

LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

Vol. IX, 1933

(11th December to 22nd December, 1933)

SIXTH SESSION OF THE FOURTH LEGISLATIVE ASSEMBLY 1933



Legislative Assembly.

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

Deputy President :

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

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

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LEGISLATIVE ASSEMBLY.

Thursday, 14th December, 1933.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

AMENDMENTS IN THE PRESENT PROVIDENT FUND RULES OF THE CURRENCY OFFICE STAFF.

1401. *Sardar G. N. Mujumdar: (a) Will Government be pleased to state how long do they still require to make necessary amendments in the present Provident Fund Rules of the Currency Office staff on the Treasurer's side, which has been postponed for the time being?

(b) Is it a fact that this question is pending since the last ten years?

The Honourable Sir George Schuster: The attention of the Honourable Member is invited to the information laid by me on the table of the House on the 12th December, 1933, in reply to part (d) of starred question No. 1090, asked by Mr. Lalchand Navalrai.

FILM ENTITLED "HENRY THE EIGHTH".

1402. *Mr. Gaya Prasad Singh: (a) Are Government aware that the film "Henry the Eighth" is being exhibited in India? If so, has any objection to its exhibition been received; and if so, from whom?

(b) What is the film about?

The Honourable Sir Harry Haig: (a) Government have no information whether this film is being exhibited in India. They have received no objection to its exhibition.

(b) I have no information except such as the title may suggest.

Mr. Gaya Prasad Singh: Are Government aware that in the House of Commons Mr. Sanderson urged that representations should be made to the Government of India not to permit the exhibition of the film "Henry VIII", "in view of the detrimental effect it is likely to have upon the Indian audience"?

The Honourable Sir Harry Haig: I can only say that no such representations have reached us.

CLAIMS OF THE BASEL TRADING COMPANY FOR THE RESTORATION OF ITS INDIAN PROPERTY.

1403. *Mr. Gaya Prasad Singh: (a) Will Government kindly make a statement with regard to the claims of the Basel Trading Company for the restoration of its Indian property, confiscated in 1919, indicating what Company it is, its nationality, the properties it held in India, the reason why those properties were confiscated, and the terms upon which the properties were offered to be restored?

(b) Is it a fact that Lord Meston is one of the trustees?

(c) What was the object for which the Company was formed?

The Honourable Sir Harry Haig: (a) and (c). The Basel Mission Trading Company was a company which engaged in trade and devoted its profits in excess of a fixed percentage to missionary and philanthropic work. It held extensive properties both movable and immovable in Madras and Coorg. These properties were taken over and vested in the Custodian of Enemy Property in exercise of the powers conferred by the Enemy Trading Act, 1916, on the ground that the company came within the terms of section 2 of that Act. I am not in a position to make any statement as regards the claim of the Company for the restoration of its properties. Negotiations on the subject have been proceeding in London between the Secretary of State and the Company.

(b) I have no information on the point.

Mr. Gaya Prasad Singh: May I know if this was a German firm?

The Honourable Sir Harry Haig: I understand that it was a Swiss firm with a number of German employees.

Mr. Gaya Prasad Singh: Was it engaged in proselytising?

The Honourable Sir Harry Haig: It was engaged in missionary and philanthropic work.

Mr. K. P. Thampan: Is it not the same society which had extensive industrial works and educational institutions on the West Coast?

The Honourable Sir Harry Haig: I think that is the company.

Mr. K. P. Thampan: Was it not primarily engaged in evangelical work?

The Honourable Sir Harry Haig: I am referring to the original company and I fancy that its property was taken over and transferred to another company, an English company which was formed for the same purpose.

Mr. K. P. Thampan: It was originally a mission society, the Basel Mission Society. It had several schools and a college and several factories which were sold to English companies; the Madura Company, I believe, took up one and the Commonwealth Trust which was formed by several English companies

Mr. President (The Honourable Sir Shammukham Chetty): What is the question?

Mr. K. P. Thampan: I want to know on what principle the purchasers are now going to be deprived of the business they have built up and their money?

The Honourable Sir Harry Haig: I am not in a position to make any statement as regards the present position of the negotiations and conversations that are going on in London.

Mr. K. P. Thampan: Is it likely that the negotiations will fructify?

The Honourable Sir Harry Haig: I am afraid I cannot give a definite answer.

Mr. K. P. Thampan: Will Government consider the claims of those who have invested money in it?

The Honourable Sir Harry Haig: I have no doubt that the claims of all persons interested are being considered most carefully.

