council of State and come back to this House for ratification. I suggest that those who are advising him may not know the strength of the feeling with respect to this matter and may not have appreciated the position. We want to give another chance to these people if there are any behind the Honourable the Finance Member. We want to give them another chance of appreciating this position and of realising the kind of unanimity that there is with regard to it. I still venture to hope that all my friends will stand by the position that they took up in the Select Committee. If he finds that all this united evidence has been insufficient and that people want to stick to this particular amendment, then he will have another chance in the Council of State and then he can come back to this Assembly. Otherwise, I feel that this House will be stultifying itself and I am sure, the Honourable the Finance Member will be stultifying himself if he presses this amendment.

Raja Bahadur G. Krishnamachariar: Sir, it is always a disadvantage to follow such a distinguished orator as my friend, Diwan Bahadur Mudaliar, and with all the deficiencies that I have to which one has been added today, namely, that I have not studied this Bill at all, I do crave the indulgence of the House to make a few observations. In the first place, it is somewhat difficult for me to understand what the principle is upon which this amendment was brought into the Bill and what is it that has lashed our friends on the other side of the House into such a great excitement that they think that, unless this clause stands in the Bill, the Heavens would fall. I have never been able to understand what it is. So far as I can see, there is no question of principle involved, and there is not going to be any difficulty whatsoever. Before I go to that argument, there is one little point that I wish to be cleared. My Honourable friend, Mr. Gaya Prasad Singh,—I hope I am not misrepresenting him—and my Honourable friend, Mr. Mudaliar, with all his insight into legislative

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and parliamentary practice, stated that if the majority conclusion of the Select Committee was not upheld by this House, this House would be stultifying itself. Sir, this is a vicious principle against which I want to protest.

Diwan Bahadur A. Ramaswami Mudaliar: I said that the unanimous recommendation of the Select Committee of non-official Members may be accepted by the House unless there are very grave reasons.

Raja Bahadur G. Krishnamachariar: Did the Honourable Member say that this House is going to stultify itself because it did not agree with the majority? If so, where is he going to dovetail it if not in the way suggested by me? Is the majority always correct? Sir, we knew that the scientific world was worried with the problem of the living fish weighing more than a dead fish for three centuries and the scientists of the world tried to find out what was the cause, but they could not arrive at a satisfactory decision, until at last a layman like myself said: "We will first weigh the thing and see if it is all right before we come to find out the reason". They did weight and found that the premises were wrong and they fell to the ground. Therefore, I am not at all convinced of the wisdom of the majority. "They are slaves who dare not be in the right with two or three." I say, Sir, that, so far as the principle enunciated is concerned, if it is the idea that whenever the majority of the members of a Select Committee arrive at a conclusion, under no circumstances should you go against it and if you do, you will be stultifying yourself, that is a principle to which no one, who knows anything about the Select Committee procedure, would agree. It has been stated that this Bill has got the unanimous support, of whom? I thought that India consisted of 95 per cent. agriculturists and that the commercial interest was only a negligible quantity. All my Honourable friends who have hitherto spoken said that the commercial community was behind them. Is it to safeguard the interest of the commercial community that you are constituting this Reserve Bank? Where do the agriculturists come in? I contribute the largest amount of money, and the commercial community exploits me and I know these commercial gentlemen make money which sometimes remains in the country and sometimes it goes out. It is an unfortunate position that I with all the Members of my community—I am not talking here of the Brahman community, but of the agricultural community,—it is unfortunate that we should be left alone. I respectfully ask, what happened in this debate during the last four or five days? I do not profess to be a great politician or one who is in touch with the current political problems of the world, but I believe, in season and out of season, by questions and resolutions and amendments of Acts, time after time, we have always been insisting that there should be legislative provision in regard to the appointment of Indians. A poor man like myself, without the stormy eloquence of my Honourable friend, Sir Cowasji Jehangir, or the stately well-balanced periods of my Honourable friend, Mr. Mudaliar, or the moving eloquence, in right Parliamentary fashion, of my Honourable friend, Mr. Ranga Iyer, I tried to induce my Honourable friends at least on this side of the House to agree upon the important principle that, where a question of appointment is involved, you must have an Indian. I tried to induce them to agree with me. No one can deny that it is not a question of principle.

You may or may not agree whether it is advisable to put it in. But you must agree that it is an important question containing a vital principle so far as India is concerned. No one can deny that. Yet what did I find? I had been looking at them most piteously when I was speaking and asked my Honourable friends for their support. But, Sir, neither appeal to their sense of justice nor appeal to their sense of pity for the poor man would induce them to accept, what? I do not want it at all, I am a poor man, I know I belong to the depressed community, I did not want them to support me, but I wanted them to support this vital principle.

Sardar Sant Singh: Do you want to cut your nose to spite your face?

Raja Bahadur G. Krishnamachariar: My Honourable friend, Sardar Sant Singh, must know that he allowed us to be defeated the other day by his absence, because we certainly would have won if he had remained in his seat without going out buying motor cars or taking motor trials. Let my Honourable friend have a little patience and allow me to go on and then say whether I am cutting my nose to spite my face. I am only trying to bring these gentlemen, who seem to have lost their heads over the majority of the Select Committee report, back to their senses and to a correct perspective of the position. That is what I am trying to do. After all, the position is this. Not having admitted questions of vital principle, my Honourable friend, Mr. Mudaliar, now says, this is the most important amendment so far as this side of the House is concerned. I too belong to this side, but it seems to me before I can agree to this thing as being of vital interest to this part of the House, I shall try to put forward my objection and I have got to see if those Honourable Members who would follow me would convince me of the incorrectness of my position. I am not one of those persons who assume infallibility, I am not one of those who having made up their minds would not even care to look at the suggestions of other Honourable Members, but I am quite open to conviction until the last moment. So, what is the position? This is an important amendment for two reasons. South Africa, unfortunately, never had a good odour amongst us on this side of the House and what South Africans do, we do not agree with. We always fight them inch by inch, but today the South African Government and the South African people have been held up as an example to follow. Sir, even if they were right, I am not going to follow the South Africans, because there must be something behind it all. Sir, a very distinguished politician, who is now no more and who had the unique distinction of being called by the English people "honest John", said, when we were asking for reforms: "Do not ask for the fur-coat". Sir, I believe the fur-coat is used more in Canada than anywhere else.

Sir Cowasji Jehangir: Has the Honourable Member come down to arguments of this sort?

Raja Bahadur G. Krishnamachariar: Unfortunately we are not all of us on the same level of intelligence. Some persons have got some sort of argument which may be very useless, but I am glad that my Honourable friend has at least accepted mine as an argument, it may be a good argument or it may be a bad argument. That is quite different. It all depends upon our training and the grade of intelligence that we have attained. When I asked my Honourable friend what would happen if there

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is a difference between the Central Board and the Governor General, he asked me to go and read the Bill. His suggestion was that the Governor General with the concurrence of the Central Board

Sir Cowasji Jehangir: May I point out to my Honourable friend that it is not "with the concurrence of" under the Bill. I simply wanted to draw his attention to this in the Bill. "After the recommendation of" is a very different thing from "with the concurrence of". We were quite prepared to have "with the concurrence of" if the Honourable Member opposite would have agreed. Now that I have understood the question of my Honourable friend, I point it out. I regret not having caught the question of the Honourable Member properly when he asked me when I was speaking.

Raja Bahadur G. Krishnamachariar: I say, I am putting this question in order to make up my mind. The answers that I get to these questions will clear my position. Do our friends who put forward the opposite view and who practically claim infallibility to the conclusions arrived at by them in the Joint Select Committee, do they or do they not agree that the Government want to bring into existence a workable Reserve Bank? Do they or do they not agree that the Reserve Bank is an absolute necessity before responsibility at the Centre could be brought into existence? Assuming these positions, as I take them they are, namely, that we do want a Reserve Bank and that the Government of India—I am not defending the Government at all—in spite of the wickedness that has been attributed not to this Government, but to the gentleman sitting there at the other end of the wire 6,000 miles away, assuming that the Government of India want to give responsibility at the Centre after bringing the Reserve Bank into existence, what is the position, I say, it reduces itself to an absurdity. They want to establish the Bank and they say that, unless you establish this Bank, your responsibility at the Centre will never come. They take the trouble of inviting so many estimate gentlemen to England, there they sit in solemn conclave, write this report, get this printed, and give it to us; my Honourable friend, Sir George Schuster, within a week or ten days, by burning his midnight oil prepared this Bill and introduced it in the Assembly, fought for it inch by inch and, at the end, did what? Wreck the Bill. Why? Because the Secretary of State in his machinations is going to appoint a man who does not know anything about central banking, because that man will come and ruin your Bank and the result is that all these endeavours are fruitless. Surely there is something, a little bit more wise than that action. If the Government did not want this Reserve Bank at all, they might have sat tight as they sat tight over so many things. For instance, what did the Joint Parliamentary Committee do in the year 1919 before the present reforms came into existence? They said that, as soon as may be, land revenue must be a subject amenable to the vote of the Legislature. Have they brought that into existence? Of course there are lots of reasons why they did not do it, whether you consider them right or wrong. Likewise, if they did not want to have a Reserve Bank, they might put all sorts of objections and say, "We do not want this; we shall somehow or other try not to bring this Reserve Bank into existence." There is a book called the "Artha-Shastra" which is a very old book in which it is stated that it will never do for a Government to fulfil its promise to its people entirely. Make the promise, pretend as if you are fulfilling it and then go on and on.

Promise, pause, propose, postpone and end by leaving things alone. That, Sir, is the position which they can easily occupy and as they have occupied times without number. Therefore, I decline to believe that there is any machination behind the opposition to this clause. Whereas, suppose you take the clause as it is. You say: "tested banking experience". There is no definition of it. Who tests, what is the test, what is the standard and who should be satisfied? My Honourable friend, Sir Cowasji Jehangir, with his intimate acquaintance with banking and commercial business, may not agree to the test put forward by Government: and I in my ignorance and, with the only interest which counts, which has not so far been recognised by our friends on the other side, will say, what do Government say? It is all right. We want this Reserve Bank, none of us wants to wreck it, start something. You can always put forward arguments. If you want me to argue one way now, I will do it, and if you want me to argue a different way after lunch, I will do that also. There is a little bit of an incident which probably I might bring to the notice of the House. I believe it was His late Majesty King William IV who told the then Lord Chief Justice of England that the only department of his Government which wastes time from morning till evening were the courts of justice. The Chief Justice did not know what to do and said to His Majesty: "Will Your Majesty kindly attend one day when an important case is being argued?" The offer was accepted, a day was fixed, an important case was posted for hearing; the most eminent counsel having been retained they went on arguing. In the morning, up to lunch time the learned counsel for the appellant went on arguing. When he finished, His Majesty whispered to the Chief Justice: "What is there to be said hereafter? The whole thing is very plain, give the decision in his favour". But the Lord Chief Justice said: "Will Your Majesty kindly hear the other side also?" After lunch, the other side argued and, when the arguments were over, turning to the King, he said: "What does your Majesty say now?" And the King said: "All that I can say is that both of them are the biggest blackguards." (Laughter.) That, Sir, is the position to which I would reduce myself if I began to argue both ways. The point is, you have got something to go upon. And unless this is a question of principle, which I deny—and I have already stated to the House how questions of principle have been treated so light-heartedly,—allow the thing to go on. You can always do with three, you can always do with thirteen; and if it does not work, come here and then we shall amend. If you want the 100 per cent perfection stage, you will never be able to have it. Consequently, in view of the difficulty of coming to a conclusion as regards tested banking experience and all that sort of thing, better not have that sort of thing at all. There are not very many qualifications laid down for the Governor and I know in Madras the qualification for a Ministership is not to have any educational qualifications. (Laughter.) The less education you have the better. Have you failed in your middle school examination? You are fit for a Ministership. Did the Madras Government break down? Of course, it went on all right and merrily. Consequently, allow them to appoint a Governor. Find fault with them if he is not able to work. You will probably find that the man who you believed does not know any thing about it is the best man in the world. I am not at all a defender of the Indian Civil Service. I have got a great deal of grievance against them as I have been stating here from time to time. But I do not want to put all of them in the same block. There are some gentlemen who have been in service, who are greatly in demand in every place, for high

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and distinguished positions. Whereas, as a philosopher said: "We are talking of the good yesterday that is past but when that yesterday was with us we never appreciated it". In the same way, you probably have got a good man; you do not know anything about him, you think he is no good and, therefore, fight against him. Do not put it upon individualities. When the Finance Member says that they have not made up their minds, believe that they have not made up their minds. I am perfectly sure that, if the choice were left to Sir Cowasji Jehangir, he might select the very best person, but I suppose other persons can do the same thing. Consequently, I submit that until a satisfactory answer comes to all these points, it is somewhat difficult to follow these great assumptions of infallibility and assigning an importance to what, after all, appears to me a work of every day life which could be fulfilled without laying down any very serious, important or difficult conditions

Mr. Muhammad Yamin Khan: Sir, when the Shareholders Bank comes in, we all expect that the man who is in charge of the Bank must be a man who must look to the interest of all people concerned and we want that the man who is at the head should be capable of carrying on the business in the best manner possible. There were certain misapprehensions in the minds of the people and the members of the Select Committee when this question was being discussed at the Select Committee; it was thought at that time that certain names were suggested which were under consideration or that a certain person had been already selected to be the Governor of the Bank. This led to serious consideration by the Select Committee. I am not going to name the gentleman who was named there, because it is very invidious to discuss any personalities on the floor of the House and say whether a man is good or bad: I will not condemn a man simply because his name was taken up by certain people or by pressmen; but there was undoubtedly a kind of apprehension in the minds of members of the Select Committee that when this Bank came into existence, certain individuals might be put who had already been selected even before the Bill was passed. If that were so, we would have all deplored it, and we would not like such a thing to be done before a vote in this House had been passed. I am glad, therefore, that the Honourable the Finance Member has given full assurance that no such thing has happened; and we must take that assurance; we cannot go on challenging and denying his statement. I would like to have the best man and I, therefore, think that it will not be proper to have as Governor of the Bank any one who is in the permanent service of the Government of India at present: such a man will create a misapprehension in the minds of the public as well as in our minds in this Legislature. I do not say that all members of the permanent service are so bad that none of them is capable of holding this good position: there may be some who, if they devote their minds to this, can be very suitable for this job, but the country has been fighting that people of the permanent services should not always be taken, and that chances should be given to those who are not in the permanent service and that there should be wider scope for selection. I am, therefore, at one with my Honourable friend, Sir Cowasji Jehangir, that this House will never endorse the idea that the first Governor should be one who belongs to or is at present in the permanent service. At the same time, I hope that the Governor General in Council will be allowed to make a good selection—a man who has got really practical banking or financial experience. I would not like to have

a man with no such experience, because, in that case, there will be no confidence in such a man in the minds of the public. I expect that after the speeches and views expressed here, the Government will take it into serious consideration that, when they make the first selection, they should select a person according to the wishes of the House and not one that might be deprecated by this House. I am perfectly sure that the Governor General in Council will not do otherwise, but will meet the views of this House.

Three amendments have been proposed on three sides—the Government amendment, Mr. Chinoy's amendment and the addition made by Sir Cowasji Jehangir. I shall first clear my own position. Although I have not appended any notes of dissent on many points, on which I differed from other members of the Committee, I have yet invariably fought for those points here in the House. For instance, although I did not put in a note of dissent that no person should hold more than 200 shares, which was my view in the Select Committee, I stuck to that position in the Assembly. I was of the opinion that the shares for different areas must be on the population basis, and I fought for that here also. Whenever I was convinced that a particular thing was good for India, I stood up and said that it was good for India, irrespective of whether I found support or not. That is not my business: my work is finished as soon as I place my views before the House. In this matter, as my Honourable friends will remember, it was my opinion at that time that I was not in favour of this amendment: when it came before the Committee, I was opposed to putting in this five years limitation and I was not willing to have the word "tested" at that time. . . .

Mr. S. O. Mitra: Without "tested" and "five years' experience" will you be agreeable?

Mr. Muhammad Yamin Khan: That was my position even in the Select Committee and it would have been my position here if the Honourable Members had not objected to the amendment which had been put in, and I said I was willing even to change the word "and" for the word "or", because I want a man who has practical banking experience, and I would not like to have one who has had no such experience. But unfortunately the amendment which was moved by my Honourable friend, Kunwar Raghubir Singh, though it was accepted by the Government, was objected to on technical grounds, and that has made my position very very weak. I will explain why I am opposed to this. There will be two kinds of appointment: the first appointment of the Governor and the appointment of the Governor later on. As far as the second appointment is concerned, we know that that will be made by the Governor General after taking into consideration the recommendations of the Central Board. I will request my Honourable friend, Sir Cowasji Jehangir, to listen particularly, because I am meeting his points. As I was saying, the first appointment is to be made before the Central Board comes into being through election, and the second appointment will be made after the Central Board comes in through election. . . .

Sir Cowasji Jehangir: In the first case, the Central Board will have nothing to do with the appointment.

Mr. Muhammad Yamin Khan: Quite so: that is what I am saying: there are two kinds: the first appointment will be made by the Governor General in Council: the second on the recommendation of the Central

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Board. That is not objected to by my Honourable friend, Sir Cowasji Jehangir, because he has agreed to this, that we can place some kind of confidence in the Central Board that they will not make any recommendation for a man who has no practical banking experience. We expect that people, who will come through election, will exercise their sense and meet the wishes of the shareholders. Therefore, it is only the first appointment with which we are concerned; and my Honourable friend wants to put in here a provision about that: he says, no person shall be appointed as Governor unless he is a person of tested banking experience covering a period of not less than five years. This provision in the Bill not only restricts the first appointment, but it also restricts the second appointment; it ties down the hands of the Central Board to make their selection according to the wording contained in this section, and, therefore, I say that it is not in the interest of India. Suppose we want an Indian to come in as a Deputy Governor, suppose he has had no practical banking experience of five years, and he picks up his work within, say three or four years, in a way so as to outshine the senior Deputy Governor and he fully qualifies himself to hold the office of the Governor of the Bank; then, should, owing to any cause, the Governor leave his appointment prematurely, is this Indian, who possesses all the requisite qualifications, to hold the post or to succeed the Governor to be debarred from holding it, simply because, according to this provision, he has not had five years tested banking experience? Certainly, Sir, the inclusion of this phrase will go against him. You will be tying down the hands of the Central Board if you make this recommendation. . . .

Sir Cowasji Jehangir: Does the Honourable Member want that five years should be omitted?

Mr. Muhammad Yamin Khan: I say that five years is a phrase which will act against the interests of Indians, it will go against the very cause we are pleading for.

Then, Sir, comes the word "tested". Who is going to test it? Certainly, this expression has been taken from the South African Act, and I would not like to commend it to the House. I would not like the House to follow the model of the South African Constitution in this matter or the people of South Africa except to treat them in the way that they have been treating India. . . .

Diwan Bahadur A. Ramaswami Mudaliar: You want us to adopt their worst characteristics and not their best?

Mr. Muhammad Yamin Khan: I want to treat them in this country in the same way as they have been treating Indians, and, therefore, we have provided that only those dominions, who do not make any discrimination, will have a right. . . .

Sir Cowasji Jehangir: If a South African doctor invents a very good medicine and if my friend is suffering from a disease which can be cured only by that particular medicine, will he refuse to take it?

Mr. Muhammad Yamin Khan: That is not the constitution of South Africa, but the inventor of the medicine will be a South African doctor.

I have no grudge against any individual of South Africa. I am now speaking of the Constitution and the Legislature of South Africa, and, in this matter, I should not like to follow their model.

Now, Sir, let us consider whether the word "tested" is a good word or a bad word. The word "tested" is very vague, as has been explained by my friend, Raja Bahadur Krishnamachariar. It leads you neither here nor there. Who is going to test? Will the body who will make the test be the Central Board or the Governor General? Supposing the Governor General says in a particular case that the "tested" experience of a man is quite sufficient, and the Central Board differs from him and says that the "tested" experience is not sufficient; in such a case, who will decide between the parties, who will make the selection? Sir, the word "tested" will find a loophole always against Indians, with the result that it will always be used against Indians, it will be said that Indians are not so good as Englishmen, and so it will not be beneficial for India, while it will defeat the very object which my friend, Sir Cowasji Jehangir, has in his mind. . . .

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Have you changed your views, may I know?

Mr. Muhammad Yamin Khan: The second point is, my friend, Sir Cowasji Jehangir, wants to add after the words "the Governor General in Council" the words "and the Central Board". If he aims in the second instance, that is already provided that the Governor General will always take into consideration the recommendations made by the Central Board. If my friend has got in view the first appointment, then, I ask him, has he seen its practicability? Supposing the nomination of a Governor in the first instance is made before the appointment of the Central Board, then the question does not arise at all. How will the Governor General and the Board go into the question? There will be no Central Board in existence? Whom is the Governor General going to consult? Because, the appointment of the Governor will be before the appointment of the first Directors. Suppose the Directors are appointed before the appointment of the Governor. Suppose the Governor General in Council has got a particular man in view to be appointed. Does my friend suggest that the Governor General, before making the appointment of the Directors, should say: "Look here, I am going to appoint you as Director provided you agree to send up the name of this gentleman whom I am going to appoint as Governor"? Does my friend wish that the Directors should not be independent . . .

Sir Cowasji Jehangir: Nobody contended that the Directors should not be independent. All that the Bill says is that the Governor General in Council shall make the first appointment . . .

Mr. President (The Honourable Sir Shanmukham Chetty): By interruptions the Honourable Member will only make the speeches longer.

Mr. Muhammad Yamin Khan: My friend says that nobody has said that, but I say that the Honourable Member is himself trying to spoil the Bill by making the amendment which he has proposed. Is he not the Honourable Member who proposed that the words "Central Board" should be added after certain words. If that is so, then I ask him to say when does he want the Central Board to be consulted in the first or second instance. If it is in the first instance, does he want that the Directors should

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be appointed before a Governor is appointed? If my Honourable friend cannot understand it (Laughter), it is absolutely impossible for me to put it in his brain. I cannot do that. (Laughter.)

Sir Cowasji Jehangir: I can give my Honourable friend arguments; I cannot give him brains. (Laughter.)

Mr. Muhammad Yamin Khan: I cannot help it. The position is clear. Whatever amendment he has moved, to my mind, it is a ridiculous amendment. It has got no sense; it is not going to improve the Bill; it is going to spoil the Bill, and it is going to defeat the very object which Honourable Members have in view. The result will be that the Directors appointed will be persons who will be appointed on a certain condition if Government are bent on doing it. The Government will say: "Look here. We would appoint you as Director provided you vote for this man". I do not want such a kind of Director. I want people there who will be independent, who will refuse to be dictated to by the Governor General in Council, who will say: "It does not matter. If you do not agree with me, here is my resignation. I am going away". That is the kind of people I want, not people who will look after their own particular interests. If this amendment is passed, it will spoil everything and nothing will be done for the good of the country. For five years we will have Directors who will be puppets. We do not want such people. The four Directors, who will be nominated, we have made it clear, will not be turned out at the sweet will of the Governor General. They have been put on the same level as the elected Directors. We have fought and gained the point that they must be free from all political influences, from coercion, from dictation from the Government or the Governor General. They will be as free men to carry on the business of banking and will not carry on their work at the dictation of the Government. The test lamp of yesterday may turn out to be the Alladin's Lamp later on. My friend, Kunwar Raghubir Singh's amendment has unfortunately been ruled out of order; that cannot be moved now, and my position is that I cannot accept the amendment moved by Sir Cowasji Jehangir. I would have accepted the deletion of the words "five years" provided, of course, some other words had been deleted, but there is no amendment to that effect. I opposed the insertion of this clause in the Select Committee and I oppose it now.

Mr. M. Maswood Ahmad: Did you write out any minute of dissent?