Mr. Gaya Prasad Singh: What is the approximate value of the property that has been confiscated?

The Honourable Sir Harry Haig: I have not got the figures in my mind, I am not sure whether I have them even on record.

HEAD LIGHT KEEPERS AND ASSISTANT LIGHT KEEPERS.

1404. ***Maulvi Sayyid Murtuza Sahab Bahadur:** Will Government be pleased to state:

- (a) the number of men working as Head Light Keepers and the number of men working as Assistant Light Keepers now, with their nationalities;
- (b) the number of Muslims and the number of other communities other than Anglo-Indians and Indian Christians, appointed in the posts of Assistant Light Keepers from the time the General Light Houses were taken over by Government;
- (c) the number of permanent and temporary vacancies now existing in both the grades of Head Light Keeper and Assistant Light Keeper;
- (d) the educational or other qualifications now demanded from men that apply for Assistant Light Keepers' appointments;
- (e) whether sons of retired Muslim Light Keepers will be given preference for appointments as Assistant Light Keepers in the existing or next permanent vacancies, if applied for?

The Honourable Sir Joseph Bhoré: With your permission, Sir, I propose to answer questions bearing Serial Nos. 1404 and 1405 together.

Information is being collected and a complete reply will be laid on the table in due course.

REPRESENTATION OF MUSLIMS IN THE GRADE OF HEAD LIGHT KEEPERS.

†1405. *Maulvi Sayyid Murtuza Sahab Bahadur: Will Government be pleased to state:

- (a) whether it is a fact that all posts of Head Light Keepers have been monopolized only by Anglo-Indians and Indian Christians from the time the General Light Houses were introduced or imperialised;
- (b) what is the reason for having not appointed even a single Muslim in the post of Head Light Keeper from the time the General Lights were inaugurated or brought under the control of Government;
- (c) whether the Joint Committee's recommendation for the Indianization of the staff was not accepted by Government at the time of passing the Light House Bill into law in the meeting of this House held on the 14th September, 1927?

REPRESENTATION OF MUSLIMS IN THE GRADE OF HEAD LIGHT KEEPERS.

1406. *Maulvi Sayyid Murtuza Sahab Bahadur: (a) Are Government aware of the fact that, in reply to the Muslims' Deputations on the 12th December, 1929, and the 29th March, 1930, in Madras, and New Delhi respectively His Excellency the Viceroy was pleased to state that the Muslim community should, by merit alone, make good their claim to representation in all grades of public services and promised to remedy any marked discrepancies that may exist in any Department, by giving a fair chance to the qualified members of each community in conformity with the section 96 of the Government of India Act now in force?

(b) Are Government prepared to consider the desirability of representing the Muslim community in the Head Light Keepers' grade, by appointing a qualified Muslim, if available, to any existing or next permanent vacancy?

The Honourable Sir Joseph Bhore: (a) I have seen the speeches referred to and find that His Excellency the Viceroy did not hold out any promise such as is suggested in the question but merely reiterated the policy of Government regarding reservation of first appointments in the services for the redress of communal inequalities.

(b) I am not sure whether the Honourable Member is referring to the representation of Muslims in the Head Lightkeeper's grade in the Madras Lighthouse District or in the General Lighthouse Department as a whole. If the latter, I may say that according to the information available to the Government of India the Muslim community is already represented in that grade. I may add that vacancies in the Head Lightkeeper's grade are usually filled by the promotion of senior Lightkeepers and the claims of all qualified men have to be considered in making the appointments.

OFFICIATING CHANCES GIVEN TO UNQUALIFIED MEN IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

1407. *Mr. Goswami M. B. Puri: Are Government aware that in the office of the Director, Railway Clearing Accounts, unqualified men have been allowed to officiate in Class I, when there are many men available who have passed the requisite examination qualifying for promotion to that grade? If so, why?

†For answer to this question, see answer to question No. 1404.

Mr. P. B. Rao: With your permission, Sir, I propose to reply to both questions, 1407 and 1408 together. I am informed that certain persons who have not passed the necessary examination have been given a trial in an officiating capacity in the posts of Class I clerks in the Railway Clearing Accounts Office and that the seniority list of that office has been to a certain extent departed from. This, I understand, was in pursuance of the recommendations made in 1929 by a committee under the chairmanship of Mr. M. K. Mitra which was appointed to frame detailed rules for fixing the seniority in the different grades of the subordinate establishment of that office.