Mr. Muhammad Yamin Khan: I explained it a long time ago.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): When I first read notice of this amendment by Mr. Ayangar, I thought it was a practical joke, and when he actually began to move it, I thought he was suffering from that disease from which I was accused by the Honourable the Finance Member of suffering, that is, the intoxication of over-intelligence. I could not possibly believe that any person would ever say that the Governor of a Bank should be anybody but a person experienced in banking. This new argument advanced by the other side will upset the entire theory in every day life. I know of a case in which a Professor was appointed in a College, not on account of his academic distinctions, but on account of the fact that he had been the captain of a football team. He taught English grammar not by his knowledge but by

the knowledge of pupils and decided grammatical questions taking votes. I am not narrating a story; it actually happened in the case of a Professor. In one case, he took votes on the point whether "heroine" was masculine or feminine. (Laughter.) All questions in grammar were put to vote by him and were decided by votes. May I ask, is this a sound policy? Does my Honourable friend, Mr. Ayangar, want that the banking questions should be decided by the votes of subordinate clerks?

Mr. M. Maswood Ahmad: That was his master's voice.

Dr. Ziauddin Ahmad: That Professor did not continue for a very long time in the College, because boys found it out; they always voted in the wrong direction. But what happened? The Professor was appointed as a private tutor to a Maharaja, and he is still acting in that capacity. May I ask, whether the Reserve Bank is private tutorship to Rajas and Maharajas, that every person, who is not qualified, may be shoved on into the Governorship of the Reserve Bank? Is that the idea? I quite understand other amendments that have been brought forward. The first amendment was that the word "tested" may be omitted; I could also understand that the time limit may be reduced or may be altogether omitted. But I see no sense in the argument that the Governor should have no banking experience at all, which is, in substance, the argument of my Honourable friend, Mr. Yamin Khan.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Who said that the Governor should not have banking experience?

Dr. Ziauddin Ahmad: That is the meaning of the omission of sub-clause (2). If my Honourable friend, Mr. Yamin Khan, had definitely moved that the word "tested" be omitted, I would not have objected; I may have supported it, but it is rather surprising that he neither moved such an amendment in the Select Committee nor did he write out a minute of dissent, nor did he make any motion here on the floor of the House. But this thing was disguised in a much larger issue which was moved by a member of his Party, that is, about financial experience. "Finance experience" is a very difficult phrase. A person who has become a bankrupt has got financial experience. (Laughter.) Would you like to put a man of that kind as a Governor of the Reserve Bank? A person like myself who has always talked about finance on the floor of the House but had never been to any Bank except to draw money for a cheque or to have some personal business

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Or over-draw your account!

Dr. Ziauddin Ahmad: . . . or, as my friend says, very often to over-draw my account—do you think that I am qualified to be a Director of this Reserve Bank? If persons, who simply talk and pose themselves as financial experts, are appointed Governors of the Reserve Bank, I simply pity the future of the Bank. May I just respectfully bring to the notice of my Honourable friend, the Raja Bahadur, one thing? There were two persons in a village. One man said to the other: "Hullo, if you kill my cat, I will kill yours". Both the cats were killed and the rats of the village walked about and had a very good feast. (Laughter.) So, in this case, we are not in the house of our grandfathers and grandmothers where we ought to be entertained at every stage and begin to complain that we

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are not served and sufficient attention is not paid to us. Here we are to do our public duty, and every clause should be considered on its own merits. I still hold that we made a fundamental mistake and did a very great disservice to India by accepting a shareholders scheme. But it does not follow from that that I should not consider every one of these clauses on their merits. When a particular issue is before us, I think it is my honest duty, and I will not be true to my voters if I do not consider each and every question on its own merits irrespective of whatever may have happened yesterday or this morning.

Raja Bahadur G. Krishnamachariar: May I just interrupt the Honourable Member? I only said that in matters of principle there was this absence of voting, and I proceeded to point out that in this amendment or in this discussion there was no question of principle involved and I discussed it on the merits. I thought I had made myself clear about it, but I find I have not. It is not the question, "Because you have voted against me yesterday, I will go against you today". That is rather childish, and I think I am a little too old both in service and in the world to think of that sort of argument, the old grandmother's argument.

Dr. Ziauddin Ahmad: I am sorry I was rather misunderstood. I said this was not the example which we were going to follow. As regards the question of principle, everything we discuss is really one of great importance. So, I did not say that the Honourable Member was following it; I only said that it was a kind of thing which I might not follow. That is an entirely different matter. Now, as regards Sir Henry Strakosch and his remarks about the Reserve Bank Bill, I remember he said that the South African constitution was the latest constitution and that this particular clause was in it. Therefore, we are entitled to draw the inference that this particular clause has the benediction of Sir Henry Strakosch.

The Honourable Sir George Schuster: May I point out to my Honourable friend that the present Bill is a still later model?

Dr. Ziauddin Ahmad: This is the latest Bill. Sir, when I asked the Honourable the Finance Member last time whether there was
 1 P. M. any Bank in the world where indirect election was allowed, he cited the case of the Imperial Bank of India. That example cannot be taken as a precedent for another mistake. We want to produce specialists. No man should be appointed unless he has been an apprentice or acquired practical experience. In subordinate posts, you expect a good deal of expert knowledge, but when you go to the higher posts, you ignore it altogether. You would not dream of appointing as Principal of a Medical College anybody who is not a medical man. Will my friend, Sir Frank Noyce, appoint as Chief Engineer anybody who is not an Engineer? This theory, which is advocated that the person who will be appointed as Governor need not have banking experience, is a theory peculiar to us and we on this side cannot possibly support it. We on this side lay very great stress on this fact that the Governor should be a person who can command the confidence of the Banks and, may I know, if your Governor has no banking experience, will he ever command the confidence of your scheduled Banks. Will he be able to understand the difficulties of these banks? It is a truism that the head of a technical institution must be a technical man. One argument of Mr. Yamin Khan was that, if you put this restriction, Indians might not be appointed. You may take it that Indians will not

be appointed to this place and if, at all, they will be promoted from the post of Deputy Governor. Now, the Deputy Governor will not be appointed straight off by the recruitment of the Public Services Commission. He should have previous banking experience. The period may be limited, the word "tested" may be removed, but I see absolutely no sense in demanding the House to swallow the proposition that the Governor of the Reserve Bank should have no banking experience at all, which is really the purport of this amendment.

(Mr. Muhammad Yamin Khan rose to speak.)

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair has been showing considerable latitude in the matter of interruptions which Honourable Members indulge in. Interruptions are permitted only on a matter of personal explanation and to raise a point of order, and it is only in very exceptional cases that the Chair proposes to allow interruptions in future.

Dr. Ziauddin Ahmad: We on this side have accepted the decision of the majority that we should have a Shareholders Bank, but we do say, give us the best type of Shareholders Bank and not a type which may expose us to the ridicule of the world, and if any person, who has not got expert banking experience, is put at the head of this institution, we will expose ourselves to great ridicule. I request the Finance Member, in spite of the fact that he has got votes in his pocket, to give us flies to devour and not buffaloes and elephants to swallow.

Sir Leslie Hudson (Bombay: European): It is quite true that I signed the Select Committee's report and that, in this particular point, I was in agreement with many of my friends in the Select Committee. It seemed to me then that *prima facie* this qualification was a reasonable one to apply for the first Governor of the Reserve Bank that is to be established. Thereafter, I naturally consulted with my Party over the Bill, as amended by the Select Committee, and my friends took a broader view than I had done in the Select Committee. My friends pointed out that the limitation, which these words would put on the selection of the first Governor of the Bank, must rule out a number of persons though when I say a number, there cannot be a very large number of people who would be eligible for this very responsible post in spite of my Honourable friend, Mr. Amar Nath Dutt, having said yesterday that there is at least a lakh of persons in India who would be able to undertake this duty. It would eliminate from the field of selection various people whose qualifications are certainly such as would eminently fit them for this post and it was felt that the Governor General should have absolutely untrammelled discretion in the selection of the man who is to be the first Governor of the Bank. Then as to the wording of the qualification, my Honourable friend, Dr. Ziauddin, himself has objected to the word "tested". There are also objections to the very wide expression "banking experience". What is banking experience? What does it mean? Big personages in the international financial world have not necessarily had banking experience of five years. Moreover, five years' experience on an office stool can hardly be considered to be real experience of the kind that is required in the Governor of the Bank which it is hoped to set up. We might have agreed with the amendment which you, Sir, disallowed this morning—the qualification of practical banking or financial experience. We might have agreed

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to that, but we are opposed to any limitation of the field of choice of the Governor General. In the transition stage, when the financial centre, so far as we are concerned in this matter of the Reserve Bank, is being moved from London to Delhi, it seems essential to have the best man available, and our limitation, by these words, might rule out the best men who can be got, and that is a matter which, I am sure, every Honourable Member in this House, looking at it dispassionately, does not want to do. We ourselves have no name in view. The Honourable the Finance Member has informed us that neither the India Office nor the Government of India have any name in view. I and my friends behind me maintain the principle of getting the best man obtainable for this most responsible post, and, therefore, Sir, in this matter we shall support the Government.

The Honourable Sir George Schuster: Sir, my Honourable friend, the Leader of the Independent Party, called upon me to give him enlightenment as to what is Government's purpose in moving this amendment. If, Sir, it is possible for one whose intelligence has been very severely grooved by five years' work as an official of the Government of India, to give any enlightenment to one who has never suffered from disabilities and restrictions of this kind, I will do my best to do so.

Sir Cowasji Jehangir: I too have been a member of Government for over five years.

The Honourable Sir George Schuster: Then my Honourable friend is in as bad a case as I am.

An Honourable Member: He has been dissociated for five years.

The Honourable Sir George Schuster: Sir, there is a well-known saying, well-known at least to lawyers, that "hard cases make bad law". I think we might extend that saying to meet the present case and say that provisions aimed at individuals make bad legislation. Sir, I think it is no secret and I am only repeating what has been said already by many Members who have already spoken that the proposal to introduce a provision of this kind came up before the Select Committee, because, on the morning that we met, or possibly two days before, a rumour had appeared in the press that a certain individual had already been selected to fill the post of the first Governor of the Reserve Bank. That diverted the attention of Honourable Members from other matters and they concentrated on an effort to find some means of defeating this result. I did my best to assure them that that rumour was completely unfounded and I was anxious to give them some practical testimony to support my assurance and I certainly did my best to help them to find a formula which would rule out this possibility, because I was convinced that no decision had been taken and the rumour was entirely false. In order to rule out that particular possibility, it is now desired to incorporate a provision permanently in the Statute.

Mr. President (The Honourable Sir Shanmukham Chetty): Would the Honourable Member like to continue after Lunch?

The Honourable Sir George Schuster: I think I shall take about ten minutes.

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

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

The Honourable Sir George Schuster: Sir, when we rose for Lunch, I had just made the point that as hard cases make bad law, so provisions aimed at individuals make bad legislation, and I was explaining how the matter came up in the Select Committee and what was the life history of this particular clause. I think the debate has also made it still further clear that Honourable Members are thinking only of one particular case. Several Honourable Members who have spoken have said that they have in mind the first appointment to be made by the Governor General in Council before a Board is in existence. They have gone so far as to say that in the future they are prepared to trust to the good sense of the Central Board not to put up unsuitable recommendations. I think my Honourable friends show a certain amount of inconsistency in that, for the whole statement of their case implies that a wider definition might then be necessary and that they will be prepared to trust to the discretion of the Central Board. It seems to me a strange and an unreasonable position to take up that while the Central Board may be trusted to consider and keep in mind the necessity for an appointment which would make the Bill work successfully, the Governor General is likely entirely to disregard those considerations. I was very much impressed by the way in which my Honourable friend, the Raja Bahadur, who is not here now, pictured the case. He described to you how we had shown our anxiety to get on with this legislation and how it has been recognised throughout the constitutional discussions in London that the setting up of a sound Reserve Bank was an essential feature in the whole constitutional plan, and he asked the House how was it reasonable to suppose that, when we had taken that line and demonstrated how genuine were our feelings on the matter, that the Governor General would wreck the whole plan by putting in a man who would not command the confidence of the general public and of the business community in India and, therefore, that in that way he should jeopardise the whole success of what we had been working for so long and so hard.