STOPPAGE OF PROMOTIONS IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

†1408. ***Mr. Goswami M. B. Puri:** (a) Is it a fact that the promotions of the newly recruited staff during the experimental stage of the Railway Clearing Accounts Office and of the men transferred from the North-Western Railway along with the transfer of Foreign Traffic Accounts Work have been stopped on the plea that they were given lion's share of the promotion during the experimental stage? If so, why?

(b) Are Government aware that these men worked hard during the experimental stage for days and nights continuously at the risk of their health, and brought the experiment to a success?

(c) If the reply to part (b) be in the affirmative, are these men not entitled to promotions to higher grades against the vacancies which existed then?

PROMOTIONS IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

1409. ***Mr. Goswami M. B. Puri:** Is it a fact that there is no prescribed list of candidates eligible for promotions to sub-head's rank in the office of the Director, Railway Clearing Accounts, and that the promotions are made at the will of the Director?

Mr. P. B. Rao: No.

RESERVATION OF CERTAIN POSTS IN THE RAILWAY CLEARING ACCOUNTS OFFICE FOR THE MEMBERS OF THE MINORITY COMMUNITIES.

1410. ***Mr. Goswami M. B. Puri:** (a) Is it a fact that in the Railway Clearing Accounts Office posts for confirmation in Class III, have been reserved for the members of the minority communities when no qualified men of such communities are available?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state why these posts are not filled in by the majority communities?

Mr. P. B. Rao: (a) and (b). I have not been able to understand this question. My Honourable friend is well aware of the policy of Government with regard to the recruitment of minority communities in railway services.

Mr. President (The Honourable Sir Shanmukham Chetty): Mr. Maswood Ahmad's questions will be asked by Dr. Ziauddin Ahmad.

†For answer to this question, see answer to question No. 1407.

PRIVILEGES OF THE INSPECTORS OF STATION ACCOUNTS OF THE GREAT INDIAN PENINSULA RAILWAY.

1411. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad):

(a) Are Government aware that the terms and conditions of paragraph 16 at page 2 read in conjunction with paragraph 8 (a) at page 8 of Government of India, Railway Board's Memorandum No. 5565-F. of the 31st July, 1929, was not given correct and rigid effect to in respect of the Inspectors of Station Accounts of the Great Indian Peninsula Railway? If not, do they propose to enquire in the matter?

(b) Will Government be pleased to state the strength of the cadre of the Inspectors of Station Accounts of the Great Indian Peninsula Railway (i) when the Great Indian Peninsula Railway passed to State control in 1925, (ii) when the separation of Audit from Accounts was effected in 1929, and (iii) at present?

(c) Is it not a fact that a solemn assurance was given to all the staff taken over by the State in 1925 from the Great Indian Peninsula Railway by His Excellency The Earl of Reading, then Viceroy and Governor General—which assurance has since been confirmed by the Secretary of State for India—that none of the staff taken over would lose any of their privileges or prospects then existing as a result of the transfer to State control?

(d) If the reply to part (c) above be in the affirmative, will Government kindly state how they reconcile the discrepancies of the existing cadre of the Inspectors of Station Accounts of the Great Indian Peninsula Railway with its restricted prospects with what prevailed when the transfer to State control was effected?

Mr. P. R. Rau: (a) Though it is not quite clear from his question, I assume my Honourable friend is referring to the junior grade of Inspectors of Station Accounts. If so, I would refer him to the reply to his next question.

(b) I lay a statement on the table giving the information required.

(c) The assurance given was that officers and men on the railways to be taken over by the State need have no fears that the change will affect them adversely in the conditions of their service, pay or prospects.

(d) The permanent Inspectors taken over by Government were given the option of retaining their old scales of pay.

Statement giving certain information regarding the strength of the cadre of the Inspectors of Station Accounts of the Great Indian Peninsula Railway.

(i) When the Great Indian Peninsula Railway passed to State control :

Strength.	Cadre.
	Rs.
2 Posts of Travelling Audit Inspectors	500
5 " " " "	350—20—450
9 " " " "	210—15—330
15 " " " "	150—10—200
1 post of Travelling Audit Inspector for Institutes .	150—10—200

Strength.	Cadre.
(46) When the separation of Audit from Accounts was effected in 1929. Ra-	
6 posts of Senior Travelling Inspectors of Accounts	290—20—450 New scale.
9 posts of Junior Travelling Inspectors of Accounts Grade, I	150—15—270 New scale.
14 posts of Junior Travelling Inspector of Accounts, Grade II.	130—8—170 New scale.
29	
4 posts of Junior Travelling Inspector of Accounts, Grade II	130—8—170 (Temporary).
33	
(46) At present :—	
5 posts of Senior Travelling Inspectors of Accounts	290—20—450
7 posts of Junior Travelling Inspectors of Accounts, Grade I	150—15—270
11 posts of Junior Travelling Inspectors of Accounts, Grade II	130—8—170
23	
1 temporary post of Senior Travelling Inspector of Accounts from	290—20—450
24	

PRIVILEGES OF THE INSPECTORS OF STATION ACCOUNTS OF THE GREAT INDIAN PENINSULA RAILWAY.

1412. *Dr. Ziauddin Ahmad (on behalf of Mr. M. Maswood Ahmad):

(c) Will Government please quote the authority under which the junior second grade of Rs. 130—8—170 was introduced in respect of Inspectors of Station Accounts of the Great Indian Peninsula Railway and the authority for placing the existing staff in grades lower than those they had already attained on the separation? Are these not in contravention of provision in paragraph 16 at page 2 of the memorandum No. 5565-F. of the 31st July, 1929, and of paragraph 1(a) at page 3 of the said memorandum respectively?

(b) Will Government be pleased to place on the table a tabulated statement showing how paragraph 16 at page 2, read in conjunction with paragraph 1(a) at page 3, of the memorandum was applied to the (i) North Western, (ii) East Indian, (iii) Great Indian Peninsula Railways, respectively, and give reasons for the differential treatment accorded to the Inspectors of Station Accounts of the Great Indian Peninsula Railway?

(c) Are Government aware that grave dissatisfaction exists amongst the Inspectors of Station Accounts of the Great Indian Peninsula Railway, as most of the staff were placed on a lower maxima than those they had attained a decade ago, and have in addition received no increment for the past ten years, as a result of paragraph 16 at page 2, read in conjunction with paragraph 1(a) at page 3, of the memorandum having been misapplied? If so, will Government be pleased to state what steps they propose to take to rectify the errors made?

(d) Will Government be pleased to place on the table a tabulated statement showing the number of Inspectors of the North Western Railway, East Indian Railway, Railway Clearing House, and Great Indian Peninsula Railway who, on separation, were placed on grades lower than those to which they were entitled years before the separation of Audit from Accounts?

(e) Are Government aware that no Inspectors of Station Accounts of the North Western Railway, who were in service prior to the separation of Audit from Accounts already in receipt of Rs. 200 and over, were placed in the 170 grade, whereas on the Great Indian Peninsula Railway, Inspectors who had already attained the salary Rs. 200, were placed in the 170 grade and those who had attained Rs. 330 were placed in the 270 grade instead of in the 270 and 450 grades respectively?

(f) Will Government be pleased to state the reason for this differential treatment which adversely affected the Inspectors of Station Accounts of the Great Indian Peninsula Railway?

(g) Are Government aware that Inspectors of Clearing Accounts Office, Delhi, with a little over five years' service to their credit, and with no district responsibility to shoulder in respect of inspections are at present in the 270 grade, whereas Inspectors with about twenty years' service on the Great Indian Peninsula Railway, who had already attained a higher maximum and had been waiting for promotion to a higher grade, were also placed in the 270 grade?

Mr. P. R. Rau: (a) I would refer the Honourable Member to the memorandum by the Financial Commissioner of Railways on the separation of Accounts from Audit presented to the Standing Finance Committee and published in Volume V, No. 3 of the proceedings of that Committee for 1928 in which the grade of Junior Inspectors in question has been provided on all the State-managed Railways (including the Great Indian Peninsula Railway and excluding Burma Railways). I may add that the permanent staff at the time of introduction of the revised scales were given the option of remaining on their old scales of pay.

(b) If my Honourable friend will refer to pages 75 to 79 of the memorandum quoted above, he will find that there is no differentiation.

(c) to (g). The matter was recently represented to me by certain representatives of the staff and the question is under examination.

Dr. Ziauddin Ahmad: The Honourable gentleman has referred to a memorandum which has practically proved that this is incorrect, because the estimates given there did not come out to be true: is it not a fact that the Honourable gentleman himself knows that there was a serious criticism of that in the Retrenchment Committee?

Mr. P. R. Rau: Whether the estimates in that memorandum are true or not, the scales given there are not affected.

PRIVILEGES OF THE INSPECTORS OF STATION ACCOUNTS OF THE GREAT INDIAN PENINSULA RAILWAY.