Now, Sir, I want to return to my point, the point that I have made that provisions aimed at individuals make bad legislation. It is, in fact, very much the same sort of argument—in fact, I may say, exactly the same sort of argument—that I have had to use in connection with certain other amendments where Honourable Members have sought to provide by a rigid Statutory provision for certain things. On several occasions I have had to take the line that we are not objecting to the objective which Honourable Members opposite have in mind but that we are objecting to providing in the Statute for that sort of purpose. I would ask the House to consider this a little further. When we were discussing the day before yesterday the question of Statutory provision as to the number of Indians who should be included in the three chief executive posts of the Bank, I ventured to put it to my Honourable friends opposite that they were making a very great mistake in asking for a Statutory provision of this kind. If you provide for something in the Statute, that is fixed and rigid, and you must be very sure in your mind that that Statutory provision does not go too far and will not create an impossible situation. The result of that is that you are forced in your Statutory provision to go down to a minimum. In fact, you are forced to provide for something much less than that which you really want. Either you do that

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and go much too low in your demand or, if you put in the full demand, you run the risk of putting in something which it would be impossible to provide for in practice. Now, I think that the present clause, as it stands, falls under both those evils. On the one hand, it goes too far, and, on the other hand, it does not far enough. It means too little to do any good and yet it means enough to contain the possibility of creating a very serious embarrassment. I want the House to consider, if this clause were to stand, who it would keep out and who it would let in. Let me take a few examples of answers to the first question. In the first place, it would keep out, supposing he were willing to accept the post, an authority of the calibre of Sir Henry Strakosch. He has never had any banking experience. He is the Managing Director of the Union Corporation which is a large holding company interested in South African mines. Yet he is a practical businessman. He is an economist of great repute and he has made a special study of Central Banks. He is, I think I may say, one of the greatest authorities on Central Banks, one of the greatest practical authorities in England today and yet, if you put in this clause, he would not be eligible for appointment as the first Governor of the Reserve Bank. It would, as it stands, to take another case, keep out a man of the qualities of Sir Otto Niemeyer, who has been for a long time Controller of the Finance and Treasury and who, in that capacity, had worked daily with the Bank of England in close contact with the Governor of the Bank of England and had through his experience particularly during the War and the post-war years acquired quite a special knowledge of the handling of currency problems and of all the business which a Central Bank has to perform. He has now been given a post in the Bank of England, but, I believe, he has not held it for five years and his experience there is not enough to qualify him for this appointment. I know that if the amendment of Mr. Chinoy is to be accepted in his particular case he might not be excluded, but supposing he had only been at the Bank of England for a year, would it have been right to say that working there as a learner for one year made him sufficiently experienced to satisfy that condition of tested banking experience. He would be a very bold man to answer that question in the affirmative. In any case, the law Courts would have to decide it. I do not wish to weary the House with examples, but another man who affords a good instance for me to quote and who would have been kept out is the present Governor of the National Bank of Egypt. The National Bank of Egypt is the note issuing authority in Egypt and has a very important role to play. The post of Governor there is, I happen to know, one of the best paid banking posts in the world. It is at present held by Sir Edward Cook who was formerly a Finance Secretary of the Government of India and then for a few years was the Financial Adviser of Siam. And now he is the Governor of the National Bank of Egypt. I happen to know also that he is performing his duties with marked ability and has won the confidence of all circles in Egypt. There, Sir, are three men who would have been excluded and perhaps I might complete my tale and say that, apart from his experience as a Director of the Bank of England before his appointment, even the present Governor of the Bank of England might have been excluded by this clause. He was a partner in a finance house in London, Brown Shipleys, who, as far as I know, would not be regarded by any Court of law as bankers in the sense that is obviously intended in this clause. He had no banking experience in the sense in which Honourable Members talk about this matter.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): May I also add the name of Sir George Schuster in the list?

The Honourable Sir George Schuster: I should be very glad if I thought that my Honourable friend had in mind that I should be qualified for such a post, but for obvious reasons, I have not mentioned myself. In any case, I would be completely excluded by this Bill (Laughter), although I had very long experience in practical financial business in the City of London. That gives the House a sort of idea as to the kind of men who would be excluded. Let us consider who would be let in. In the first place, as I had occasion to point out to my Honourable friends who sat with me on the Select Committee, the particular individual whom they themselves had chiefly in mind for purposes of exclusion would have been let in because that gentleman had been a Director of the Imperial Bank for a large number of years. I should defy any learned judge in any Court of law to be able to pronounce that an active Director of a Bank for ten years had not had five years tested banking experience.

Sir Cowasji Jehangir: Has Sir Henry Strakosch ever been a Director of a Bank?

The Honourable Sir George Schuster: Not so far as I know. Apart from that individual, it would have enabled the Governor General to put in a young clerk of 25 years of age who had worked in a bank for five years in a very subordinate capacity. Honourable Members may say that my questions are absurd. As regards the second question as to who would be let in, they might say "It is ridiculous to ask us to suppose that the Governor General in Council would appoint a young clerk of 25 years of age to this post". But, Sir, if they are prepared to trust the Governor General not to commit himself to an absurdity of that kind, why should they not trust him altogether? That is a logical point. As regards the second class of cases, they might say: "Oh! well, of course, if you came to us and said that Sir Henry Strakosch should take this post, we would amend the Act at once and make it possible for him to be appointed." I would ask the House whether that is the way in which to handle legislation, whether this House can really maintain its self-respect if it passes a measure with the deliberate intention of amending it if any case comes up—and they admit the likely possibility—if any case comes up in the near future for making it necessary to amend it. We are proposing here to pass a measure which, as I have said on several occasions, is intended to last for at least 25 years, and, we hope, for all time that can be foreseen. I submit that this House is not taking its responsibility properly if it tries to put into that measure conditions which may be recognised as impossible in practice to be worked on the understanding that they will be prepared to amend it. That, Sir, I think brings us to the very root of this matter. I feel that possibly Honourable Members have this in mind, that if they put a provision of this kind into the Bill, they will in fact force the Governor General in Council to come to the Legislature and ask them to approve his first appointment. That, Sir, is really what it comes to, and that, of course, reveals not only the essence of my Honourable friend's intention, but the essence of the ground on which I have to object to it. This is a power which it is proposed should be exercised by the Governor General in Council after considering the recommendations of the Board. It is not a power which it is proposed to be put

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into the hands of the Indian Legislature, however desirable Honourable Members opposite might consider that result to be. That is really the ground on which we have to take a serious objection to this proposal.

I think what I have said covers the main principles that are involved in this matter. There are, however, one or two points that have been made in the course of this discussion on which I should like to say something. My Honourable friend, Dr. Ziauddin Ahmad, has cast ridicule on the idea that any one should think of putting in as head of a Central Bank a man who has not got actual banking experience. I can assure him that on many occasions men have been put in to be the head of Central Banks who have had either treasury experience only or who have been well-known economists and certainly who have not been men who have made their position as practical bankers. The business of Central Banking is a special one and it is impossible to find many men available for that sort of position, nor can one look to the ordinary field of commercial banking for finding suitable men. And that brings me to the second point. There was very definite substance in the amendment which my Honourable friend, Kunwar Raghubir Singh, sought to move, namely, that it should be laid down as a qualification that the individual selected must have practical banking or financial experience. That would have excluded people who pose as authorities on Central Banks, either economists or financial journalists or others of that kind who could not claim to have practical banking or financial experience, but who have in certain cases in other countries been put in.

Then, Sir, a great deal was made of the phrase actually used in the South African Act, but I would remind Honourable Members that the South African Bank was intended originally to do a certain amount of commercial business. And I would remind them further that the power of appointment in that case is vested in the Finance Minister of the day. What those, who drafted that Act, had obviously in mind was the necessity for guarding against the possible danger that the Finance Minister of the day might make a purely political appointment to that post. That, I think, explains the reason for putting in such a phrase; but I do not think that the mere fact that that phrase has been used in the South African Act necessarily implies that it is a well thought out phrase or one which it would be easy to interpret.

The fourth point which I wish particularly to emphasise is that we have nobody in mind at present. Our minds,—and when I say “our minds” I include the Secretary of State himself,—are completely open on that matter. We have considered it premature to think about this matter until this Bill is passed into law and until the time has come to set up the Bank. Honourable Members need have no anxieties in their minds that we have any particular individual in view. And the last point that I want to make is this. We do recognise the force of the feeling which has inspired Honourable Members who have spoken in the debate today. We recognise that it would be hopeless folly to put in as head of the Bank at the outset a man who could not command the confidence of Indian opinion. Our only objection is against tying the hands of the appointing authorities in a way which we feel would either go too far or go so little way as to afford no safeguard at all. And, when I say that we feel the importance of this point, I would go further and say that we recognise the importance of the expression of feeling which has been given

by Honourable Members who have spoken in this debate, and I will certainly see that this debate is conveyed to the Secretary of State and see that his special attention is called to what has been said on this matter. That cannot be entirely disregarded and I hope that that will satisfy many Honourable Members that they have not spoken today in vain, if we on this side should succeed in passing this amendment.

That, Sir, I think, is all that I need say on the matter. I would only ask the House again to realise that we have no unworthy purpose in our minds in resisting this amendment, and that in this case as in many others the force of feeling on the other side is largely based on suspicion, a suspicion which, I trust Honourable Members will recognise, is unfounded.

Sir Cowasji Jehangir: Sir, the Honourable Member stated that some Members on this side of the House desired that this amendment should only apply to the first appointment of the Governor, that is, by the Governor General in Council. May I state that nobody on this side of the House made such a statement? It may have come from my friend, Mr. Yamin Khan.

Mr. Muhammad Yamin Khan: No, it did not come from me.

Sir Cowasji Jehangir: Secondly, I may suggest that if the Finance Member will look up "Who's Who", he will find that both Sir Henry Strakosch and Sir Otto Niemeyer are eligible for appointment under the provisions of this Bill as emanating from the Select Committee.

Dr. Ziauddin Ahmad: Sir, may I put a question for the benefit of those who were not members of the Select Committee? Why did he first support the amendment as it stands in the Bill and why did he change or had to change his opinion subsequently?

The Honourable Sir George Schuster: I am afraid I did not hear my Honourable friend's question. As regards what fell from my Honourable friend, the Leader of the Independent Party, until one verifies the matter by looking up the records of the debate, I cannot deal with his statement that nobody on his side made a point about the necessity of having this provision for the first appointment. But I certainly have a very definite impression in my mind that many of the speakers on that side at any rate conveyed that impression. That was what they felt nervous about and I think my Honourable friend himself said, that as far as future appointments were concerned, he was prepared to rely on the discretion of the Central Board. However, if I am wrong, I apologise.

Sir Cowasji Jehangir: I did not say that and I all along intended that it should apply for the second appointment even though the Central Board will have the power of recommending the names.

The Honourable Sir George Schuster: As regards the second point, I suppose my Honourable friend has verified the fact that Sir Henry Strakosch is the Director of a Bank.

Sir Cowasji Jehangir: No, he started on a banking career in 1891 and, as to Sir Otto Niemeyer, he joined the Bank of England in 1927, which makes it six years in the Bank of England already.

The Honourable Sir George Schuster: That is merely an accident. The point that I was making about Sir Otto Niemeyer was that if he had only been in the Bank of England a short time, he would have been excluded. As regards Sir Henry Strakosch, I think I know his career pretty well. He started in the firm of A. Goertz and Company who may have described themselves as bankers in the sense of foreign bankers, but, who, I submit, would not have been regarded as bankers in the sense intended by Honourable Members who moved this amendment. But that is one of the difficulties of the whole position. What is a banker? We use the expression "foreign bankers" in London, but people who describe themselves as foreign bankers do a very different sort of business to deposit banking business which my Honourable friends have in mind. The word banking is used in a quite different sense and that is one of the great difficulties of the whole position. What do you mean by banking experience?