1413. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad):

(a) Will Government be pleased to place on the table a copy of the covering letter of the Chief Accounts Officer of the Great Indian Peninsula Railway, introducing the revised cadre of 1930 for Inspectors of Station Accounts and the authority for the threat of dismissal as an alternative to refusal to accept the same?

(b) Will Government be pleased to state, whether the entire staff of Inspectors of Station Accounts was alleged not to have been required after the date of separation? If so, why?

(c) Will Government be pleased to state whether this same revised order conflicts in material particulars with the sum and substance of the terms and conditions of Government of India, Railway Board's Memorandum No. 5565-F., of the 31st July, 1929 and especially with paragraph 16 at page 2 read in conjunction with paragraph 1 (a) at page 3 thereof? If so, why?

Mr. P. B. Rau: (a) and (b). I understand from the Chief Accounts Officer, Great Indian Peninsula Railway, that no such letter is traceable.

(c) I would refer my Honourable friend to the reply I have given to his last questions.

ARREARS OF INSPECTION WORK OF THE STATION ACCOUNTS OF THE GREAT INDIAN PENINSULA RAILWAY.

1414. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad): Will Government kindly lay on the table a statement showing the arrears of inspection work of the station accounts of the Great Indian Peninsula Railway in days calculated on the basis of a comparison of the number of inspections which should be performed and the number which has been performed for the last two years?

Mr. P. B. Rau: The arrears of the past two years compare as follows:

	1931-32.	1932-33.
Number of inspections due	1752	1398
Number of inspections carried out	1500	1152
Arrears on last day of the year (Number of inspections)	252	246

The information regarding the number of days required for inspecting the stations in arrears is not readily available. I may add that every station on the line was inspected at least once in each of the years mentioned above.

TIMINGS ACCORDED TO INSPECTORS OF STATION ACCOUNTS ON THE GREAT INDIAN PENINSULA RAILWAY TO INSPECT STATIONS.

1415. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad): (a) Are Government aware that Inspectors of Station Accounts on the Great Indian Peninsula Railway are accorded certain timings to inspect stations, that these timings pertained twenty or thirty years ago and are at present totally insufficient to perform the work required and that as a result Inspectors have to actually work for twelve to fourteen hours a day and thereafter travel for the purpose of performing further inspections?

(b) Will Government be pleased to state if the nature of the duties of the Inspectors of Station Accounts of the Great Indian Peninsula Railway entail in addition a continuous absence on duty from week end to week end, and what arrangements are made to permit this staff time in respect of rest, food and recreation?

(c) Will Government be pleased to state if it is not a fact that Inspectors of Station Accounts on certain other State Railways are provided with carriages, whereas those of the Great Indian Peninsula Railway are not?

(d) Will Government be pleased to state the cause for this differential treatment, and what action they propose to take to remedy the same?

Mr. P. B. Rau: (a) I am informed that the checks required to be exercised in the past have actually been reduced since the beginning of this year. I have no reason to think that Inspectors on the Great Indian Peninsula Railway have ordinarily to do more work than Inspectors on other railways.

(b) The nature of the duties of Inspectors on the Great Indian Peninsula Railway is the same as those of Inspectors on other railways.

(c) If the question refers to the use of inspection carriages, I am informed that no such facilities are provided on State Railways to Inspectors of Accounts.

(d) So far as I am aware there is no differentiation.

Dr. Ziauddin Ahmad: Am I justified in drawing the inference from these answers that the separation of railway accounts from audit has proved to be more expensive and less efficient?

Mr. P. B. Rau: Certainly not.

Dr. Ziauddin Ahmad: Does the Honourable gentleman justify his answer?

Mr. P. B. Rau: These questions have nothing to do with the cost of separation of audit from accounts.

FRAUDS IN CONNECTION WITH TRAFFIC AND STATION ACCOUNTS ON THE GREAT INDIAN PENINSULA RAILWAY.

1416. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad):

(a) Will Government be pleased to state the number of frauds brought to light on the Great Indian Peninsula Railway, in connection with traffic and station accounts, the parties held responsible for non-detection and the duration of the frauds prior to detection, during the past two years, and give a comparative statement for the previous two or five years?

(b) Are Government aware that the fraud at Kopergaon station on the Great Indian Peninsula Railway, covered a period of over eight months?

Mr. P. B. Rau: (a) The information is not readily available and Government regret that its collection will involve an amount of labour which is not likely to be justified by the results.

(b) I am informed that there is no reason to believe that the fraud at Kopergaon was due to the station being inspected less frequently than before. The station was inspected during the period in question.