Sir Cowasji Jehangir: Sir, may I point out that the words . . .

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Chair does not think any useful purpose would be served by continuing this discussion.

The question is:

"That the words in sub-clause (2) of clause 8 of the Bill, from the beginning to the 3 P.M. end thereof, be omitted."

The Assembly divided:

AYES—62.

Ahmad Nawaz Khan, Major Nawab.
Anklesaria, Mr. N. N.
Anwar-ul-Azim, Mr. Muhammad.
Ayangar, Mr. V. K. A. Aravamudha.
Pagla, Lala Rameshwar Prasad.
Bajpai, Mr. G. S.
Bhore, The Honourable Sir Joseph.
Bower, Mr. E. H. M.
Chatarji, Mr. J. M.
Clow, Mr. A. G.
Cox, Mr. A. R.
Dalal, Dr. R. D.
Dash, Mr. A. J.
DeSouza, Dr. F. X.
Dillon, Mr. W.
Fazal Haq Piracha, Khan Sahib
Shaikh.
Graham, Sir Lancelot.
Grantham, Mr. S. G.
Haig, The Honourable Sir Harry.
Hezlett, Mr. J.
Hudson, Sir Leslie.
Ishwarsingji, Nawab Naharsingji.
Ismail Ali Khan, Kunwar Hajee.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar.
Joshi, Mr. N. M.
Krishnamachariar, Raja Bahadur G
Lal Chand, Hony. Captain Rao
Bahadur Chaudhri.
Lee, Mr. D. J. N.
Liladhar Chaudhary, Seth.
Mackenzie, Mr. R. T. H.
Macmillan, Mr. A. M.

Metcalf, Mr. H. A. F.
Miller, Mr. E. S.
Milligan, Mr. J. A.
Mitter, The Honourable Sir Brojendra.
Morgan, Mr. G.
Muazzain Sahib Bahadur, Mr.
Muhammad.
Mujumdar, Sardar G. N.
Mukherjee, Rai Bahadur S. C.
Noyce, The Honourable Sir Frank.
O'Sullivan, Mr. D. N.
Pandit, Rao Bahadur S. R.
Rafuddin Ahmad, Khan Bahadur
Maulvi.
Raghubir Singh, Rai Bahadur
Kunwar.
Raisman, Mr. A.
Ramakrishna, Mr. V.
Rau, Mr. P. R.
Sarma, Mr. R. S.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Sher Mahammad Khan Gakhar,
Captain.
Singh, Kumar Gupteshwar Prasad.
Singh, Mr. Pradyumna Prasad.
Sinha, Rai Bahadur Madan Mohan.
Smith, Mr. R.
Studd, Mr. E.
Tottenham, Mr. G. R. F.
Trivedi, Mr. C. M.
Wajihuddin, Khan Bahadur Haji.
Yakub, Sir Muhammad.
Yamin Khan, Mr. Muhammad.

NOES—31.

Abdul Matin Chaudhury, Mr.
 Azhar Ali, Mr. Muhammad.
 Bhuput Sing, Mr.
 Chinoy, Mr. Rahimtoola M.
 Das, Mr. B.
 Dutt, Mr. Amar Nath.
 Hari Raj Swarup, Lala.
 Hoon, Mr. A.
 Jadhav, Mr. B. V.
 Jehangir, Sir Cowasji.
 Jog, Mr. S. G.
 Lalchand Navalrai, Mr.
 Mahapatra, Mr. Sitakanta.
 Maswood Ahmad, Mr. M.
 Mitra, Mr. S. C.
 Mody, Mr. H. P.

Mudaliar, Diwan Bahadur A.
 Ramaswami.
 Neogy, Mr. K. C.
 Nihal Singh, Sardar.
 Pandya, Mr. Vidya Sagar.
 Parma Nand, Bhai.
 Patil, Rao Bahadur B. L.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Sen, Mr. S. C.
 Singh, Mr. Gaya Prasad.
 Sitaramaraju, Mr. B.
 Sohan Singh, Sirdar.
 Thampam, Mr. K. P.
 Uppi Saheb Bahadur, Mr.
 Ziauddin Ahmad, Dr.

The motion was adopted.

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

"That to sub-clause (2) of clause 8 of the Bill, the following be added at the end :

'and one of the two Deputy Governors appointed shall be versed in agriculture'."

Sir, a Statutory provision in the Bill such as the one I am suggesting may appear somewhat fantastic to some Honourable Members of this House. If so, it is because we are not accustomed to receive any tangible help for our agricultural industry from the Government. Since the Queen's Proclamation of 1858, till the day before yesterday in this House Government have always professed their deep concern for the welfare of the cultivator, but we do not know if they have ever done anything real to help him. Notwithstanding the large procession of Committees and Commissions during recent years, the condition of the cultivator is worsening day by day. In this epoch-making Bill under discussion, I think the agriculturists comprising 91 per cent. of the Indian population are probably the only class that have been cleanly forgotten. So, Sir, I am afraid my suggestion may seem ridiculous to some of friends. Now, Sir, Denmark is a very small country in Europe, as small as any small district in India and predominantly industrial, and even the Central Bank of such a small country has got this Statutory provision. With the permission of the House, I shall just read out one sentence from page 257 of Mr. Kisch's Book. This is what is stated in Article 49:

"There the Governors are known as Managers. The King shall appoint two of the Managers, one of whom shall be versed in agriculture."

An Honourable Member: Which Bank is it?

Mr. Sitakanta Mahapatra: The Bank of Copenhagen in Denmark.

Sir, the Danes are not fools, and, in an entirely agricultural country such as India is, what purpose will the Reserve Bank serve if it does not tackle the great problem of rural indebtedness? The landlord, both big and small, and the tenant are today groaning under various agrarian difficulties. If of the three supreme executive officers of the Bank, if even one

[Mr. Sitakanta Mahapatra.]

of the two smaller officers does not possess a working knowledge of agricultural finance and agrarian difficulties in India, how can the Reserve Bank be expected to devise ways and means to tackle agrarian problems? Agriculture is not such a degrading profession as a financier would not know or a Deputy Governor of the Reserve Bank would be loath to know. If we are not going to have some scope at least for the Reserve Bank to be of use and help to the landlord and the tenant, is it not better that we do not have the costly paraphernalia of a Reserve Bank at all? The Honourable the Finance Member's solicitude for the welfare of the Indian peasant is very well known. I hope he will not find it extremely difficult to favourably consider my very humble suggestion and thereby earn the lifelong gratitude of the land-owning classes.

Sir, a letter from the pen of Sir Daniel Hamilton, the greatest authority in the world on Indian rural economics, was published in the *Statesman* of the 2nd of this month, and, with your kind permission, I shall read out a few lines from it:

"In your issue of yesterday, your Simla correspondent says:

'the party executives are considering other specific issues on which they should make a concerted effort. There is a general consensus of opinion that, in order to promote agricultural interests, the Reserve Bank should have a special department for providing facilities for rural credit.'

Does this imply that the proposed Reserve Bank makes no provision for rural credit? If not, its proper place is the waste paper basket."

With these words, Sir, I move my amendment.

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

"That to sub-clause (2) of clause 8 of the Bill, the following be added at the end:

'and one of the two Deputy Governors appointed shall be versed in agriculture'."

Mr. Muhammad Yamin Khan: Sir, I have my full sympathy with the object which my Honourable friend, the Mover of this amendment, has in view, and I would have given him my full support provided he had inserted some other words to convey his meaning. Unfortunately the words he has employed will never achieve the object he has in mind, and, therefore, I am unable to give my support to him. The words he has used are "versed in agriculture". I do not think those words can apply to the land-owning classes for whom he is pleading so far as India is concerned, because it will be really very difficult to find big landowners who are versed in agriculture. They do not do the actual work of agriculture, but it is their tenants who till the soil, and, therefore, it will be very difficult to find big landowners who are well versed in agriculture who can be appointed as one of the Deputy Governors of the Reserve Bank. It will be very difficult to find such big landowners who have had practical experience in cultivating land. Therefore, what my friend means is, perhaps he wants a representative of agricultural interests to be appointed as one of the Deputy Governors. If he had inserted these words, there would have been no difficulty to support his amendment,

An Honourable Member: Why don't you move that amendment?

Mr. Muhammad Yamin Khan: I don't think the Chair will allow me to move that amendment now. If the Chair will allow me to substitute the words "a representative of agricultural interests", then I am quite willing to support my friend

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member should confine himself to the amendment before the House, and not to a hypothetical amendment.

Mr. Muhammad Yamin Khan: What I say is, Sir, that the amendment, as it is worded, will never achieve the object which the Mover has in view, and so I would request the Government that they should consider this point seriously, because although almost all the interests are properly represented in this Reserve Bank, the agricultural interests are going to be ignored, and, therefore, I say that suitable provision should be made for the representation of agricultural interests when the selection of Deputy Governors is made. I do not know who will make the first selection of the first Deputy Governor, whether the Government will make it or the Central Board; but, whoever it may be, I would request the Government to see that agricultural interests should not be ignored and full consideration should be given when appointments are made and preference should be given to the man coming from the Zamindar class if a suitable person can be found to hold the post of a Deputy Governor. As I said, I have every sympathy for the object which the Mover of this amendment has in view, but I cannot support his amendment.

Mr. M. Maswood Ahmad: Sir, I whole-heartedly support this amendment. I also come from Orissa and I am very glad that my Honourable friend has brought forward that amendment. After hearing the speech of the Leader of the United India Party, I remember a story of a husband who wanted to punish his wife. He asked his wife: "Well, you have not mixed bread in the soup. What is this? I will punish you." That is the case with my Honourable friend, Mr. Yamin Khan. He wanted to oppose the amendment, because he has decided to oppose all the amendments which come from this side of the House. But he wants some lame excuse to say that he cannot support. What is the objection to this wording? If my Honourable friend has got any sympathy for the agriculturists, why did he not move a good amendment? This amendment has been before him for more than a week, and he could have tabled a nicely worded amendment. My friend wanted to oppose the amendment and, at the same time, he wanted to show some lip sympathy. Sir, mere sympathy counts for nothing in these matters. If my friend has really got the interests of the agriculturists, he must support this amendment. As regards the wording of this amendment, I am sure, the Danish people are far superior in politics to the Leader of the United India Party. (Laughter.) (At this stage Mr. Yamin Khan rose in his seat.) I am not prepared to give way. This wording has been taken from a Statute which is prevailing in Europe, and a better wording cannot be substituted here. With these words, I support the amendment.

The Honourable Sir George Schuster: I think my Honourable friend's amendment is really misconceived. The chief thing that we have to think of at present is that the two Deputy Governors should be versed in banking. The Bank, of course, will have its own experts, and we have already

[Sir George Schuster.]

indicated that we have very much in mind the relations between the Central Bank and rural finance generally. I feel confident that the Bank will have an expert or experts who understand rural finance. But to lay down that one of the two Deputy Governors should be versed in agriculture, I submit, would be a very embarrassing provision. I congratulate my Honourable friend on having searched through all the Statutes and found this particular phrase from an English translation of the Danish Statute, which I submit would be a very difficult phrase for the law Courts to interpret. I would also put this point before the House. In a small country like Denmark, with a very high standard of education, I should think it would probably be quite easy to find a man who had spent a part of his life as a practical farmer, who is also skilled in banking and who could fill one of these posts. But, in a country like India, a vast majority of those who could come within the description of having been versed in agriculture would not have any banking experience, and affairs of the Bank would fare very badly if we had a man, some Cincinnatus called from the plough, to one of these high posts and left to handle the banking business of the Bank. I submit that the three chief executive officers should be primarily bankers and that, if the Bank is to take interest in agriculture, then it should have its special rural credit department with experts at the head. On those grounds, I must oppose this amendment.

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

"That to sub-clause (2) of clause 8 of the Bill, the following be added at the end: 'and one of the two Deputy Governors appointed shall be versed in agriculture'."

The motion was negatived.