Mr. Lalchand Navalrai: May I know how much it will cost to bring out this information?

Mr. P. B. Rau: It will cost more to get the figures collected.

Dr. Ziauddin Ahmad: Without an estimate, how does the Honourable gentleman come to the conclusion that it would cost an enormous sum?

Mr. P. B. Rau: At any rate to collect information to answer one more question means some more expenditure.

PRIVILEGES OF THE INSPECTORS OF STATION ACCOUNTS OF THE GREAT INDIAN PENINSULA RAILWAY.

1417. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad):

(a) Are Government aware that Inspectors of Station Accounts, Great Indian Peninsula Railway, have in addition to adhering to a twelve to fourteen hour-day inspection work, and thereafter travel from station to station without a carriage or any suitable arrangement for rest, food, etc., to perform themselves certain duties, such as the despatch of letters, carriage of files, stationery and other official documents, etc.?

(b) Will Government be pleased to state the circumstances under which the peons allowance given to the Inspectors of Station Accounts of the Great Indian Peninsula Railway, under Company-management and continued to be paid by the Auditor General after the transfer to State control was discontinued on the separation of Audit from Accounts?

(c) Are Government aware that such discontinuance constitutes a distinct breach of faith in view of the solemn assurance accorded to the staff, taken over, by His Excellency Lord Reading as Viceroy that none would lose any of their privileges, etc. then existing?

Mr. P. R. Rau: (a) I would refer the Honourable Member to my reply to his question No. 1415.

(b) Government did not consider that there was any justification for continuing an allowance the stoppage of which had been recommended and accepted in principle before the separation of accounts from audit and which is not given to similar officers on other State-managed Railways.

(c) Government do not consider that their action is inconsistent with any pledges given to the staff.

Dr. Ziauddin Ahmad: Can I now put my question which is relevant in connection with this question about the separation of railway accounts from audit? My question was, is it not a fact that the separation of railway audit from accounts has proved to be more expensive and less efficient? The Honourable gentleman said, it did not arise on the previous question. It arises now.

Mr. P. R. Rau: I do not think my reply is different: it does not arise from this question either.

An Honourable Member: Try the next one.

INSPECTION OF CERTAIN STATIONS ON THE GREAT INDIAN PENINSULA RAILWAY.

1418. ***Dr. Ziauddin Ahmad** (on behalf of Mr. M. Maswood Ahmad):

(a) Are Government aware that A class stations, inspection of which was under Company-management entrusted to Divisional (senior scale) Inspectors of Station Accounts on the Great Indian Peninsula Railway, are now entrusted to junior scale Inspectors?

(b) Will Government be pleased to state if any of the large A class stations, taking ten days or over, have been closed down on the Great Indian Peninsula Railway to warrant the reduction in the number of senior scale appointments from eleven to five, i.e., under Company-management and as at present respectively, or whether the number of stations has increased as a result of the Great Indian Peninsula Railway taking over part of the East Indian Railway?

Mr. P. R. Rau: (a) The classification of the stations obtaining at present is slightly different from the classification in the Company's time. The present classification of the charges of Senior and Junior Inspectors which is based on the importance of the districts also secures that the more important stations are generally inspected by Senior Inspectors.

(b) No stations taking ten days and over have been closed down. One big station and some smaller stations have been added. After the separation of audit from accounts the number of posts of Senior Inspectors has been reduced by one only in connection with the revised system of inspections. The reduction of the number of Senior Inspectors from eleven to six had been effected in 1923, that is before the State took over the management of the Great Indian Peninsula Railway; and if I may add, in order to spare my Honourable friend the trouble of getting up again, this question also has nothing to do with the question of separation of accounts from audit.

IMPROVEMENT IN JAIL RULES.

1419. **Mr. Lalchand Navarai:** (a) Have Government seen the pamphlet entitled "Indian Prisoners—a case for enquiry and an opportunity for progress" written by Mr. H. G. Alexander of the Society of Friends?

(b) If so, in view of the facts exposed therein, do Government propose to order an investigation by an independent and impartial agency with a view to improve the jail rules in the interests of the reforms in Indian jails? If not, why not?

The Honourable Sir Harry Haig: (a) I have seen the pamphlet.

(b) Government do not consider that the contents of the pamphlet make out a case for an enquiry of the kind suggested.

Mr. Lalchand Navarai: Do Government think that the rules with regard to these prisoners require a drastic change?

The Honourable Sir Harry Haig: No, Sir, that is not the view of the Government.

Mr. Lalchand Navarai: Will Government send for a copy of the rules that are prevailing in the provinces and consider the advisability of suggesting some changes?

The Honourable Sir Harry Haig: We went into this matter thoroughly some three years ago in consultation with representatives of this House and we reached certain conclusions and the rules then laid down have been in force ever since.

Mr. Lalchand Navarai: That was three years ago. I am asking at present whether, since then, defects have been pointed out in the Press and elsewhere. Are Government prepared to go into that question and find out whether any revision is necessary?

The Honourable Sir Harry Haig: No, Sir, at the present moment we do not consider that there are any grounds for altering these rules.

Mr. Lalchand Navarai: What are those grounds for not doing it?

The Honourable Sir Harry Haig: It is always a wise policy to let sleeping dogs lie.

Mr. H. P. Mody: Is there anything in this pamphlet which goes to show that the rules which were laid down three years ago are not being observed?

The Honourable Sir Harry Haig: We have had several questions on that point in the course of the last year or two, and I have always assured the House that the rules are being observed.

NEW FIVE AND TEN RUPEE CURRENCY NOTES.

1420. ***Mr. Lalchand Navalrai:** Will Government be pleased to state whether their attention has been drawn to the letters in the *Times of India*, of the 17th and 18th November, 1933, regarding the new currency notes of Rs. 5/- and Rs. 10/-? If so, will Government be pleased to state whether they intend at least to stop the re-issue of these notes? If not, why not?

The Honourable Sir George Schuster: The answer to the first part of the question is in the affirmative. As regards the second part, instructions have been issued to discontinue the re-issue from the Currency Offices of the five and ten rupee notes of the new design.

Mr. Lalchand Navalrai: While thanking the Honourable Member, I should like to know how many of these notes are in existence and how long it will take for them to disappear?

The Honourable Sir George Schuster: I want notice of the question.

Kunwar Hajee Ismail Ali Khan: How much have Government saved by reducing the size of the notes?

The Honourable Sir George Schuster: The saving calculated originally on reducing the size and adopting the new paper for the notes was about four lakhs of rupees a year. What we are now contemplating is using a thicker paper but keeping to the small size of the notes which would preserve a greater part of the saving.

Mr. S. C. Mitra: Who was responsible for the design that has now been given up?

The Honourable Sir George Schuster: I imagine that the Honourable Member has no particular objection to the design, but the objection is to the quality of the paper. If so, the suppliers of the paper are responsible for that.

Dr. Ziauddin Ahmad: In giving the estimates, did the Honourable Member include the cost of the design of those new notes?

The Honourable Sir George Schuster: I gave an estimate of the saving accruing from using thinner paper and smaller size of paper: that had nothing to do with the cost of furnishing the design.

Dr. Ziauddin Ahmad: It ought to be deducted from the estimate, because whenever there is a new design, there is an extra sum paid for it.

†1421*-1422*.

UNSTARRED QUESTIONS AND ANSWERS.

INCONVENIENCE DUE TO CLOSING OF RAILWAY CROSSING GATE AT UNAO.

308. Rai Bahadur Lala Brij Kishore: Will Government be pleased to state what will be the cost of providing a sub-way in place of the present railway crossing gate at the Cawnpore end of Unao junction? Are Government aware that this gate connects the city with the courts, and that great hardship is experienced by the public due to the gate being closed for considerable periods due to train movements?

Mr. P. R. Rau: The Honourable Member is referred to the information which was laid on the table on the 30th August, 1933, in reply to his starred question No. 389 on the same subject.

ALLOWANCES OF TRAVELING TICKET EXAMINERS.

309. Sardar Sant Singh: With reference to their reply on the 23rd March, 1932, to question No. 889 (c), will Government please lay on the table a statement comparing the expenditure and earnings of the old Travelling Ticket Examiners and the present Special Ticket Examiners and showing the extent of economy for the financial years 1930-31, 1931-32 and 1932-33?

Mr. P. R. Rau: Government do not consider that the so-called earnings of the Travelling Ticket Examiners can be taken as furnishing a true measure of the efficiency of a particular system of ticket checking. The collection of the information required by the Honourable Member will involve a considerable amount of labour and expense which Government do not consider justified in incurring.

WITHHOLDING OF HOUSE RENT ALLOWANCE FROM THE TRAVELLING TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

310. Shaikh Sadiq Hasan: (a) Are Government aware that house-rent in lieu of free quarters was and is being paid to the ticket checking staff at stations on the North Western Railway?