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

"That for sub-clause (3) of clause 8 of the Bill, the following be substituted:

'(3) The Governor and the Deputy Governors shall devote their whole time to the affairs of the Bank and shall receive such maximum and minimum salaries and allowances as may be determined by the Governor General on the vote of the Central Legislature.

The Governor shall be the chief executive officer of the Bank and the Deputy Governors shall perform such duties as are directed by the Central Board'."

Mr. President (The Honourable Sir Shanmukham Chetty): What is the meaning of receiving maximum and minimum salaries?

Dr. Ziauddin Ahmad: I shall explain just now. There are two points in this amendment. The first is that it would affect our Budget. If the Governor General fixed an exorbitant salary, then the burden of that salary would fall on the taxpayers of this country and our budgetary position would be affected. The profits of the Bank would come to us ultimately as a portion of the dividend. What we should do is that we should legislate the maximum and minimum salaries between which the salaries may be fixed. The next point is one which is taken from the South African Bank Statute which is supposed to be the standard Statute and which we are reminded of to copy if it is convenient to Government; but we are asked to forget it if it is inconvenient to them. As the South African Statute

is the last word in the banking regulations, I hope that the Honourable Member would accept the amendment which has the sanctity of the South African Statute behind it.

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

"That for sub-clause (3) of clause 8 of the Bill, the following be substituted :

'(3) The Governor and the Deputy Governors shall devote their whole time to the affairs of the Bank and shall receive such maximum and minimum salaries and allowances as may be determined by the Governor General on the vote of the Central Legislature.

The Governor shall be the chief executive officer of the Bank and the Deputy Governors shall perform such duties as are directed by the Central Board'."

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): I do not wish to discuss this matter at this stage, but I may point out that in this Bill there is no delegation of authority by the Central Board to either the Governor or the Deputy Governors. This should be done somewhere. I know in the rule making powers you have provided that the Central Board may delegate their powers to the Governor, the Deputy Governors or to Committees. It is a well known principle that the Board of Directors or the Directors of a Company are merely trustees for the Company. You have got here the words: "is also entrusted with these powers". Therefore, as trustees, they cannot delegate their power to anybody else unless they are authorised to do so under the Statute itself. No rule-making power can authorise the Central Board to delegate their authority either to the Governor or other persons. I point this out for the consideration of the Government.

The Honourable Sir George Schuster: Sir, I would propose in reply to restrict myself to my Honourable friend's amendment. That, I am afraid, I must oppose. It would be contrary to the whole principle of this Bill which is intended to set up the Bank as an authority independent of the Legislature, that the salaries of the chief executive officers should depend upon the goodwill and the pleasure of the Legislature. My Honourable friend has pointed out that the salary paid to the Governor will affect the Government's budget, but I think my Honourable friend's point illustrates in itself the objectionable character of a provision of this kind. If the Legislature looks upon the matter as one of saving perhaps one or two thousand rupees a year on the Governor's salary, as they would be very likely to do, because that is the only effect on the budget that they would consider, it might lead to disastrous results. The budget of the Government would be much more seriously affected if the Governor is a man who is not fitted to his post. The labourer is worthy of his hire, and the Governor of the Reserve Bank will be a labourer of the very greatest importance to India. We must look at results and we must trust some authority that can judge of the character and qualifications of the men, who are to be selected, to fix what salary it is desirable to pay to them in order to get the right kind of man. I feel sure, it would lead to very unfortunate results if a matter of this kind were left to be fixed by a vote of the Legislature.

Dr. Ziauddin Ahmad: What about my second point?

The Honourable Sir George Schuster: I oppose it.

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

"That for sub-clause (3) of clause 8 of the Bill, the following be substituted:

'(3) The Governor and the Deputy Governors shall devote their whole time to the affairs of the Bank and shall receive such maximum and minimum salaries and allowances as may be determined by the Governor General on the vote of the Central Legislature.

The Governor shall be the chief executive officer of the Bank and the Deputy Governors shall perform such duties as are directed by the Central Board'."

The motion was negatived.

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

"That in the second paragraph of sub-clause (5) of clause 8 of the Bill, for the word 'five', in the third line, the word 'two' be substituted."

I believe that five years is too long a period and it may be reduced to 2.

The Honourable Sir George Schuster: I think two years is too short a period.

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

"That in the second paragraph of sub-clause (5) of clause 8 of the Bill, for the word 'five', in the third line, the word 'two' be substituted."

The motion was negatived.

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

"That to the second paragraph of sub-clause (5) of clause 8 of the Bill, the following proviso be added:

'Provided that no Director should serve on the Board for more than ten years and no one who is over sixty years can continue as a Director'."

The complaint is that when once any one gets into the Directorate of a Company, there is a tendency on his part to stick to that place. It has been said so several times on the floor of the House. I myself referred to it in my speech at the first reading. I believe ten years is long enough for a man to prove himself useful in the Directorate and he ought to vacate after that for other people.

The other point raised in the amendment is about age. I have said that after sixty years people ought to retire. That is the rule in Government service. High Court Judges and others of superior service are to retire at their 60th year. I understand that recently it has been raised to 62, but sixty is a time when all decent people ought to retire. Senility sets in earlier in this country than in other parts of the world, and I think that an age limit like that ought to be introduced. Sir, I need not say anything more.

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

"That to the second paragraph of sub-clause (5) of clause 8 of the Bill, the following proviso be added:

'Provided that no Director should serve on the Board for more than ten years and no one who is over sixty years can continue as a Director'."

Mr. S. G. Jog (Berar Representative): Sir I move:

"That after the second paragraph of sub-clause (5) of clause 8 of the Bill, the following new paragraph be inserted:

'That no person who has continuously served for two periods, i.e., for ten years, shall be eligible for re-election or re-nomination'."

The House already knows that when my esteemed friend, Mr. Pandya, made a speech, he at that time gave several instances as to how, when once a man is in the saddle, he sticks to his position. He may be in the Legislative Assembly or anywhere outside the Assembly. I am talking of human nature in general. For the time being, we are concerned with the Reserve Bank Bill and my observations are more pertinent to the Bill before the House. I have provided that after two periods as a Director a man should not be eligible for re-election or re-nomination. Vested interests are created and they prove obstacles in the way of deserving or desirous people aspiring to these posts. My friend gave instances of people who have held these Directorships all their life. When they are about to die, they will also make provision in the will that the other Directors may provide for his son also in the Directorate. Human nature being what it is, there will be a natural tendency to slight abuse of these Directorships by the men continuing to fill them for all time. It is, therefore, desirable to put certain safeguards or restrictions, so that the position may not be abused. After a man has served for two periods, he might take rest and give way to other deserving people and, if he stands for the third period later on, that will show that people have got confidence in him. At the same time, he will not stand in the way of deserving or desirous people. I think, therefore, it would to a great extent minimise the suspicions or rather the grounds upon which my friend, Mr. Pandya, raised the point at the last time and made much of it. I think it is a reasonable thing. More or less it concerns the management, and since the question of management is more important than even the question as to whether it should be a State Bank or a Shareholders Bank, points about the composition of the Directors, whether for instance they are such that people will have confidence in them and whether they will be trusted to give facilities to all people in the near future, all these points should receive due consideration. If these points are borne in mind, I think this is an amendment which should have the support of the Government Members. It in no way revolts against right principles. Just as the Government are anxious about safeguards from their own point of view, so also from the democratic point of view—and even at times democracy goes to the other extreme and probably at times the evil effects are felt—as a check, as a restraint, as a restriction on the abuses of democracy, I think this provision is essential and I trust Government will agree to this.

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

"That after the second paragraph of sub-clause (5) of clause 8 of the Bill, the following new paragraph be inserted:

'That no person who has continuously served for two periods, i.e., for ten years, shall be eligible for re-election or re-nomination'."

Mr. Gaya Prasad Singh: Sir, I should have been willing to accede to this amendment if my Honourable friend would come forward and

[Mr. Gaya Prasad Singh.]

agree to a similar rule being laid down so far as election to the legislative bodies is concerned. Now, let us understand what undesirable consequences would have ensued if similar rules had existed with regard to the elections to this House. In that case, my Honourable friend, Raja Bahadur Krishnamachariar, who, I suppose, is over sixty, would not have been amongst us, and we would have been deprived of the benefit of his sage guidance and wise advice as he would have been debarred from getting a seat in the Assembly. Then, we would have been deprived of the guidance also of my absent leader, Sir Hari Singh Gour, who has been sitting in the House since the beginning of these reforms. We would have been similarly deprived of the services of our Honourable friend, Mr. Neogy, for instance, who has also been in this House for over ten years, as well as of my friend, Mr. K. Ahmed. These gentlemen and many others had been adorning these Benches for a long time, and we have had the benefit of their guidance all these years.

The Honourable Sir George Schuster: What about yourself?

Mr. Gaya Prasad Singh: They represent a vast number of people in this country, and they can speak with authority and experience. If such a rule had existed for election to the Legislative Assembly, certainly it would have resulted in very undesirable consequences, because we would have been deprived of their sage guidance and sober advice, and all that sort of thing. Now, with regard to the proposed amendment for the insertion of a clause like that in the Bill, I think it is undesirable, because, if a man is appointed who has got experience, he is just the man who is fitted to carry on the work, and so long as his electors have absolute confidence and trust in him, I do not understand why an outside body should seek to put any sort of restraint debaring him from standing for re-election. Therefore, I oppose these two amendments.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, my Honourable friend has drawn an analogy which is not quite happy; certainly it is most inappropriate, because in the Legislative Assembly a person who has got the confidence of his electors might be returned number of times and he might remain here to lead, or to mislead, as he likes, and, in spite of that, the Assembly can get along, because there will be others to guide the House properly. But in the case of a responsible Reserve Bank, the Governor or Deputy Governor thereof, in whose hands the whole financial administration of the country is going to be placed, if one false step is taken, that will spell ruin to the financial position of the country, and hence more rigorous and stricter qualifications are necessary there. So the analogy is not very happy, and this is a very salutary rule that a Governor or a Deputy Governor should, after ten years' tenure of his job, retire and give place to others. In fact, before gaining such position, he must have already been pretty old, he must have grown somewhat old before he could make his mark in the country before his appointment as Governor or a Deputy Governor is made. Hence, Sir, I think ten years' tenure is quite enough, and I have, therefore, great pleasure in supporting this amendment.

The Honourable Sir George Schuster: Sir, I must oppose this motion on the same grounds that were taken by my Honourable friend, Mr. Gaya

Prasad Singh. (Hear, hear.) I think perhaps I might describe him as having spoken in a lighter vein, but I support those arguments in all seriousness. I think, Sir, it is very undesirable to attempt to limit the discretion of the shareholders by a provision of this kind. If an individual proves himself to be of value as a Director of the Bank, then he should be allowed to serve to the full extent of the term of valuable service that he can give. On these grounds, I oppose the amendments.

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

"That to the second paragraph of sub-clause (5) of clause 8 of the Bill, the following proviso be added:

'Provided that no Director should serve on the Board for more than ten years and no one who is over sixty years can continue as a Director'."

The motion was negatived.

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

"That after the second paragraph of sub-clause (5) of clause 8 of the Bill, the following new paragraph be inserted:

'That no person who has continuously served for two periods, i.e., for ten years, shall be eligible for re-election or re-nomination'."

The motion was negatived.

Dr. Ziauddin Ahmad: Sir, I move:

"That after sub-clause (5) of clause 8 of the Bill, the following new sub-clause be inserted and the existing sub-clause (6) be re-numbered as (7):

'(6) Each Director, Governor, Deputy Governor and Auditor shall, before entering upon his duties or exercising any powers under this Act, make before the Justice of the Peace or other authorised officer a declaration of fidelity and secrecy in the prescribed form'."

Sir, I am not moving anything which is altogether new in the banking world. This is really the practice in a very large number of banks that they should keep secrecy and also make a declaration of fidelity towards their Bank. No doubt we have trusted our destinies in the hands of a few business men, but, at the same time, we expect that they should observe all the rules of honest bankers. We have unfortunately got an example of some business men who have not been very truthful and very honest. I myself gave notice of certain questions, but they were ruled out on the ground that those were not the direct concern of the Government of India and of this Legislature. This being the practice of several Banks, and notably of the important Banks in England, I hope what has been found to be necessary and useful in England will also be followed in this country—and this practice has been found to be essential not only in England, but in a very large number of other Central Banks in the world and, therefore, I think we ought to keep up this tradition, and this will also secure the greater confidence of the people and will add to the dignity of the whole banking organisation.

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

"That after sub-clause (5) of clause 8 of the Bill, the following new sub-clause be inserted and the existing sub-clause (6) be re-numbered as (7): -

'(6) Each Director, Governor, Deputy Governor and Auditor shall, before entering upon his duties or exercising any powers under this Act, make before the Justice of the Peace or other authorised officer a declaration of fidelity and secrecy in the prescribed form'."

Sir Cowasji Jehangir: Mr. President, I think there is something worthy of consideration in this amendment. I understand that, in the case of the Imperial Bank, some kind of oath is just now administered to the Directors of the Bank or they have to sign some sort of a statement. I believe the same practice prevails in the case of all the Reserve Banks and some other important Banks. Perhaps the Honourable the Finance Member will consider the situation and suggest something himself if this is not quite suitable. Personally, I do not know what is the meaning of the word "fidelity". But I do think that a provision of this sort should find a place in the Bill, if it is not already provided for by the rules. I do not see how it can be provided in the rules unless you have a provision in the Bill itself. I trust that the Honourable the Finance Member will consider that point.

The Honourable Sir George Schuster: Sir, as my Honourable friend, who has just spoken, has said, there is a good deal that is worth considering in this proposal and we have, in fact, already considered it. My Honourable friend is quite correct when he says that, in the case of the Imperial Bank, they have what I think they call a secrecy bond, which officers holding responsible posts have to sign, and we always contemplated that a practice of that kind would be observed in the case of the Reserve Bank. But we have not thought it necessary to provide for it in the Statute. We regarded that as a matter of internal arrangement which did not require any Statutory provision. We think that a Statutory provision is unnecessary, though we do not at all disagree with the idea that something of this kind would be required from responsible officers.

Sir Cowasji Jehangir: They are talking of the future Governors of the Bank. This amendment relates to the Directors of the Local Board as well as of the Central Board, and not to the officers.

The Honourable Sir George Schuster: I thought it covered other officers as well. It would probably be required from all responsible officers also.

Sir Cowasji Jehangir: That can be done by rules.

The Honourable Sir George Schuster: Yes, that would be done by rules.

Sir Cowasji Jehangir: But what about the Directors?

The Honourable Sir George Schuster: I have stated our position in this matter. I do not want to close the door to any further consideration of it if there is any strong feeling about it. After full consideration, we had thought that this was a matter which should be left to the Bank to regulate for itself. I think I am correct in saying that there is nothing in the Imperial Bank Act which puts a Statutory obligation in this respect.

Sir Cowasji Jehangir: I understand that it does apply to the Directors of the Imperial Bank.

The Honourable Sir George Schuster: For the present I shall oppose this amendment, for I would not like to suggest anything which would hold up the further consideration of clause 8. But if any Honourable Members wish us to consider this matter further, it can perhaps be provided for later on in the Bill. I am told that in the case of the Imperial Bank this form is signed by everybody including the Governor and all their officers and that there are no rules about it. It is simply a practice.

Sir Cowasji Jehangir: What about the Directors in the Imperial Bank? How is that done without a provision in the Act?

The Honourable Sir George Schuster: They do it apparently voluntarily.

Sir Cowasji Jehangir: The officers of the Bank are in a different category. They are the servants of the Bank and the Bank can compel them to sign something, but with the Directors, who are elected, it will be rather a difficult matter unless some provision is made in the Bill.

The Honourable Sir Brojendra Mitter: I would invite the attention of Sir Cowasji Jehangir to clause 57(2) "Generally for the efficient conduct of the business of the Bank". I should have thought that if a bond of fidelity and secrecy is necessary for the efficient conduct of the business of the Bank, that would come under this rule-making power. That is what strikes me off-hand. Probably Sir Cowasji Jehangir is aware that Members of the Viceroy's Executive Council have to take an oath of secrecy, but there is no Statutory provision for it.

Sir Cowasji Jehangir: Would the Honourable the Finance Member and the Honourable the Law Member kindly consider this point and bring it up later if they think it necessary?

The Honourable Sir George Schuster: I have already stated that we are quite prepared to consider it and discuss it with my Honourable friend opposite or anyone else who is interested in this matter. We have no objection to the principle involved but, as I have already explained, we thought it unnecessary to provide for it in the Statute. We will, however, consider the matter further and, if we are convinced of it, we will give notice of an amendment at a later stage which would allow of its inclusion.

Dr. Ziauddin Ahmad: In view of the statement of the Honourable the Finance Member, will you permit me, Sir, to withdraw this amendment at this stage in order to be taken up at a later convenient opportunity. I say this, because I do not wish to suspend the passing of clause 8. What I want to say is that I might be allowed at a later stage to move an amendment of this type with the consent of the Finance Member.

Mr. President (The Honourable Sir Shanmukham Chetty): Clause 8 cannot be held up. What the Chair can do is that before the Bill is finished—if no mutual agreement is arrived at in the meantime,—the Chair would allow the Honourable the Finance Member to move a suitable amendment to have a separate clause incorporating this provision. Does the Honourable Member ask the leave of the House to withdraw his amendment?

Dr. Ziauddin Ahmad: Yes, Sir.

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

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

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The House now goes back to clause 4 and disposes of the amendments that were kept in abeyance. In this connection, the Chair would observe that some Honourable Members have handed in notices of other amendments to clause 4. The Chair held in abeyance only those two amendments and it did not hold in abeyance the whole of clause 4 and, therefore, those amendments will not be taken up. The House will now take up Mr. Thampan's amendment (No. 36 in the consolidated list) which was under consideration. It runs thus:

"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."

Sardar Sant Singh: May I, Sir, move the amendment standing in my name? It is No. 1 on the supplementary list.

Mr. President (The Honourable Sir Shanmukham Chetty): Is that in connection with this particular amendment?

Sardar Sant Singh: Yes, Sir.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member, Sardar Sant Singh, can move his amendment.

The Honourable Sir George Schuster: In that case, does it mean that Amendment No. 36, in the name of Mr. Thampan, is withdrawn?

Mr. President (The Honourable Sir Shanmukham Chetty): Does Mr. Thampan ask for leave to withdraw his amendment?

Mr. K. P. Thampan: Is it not too early to ask for leave now? Let my Honourable friend move his amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): If Mr. Thampan approves Sardar Sant Singh's amendment, the proper course for him is to ask for leave to withdraw his amendment.

Mr. K. P. Thampan: I shall do so afterwards.

Sardar Sant Singh: Sir, I beg to move:

"That for part (c) of sub-clause (3) of clause 4 of the Bill, the following be substituted:

'(c) a society registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies, or a scheduled bank'."

Sir, sub-clause (3) of clause 4, part (c), provides that shares shall be held by:

"a company registered under the Indian Companies Act, 1913, or a society registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies or a scheduled bank, or a corporation or company incorporated by or under an Act of Parliament or any law for the time being in force in any part of His Majesty's Dominions the government of which does not discriminate in any way against Indian subjects of His Majesty and having a branch in British India."

The object is that having provided for certain restriction and for certain qualification for holding shares in the Reserve Bank under clauses (a) and (b), it becomes very difficult to deprive those companies from holding shares which are manned entirely by dominion people or foreigners who are excluded or disqualified from holding shares under sub-clauses (a) and (b). In order to remove that difficulty, my object is to do away entirely with the companies registered under the Indian Companies Act. No company as such will be entitled to hold the shares of the Reserve Bank. This seems to be unnecessary when we know that individuals can purchase shares in their own name and can hold and exercise votes. This will avoid all complications by doing away with companies altogether. What I want to retain is only (1) a society registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies and (2) a scheduled bank. Besides this, no other company registered under the Indian Companies Act or a corporation or company incorporated by or under an Act of Parliament or any law for the time being in force shall be entitled to hold any share in the Reserve Bank. This will simplify matters and it will satisfy the requirements which we, on this side of the House, are so anxious to retain that the shares should not be sold to any persons who are undesirable. Sir, I move.

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

"That for part (c) of sub-clause (3) of clause 4 of the Bill, the following be substituted:

'(c) a society registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies, or a scheduled bank'."

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

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

Mr. B. Das (Orissa Division: Non-Muhammadian): Though a member of the Select Committee, I hope no objection will be taken for my speaking on this amendment and for supporting the motion moved by my Honourable friend, Sardar Sant Singh, who also happens to be a member of the Select Committee. I am strengthened in my desire to support this motion by the evidence which the Secretary of State gave before the Joint Parliamentary Committee. In one of his replies, he said that whatever conditions this House shall incorporate in the Reserve Bank Bill, they will be honoured by the Joint Select Committee and also by the British Government. While the Secretary of State was replying to those

[Mr. B. Das.]

questions on discrimination against the colonial and dominion British subjects, Mr. Jayakar put the very question to the Secretary of State:

"Supposing Colonial and British dominion subjects, who are undesirables and are to be retaliated against by India, if they come to England and incorporate themselves into a company and then go to India and trade in India, or as is provided under this sub-clause (3) (c), they can buy shares in the Reserve Bank as well."

It is better for the Government to accept this amendment so that our apprehension will be done away with. Mr. Jayakar asked the Secretary of State two questions. The Secretary of State at first said:

"Yes, I find that it will lead to that interpretation."

and Mr. Jayakar again asked another question. I am sorry the book containing the evidence is not here. The Secretary of State said:

"I find we have to examine this in the light of opinions which Mr. Jayakar has placed."

The Secretary of State understood the interpretation that could be given by which the colonials and British dominion subjects could take shelter under a company registered in England and buy shares and take advantage of the financial credit of the Reserve Bank and yet they may not be residents of India and yet this Legislature or any future Legislature may disqualify and may deny the right of entry to those very people holding shares in these companies incorporated in the United Kingdom. I do hope and I appeal to the Honourable the Finance Member not to treat lightly any amendment that proceeds from this side of the House. The Honourable the Finance Member will, I hope, agree with me that every amendment that we are bringing forward is not done with the desire to destroy the Reserve Bank Bill or for the purpose of obstruction.

Sir, we have our definite apprehensions. The other day when I moved my adjournment motion, I found this House was an undivided and united family. We were all united and, although the Honourable the Finance Member came very late towards the evening and heard only the latter portion of the debate that day, we found we were members of one undivided family. I would like myself to see that we are all members of one undivided family in every clause of this Reserve Bank Bill. Our trouble is that the Honourable the Finance Member, who feels so much happy with his 60 or 65 votes, does not listen to the point of criticism that we bring forward very earnestly. We do not wish to obstruct him at any stage, nor is there any desire on this side of the House to obstruct the passage of this Bill. I would ask the Honourable the Finance Member to read these particular questions and answers which the Secretary of State gave in reply to Mr. Jayakar and Sir Phiroze Sethna and others and then see, if we allow this sub-clause (3) (c) to be passed, whether we will not give unrestricted right to the colonials and dominion British subjects. At present I do not ask this Government or any of the Government that may succeed it to introduce measures to retaliate against the dominion subjects and the colonials, but, as the Secretary of State indicated in his memorandum, he was going to give wide powers to the dominion British subjects and colonials and then ask the Government of India to take the extreme step of denying, by legislation, the right of entry to those

people. I would ask the Honourable the Finance Member and the Government of India not to provide in the Statute giving wider powers to these dominion and colonial subjects and then ask us to wait for the millennium and wait for a few years when the Government of India and the Federal Legislature will legislate discriminating against dominion British subjects and then the Government of India would take necessary steps to amend this particular sub-clause of the Reserve Bank Bill. I do hope that my appeal will not be lost on the Honourable the Finance Member.

Mr. S. C. Sen: Sir, the history of this amendment, so far as I know, is as follows. Mr. Thampan moved an amendment to this clause in which he wanted to make it sure that any company, which has amongst its shareholders more than 75 per cent. of those who are not eligible to hold shares, should not be allowed to hold any share. That was considered by Government and we came to an arrangement under which the first amendment which is in this supplementary list was drafted, and that is in the name of Mr. B. R. Puri. That was also found on examination to go much wider than what was intended; and the present amendment is the result of that under which no company is to be allowed to have any shares in the Reserve Bank. There is another point to be considered, namely, even if any company is allowed to hold any shares in the Reserve Bank, how are they to exercise their voting power? There is no provision in the Bill under which a company can exercise their voting power. In the Indian Companies Act, there is a section, which I believe is section 80, which provides that a company, whose shareholders are shareholders of another company, can exercise its voting power by means of appointing a person by resolution to go and vote. In this Bill a proxy can only be a member of the Reserve Bank and no special provision has been made regarding joint stock companies. That means I think that Government do not want any companies to be the holders of any shares in the Reserve Bank. That being so, I support this amendment as it will obviate all sorts of difficulties which have been felt during the last four or five days regarding this matter as regards sub-clause (3) of clause 4. Sir, I support this amendment.

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, I also support this amendment. The Honourable the Mover desires to exclude only companies from being eligible to take shares in the Reserve Bank, and I think there will be no injustice done to such companies as their partners can purchase shares individually without any limit. Now, Sir, when this matter came up for consideration in the Joint Select Committee, they reported as follows:

"The limitation on share-holding provided for in sub-clauses 3(a) and 3(b) might be defeated if subjects of foreign countries or of a British dominion which has discriminated against India were to form themselves into a limited company" etc.

To obviate these difficulties, we in the Joint Committee suggested that we should try and exclude companies altogether. But it was considered that it might lead to some injustice to certain companies and, therefore, the Joint Committee concluded that if it was found after some time that there was an abuse of power by such companies which were precluded otherwise from possessing shares of the Bank, steps might be taken by the Governor General in Council to prevent them from being shareholders. The report on the subject is as follows:

"The Government and the Central Board of the Reserve Bank should watch carefully for any signs of evasion of the purposes of sub-clauses 3(a) and 3(b) by the

[Mr. Bhuput Sing.]

formation of companies by persons disqualified from holding shares. If any such abuse were to attain serious dimensions we think that the Government should consider amending legislation."

I, on the other hand, ask them to adopt this amendment for excluding all companies and if, after some time, it is found that a good deal of injustice is being done to such companies whose partners are otherwise eligible for purchase of shares Government should then bring forward an amending legislation. At first we should not allow foreigners to hold shares, but, on the other hand if it is found necessary to give them such powers, then Government would be quite at liberty at any time to bring forward any amending legislation to make such provision as would be required to meet the situation. With these words, I support the amendment.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I rise to support this amendment. The House has, within its recollection, the history of this amendment and how various efforts were made to arrive at an understanding. As regards the cardinal principle which this House wants to be embodied in this Act, we do not want any foreigners to hold shares in our Reserve Bank. The only exception is with reference to scheduled banks. The reason for that exception is that scheduled banks will put themselves under certain disciplinary control of the Reserve Bank. They have to give a certain percentage of demand and time monies, and, therefore, it was felt not altogether unfair that to this extent scheduled banks, though they are foreign banks, may have the right to hold shares. But we do not want this to spread further and we do not want any foreign company to be established in this country under the Indian Companies Act and thereby claim the right of holding shares. Nor do we want that citizens of those dominions which discriminate against us should form themselves into a company and thereby avoid the penalties of the previous section and obtain shares of the Reserve Bank. These two things can be done now. This is not a contingency which may arise hereafter, but it is a position which exists today. There are various companies in India which can, immediately the prospectus of the Reserve Bank is issued, apply for and obtain shares. There are in this country citizens of those countries which do discriminate against us and who can similarly hold shares. Now, Sir, we have, I venture to submit, suggested a very radical remedy. I do agree that it is a very radical remedy and, to prevent them, we are willing to impose prohibitions and penalties against ourselves. We are willing to bring Indian companies into line with them not to give Indian companies the right to hold shares which we would otherwise have given, so that there can be no suspicion of discrimination. Here is a case when we lower ourselves down, if I might say so, when we exclude ourselves from our natural rights so that others who are undesirables may not claim the same rights. I do not think we could go further than that in the name of discrimination or avoidance of discrimination. Sir, I hope the Finance Member will be in a position to accept this amendment.

Mr. N. M. Joshi: Sir, I want to ask a question about the interpretation of the word "dominion". That word occurs in part (b) of sub-clause (3) as well as in part (c) and in sub-clause (4) also. I want to know whether the word "dominion" will include the word "colony", because there are some British colonies like Kenya where Indians are discriminated against. I would, therefore, like Government to explain whether they have taken legal opinion that the word "dominion" will apply only to those dominions which have got full self-government. I would further like to know whether the word "dominion" will include colonies like Kenya which discriminate against India.

The Honourable Sir George Schuster: Sir, in answer to my Honourable friend's question, he will see that the expression is "any part of His Majesty's dominions" and that, of course, covers any part of the British Empire whether it be a dominion in the constitutional sense or a colony. The word "dominion" here is not used in any constitutional sense. It is "any part of His Majesty's dominions".

On the general question, I am prepared to admit at once that there is a great deal to be said for this amendment. Honourable Members opposite have referred at times to Government taking the view that everything that comes from their side is unreasonable and ought to be defeated. I hardly think that my Honourable friends can really accuse me of that sort of attitude, and I assure my Honourable friend, Mr. Das, that I look upon no amendment as merely put forward with the object of embarrassing Government. I give them and will give them all full credit in my own mind as representing honest attempts to improve this measure; and our attitude in regard to this particular proposal, I think, is sufficient support for what I have said. We indicated our willingness to consider with those who were interested in the original amendment whether we could devise any form of words which would not be open to objection and which would meet the point and, after a great deal of discussion and trying many alternatives, we came to the conclusion, which was the same conclusion that we had come to in the Select Committee, that if you want to achieve this object, the only way to do it is to exclude companies altogether; and I, therefore, suggested to those Honourable Members whom I met on this matter that they should put the issue before the House in that clear and simple form. At the same time, I told them that I was afraid that we would have to oppose that. In doing that, I do want to make this clear: we do not oppose it for the sake of opposition; we have thought over the matter very carefully and we think that on the whole it is going too far to exclude companies altogether; and that the sounder line to take is that recommended by the Select Committee, namely, that this situation should be watched and that, if any real abuse comes up, then it should be dealt with by legislation. But we do not really think that the danger is a very serious one. Of course if one gets down to discussing it and talks on it for an hour or two, one's mind gets concentrated on this possibility and one might picture it to oneself as a serious danger; but if one considers it in relation to all the other problems in this measure and considers what interests are likely to try and get shares in the Reserve Bank in this indirect way, particularly having regard to the fact that the voting rights are limited and that no company, however many shares it has, will be able to acquire more than ten voting rights, I really feel that it is not a very serious danger, and that to take a step like this of excluding all companies altogether is a very drastic measure to take in the face of that small hypothetical risk. That is our position; and, having arrived at the conclusion in our own minds that that is the right line to take, however much I should like to yield to the appeal made by my Honourable friend, Mr. B. Das, and however painful it is to me to resist that kind of appeal, I still feel that I, like my Honourable friend himself, must stand by what I consider to be right in this matter and the right course. If it is my ill fortune to be followed into the lobby by a majority of Members of this House, then surely I ought not to be blamed for that. We want the House to decide this question on its merits and each Member to vote as he thinks right. But, as a Government, we have arrived, after full consideration, at the conclusion that this is the right thing.

[Sir George Schuster.]

That is the position, and I think that that is all that I need say on the matter. As I said at the beginning, I feel and I do not want to over-stress the case on our side—I feel that there is a good deal to be said for this amendment and that this is the clear and honest way of dealing with this particular difficulty.

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

“That for part (c) of sub-clause (3) of clause 4 of the Bill, the following be substituted :

‘(c) a society registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies, or a scheduled bank.’”

The Assembly divided:

AYES—40.

Abdul Matin Chaudhury, Mr.
Anklesaria, Mr. N. N.
Anwar-ul-Azim, Mr. Muhammad.
Azhar Ali, Mr. Muhammad.
Bhuput Singh, Mr.
Chinoy, Mr. Rahimtoola M.
Das, Mr. B.
Hari Raj Swarup, Lala.
Jadhav, Mr. B. V.
James, Mr. F. E.
Jehangir, Sir Cowasji.
Jog, Mr. S. G.
Joshi, Mr. N. M.
Liladhar Chaudhury, Seth.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Millar, Mr. E. S.
Milligan, Mr. J. A.
Mitra, Mr. S. C.
Mody, Mr. H. P.

Mudaliar, Diwan Bahadur A.
Ramaswami.
Mujumdar, Sardar G. N.
Neogy, Mr. K. C.
Nihal Singh, Sardar.
Pandit, Rao Bahadur S. R.
Parma Nand, Bhai.
Patil Rao Bahadur B. L.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Roy, Kumar G. R.
Sant Singh, Sardar.
Sen, Mr. S. C.
Singh, Kumar Gupteshwar Prasad.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Wilayatullah, Khan Bahadur H. M.
Yakub, Sir Muhammad.
Ziauddin Ahmad, Dr.

NOES—42.

Ahmad Nawaz Khan, Major Nawab.
Ayangar, Mr. V. K. A. Aravamudha.
Bajpai, Mr. G. S.
Bhore, The Honourable Sir Joseph.
Bower, Mr. E. H. M.
Chatarji, Mr. J. M.
Clow, Mr. A. G.
Cox, Mr. A. R.
Dalal, Dr. R. D.
Dash, Mr. A. J.
DeSouza, Dr. F. X.
Dillon, Mr. W.
Graham, Sir Lancelot.
Grantham, Mr. S. G.
Haig, The Honourable Sir Harry.
Hezlett, Mr. J.
Hudson, Sir Leslie.
Ishwarsingji, Nawab Naharsingji.
Lal Chand. Hony. Captain Rao
Bahadur Chaudhri.
Lee, Mr. D. J. N.
Mackenzie, Mr. R. T. H.
Macmillan, Mr. A. M.

Metcalfe, Mr. H. A. F.
Mitter, The Honourable Sir Brojendra.
Morgan, Mr. G.
Mukherjee, Rai Bahadur S. C.
Noyce, The Honourable Sir Frank.
O'Sullivan, Mr. D. N.
Rafiuddin Ahmad, Khan Bahadur
Maulvi.
Raghubir Singh, Rai Bahadur
Kunwar.
Raisman, Mr. A.
Ramakrishna, Mr. V.
Rau, Mr. P. R.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan Gakhar,
Captain.
Singh, Mr. Pradyumna Prashad.
Sinha, Rai Bahadur Madan Mohan.
Smith, Mr. R.
Studd, Mr. E.
Tottenham, Mr. G. R. F.
Trivedi, Mr. C. M.

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): Has the Honourable Member, Mr. B. Das, made up his mind about amendment No. 54?

Mr. B. Das: Yes, Sir; it is there.

Mr. President (The Honourable Sir Shanmukham Chetty): Yes, it is there, but has he made up his mind?

Mr. B. Das: Sir, the amendment is in possession of the House, and I hope the House will support it and carry it.

Mr. President (The Honourable Sir Shanmukham Chetty): It was suggested the other day that the consideration of this amendment might be postponed until clause 14 was reached and disposed of, but the Chair found on examination that the House would be up against the same difficulty when it came to clause 9. Therefore, what the Chair would suggest is that when the House reaches clause 14, the definite issue whether one share must carry one vote may be raised, and, if that is carried, then the consequential amendments may be made. If that is acceptable, then the Honourable Member must now ask the leave of the House to withdraw his amendment.

Mr. B. Das: Very well, Sir, with that assurance, I ask the 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 clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 14th 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."