(b) Was this allowance being withheld from the ticket checking staff on trains, designated as Travelling Ticket Examiners, before the 1st June, 1931, on the ground of their being in receipt of mileage allowance like Guards?

(c) If it was not withheld on this ground, will Government please state on what ground it was withheld?

(d) Are Government aware that since the withdrawal of mileage allowance from the 1st June, 1931, the house-rent allowance is not being paid to the Special Ticket Examiners generally, although it is being paid to the Special Ticket Examiners recruited from station staff?

†These questions were withdrawn by the questioner.

(e) If so, will Government state why the house-rent allowance is not being paid generally to the Special Ticket Examiners of the old Travelling Ticket Examiners cadre from the time their mileage allowance was withdrawn?

(f) Is there any difference between the duties of both these sets of Special Ticket Examiners? If so, will Government please state what?

(g) Are Government aware that house-rent allowance in lieu of free quarters is being paid to some of the old Travelling Ticket Examiners, now classed as Special Ticket Examiners, who held posts carrying house-rent allowance previous to their being appointed as Travelling Ticket Examiners in some of the Divisions, whereas it is not being paid to staff similarly situated on other Divisions?

(h) If so, will Government state why a differential treatment is being meted out to such old Travelling Ticket Examiners on different Divisions?

(i) Are Government aware that this anomaly in the procedure on the various Divisions is going on for the last 30 months and the employees from whom the house rent allowance is being withheld, have made repeated representations to higher authorities, but the Administration have not been able to meet their grievance during the last 30 months?

(j) Are Government prepared to take up with the Agent, North Western Railway, and with the Chief Accounts Officer of that Railway the question of allowing the house rent allowance in the case of some employees and disallowing it in the case of others?

(k) Do Government propose to ask, for the information of this House, the Chief Accounts Officer of the North Western Railway to explain the reasons for this differential treatment?

Mr. P. B. Rau: (a) and (b) The Agent, North Western Railway, reports that before the 1st August, 1928, Ticket Collectors were held to be eligible for free quarters or house rent allowance in lieu but Travelling Ticket Examiners were not held to be so eligible. The exact grounds for this decision are not traceable, but probably the reason may have been that there is no necessity for Travelling Ticket Examiners to reside in any particular locality whereas it is desirable that the ticket checking staff at a station should live near the station.

(b) Government have no reason to believe that this was the reason.

(d) and (e). Under the revised rent rules which were introduced on the North Western Railway in 1928 those who were in receipt of free quarters before the introduction of the rules continued to be eligible for free quarters so long as they were holding posts, which, under the previous rules, entitled them to free quarters.

(f) The answer is in the negative.

(g) to (k). I have called for certain information and will lay a reply on the table in due course.

OPTION GIVEN TO THE OLD TRAVELLING TICKET EXAMINERS, NORTH WESTERN RAILWAY, OF CHOOSING THE OLD SCALE OF PAY.

311. **Shahid Sadiq Hasan:** (a) Will Government please state whether by their recent decision to give the option to the old Travelling Ticket Examiners of choosing the old scale of pay it is contemplated to retain the old strength of the higher posts in the old cadre as an opening for their promotions in that cadre?

(b) If so, will Government please state whether they approve the policy of the North Western Railway in appointing outsiders, such as military pensioners, etc., and thus decreasing the chances of promotions of old Travelling Ticket Examiners to higher grades in their old scale which is now being restored to them?

(c) Is it a fact that there are rules framed by the Administration that the pension *plus* civil pay of an employee should not exceed his military pay?

Mr. P. B. Rau: (a) This question has not been considered yet.

(b) I cannot readily see how this question can arise since no outsider will be appointed on the old scale.

(c) I am informed that the Administration has framed no special rules relating to the pay of military pensioners in the employment of the railway; such cases are regulated by article 526 of the Civil Service Regulations.

PROVISION OF *DURRIES* IN THE OFFICE ROOMS IN THE SECRETARIAT BUILDINGS, NEW DELHI.

312. **Pandit Satyendra Nath Sen:** (a) Is it a fact that *durries* were provided by the Public Works Department for all the office rooms in the Secretariat buildings, including the office of the Director General, Posts and Telegraphs?

(b) What was the reason for the provision of *durries*?

(c) Is it a fact that they have since been taken away from the office of the Director General, Posts and Telegraphs? If so, have *durries* been taken away from the office rooms of any other office of like status in the Secretariat buildings, such as Railway Board, Auditor General, etc.? If not, why not?

(d) Have *durries* and costly carpets been similarly taken away from the rooms of the officers of the office of the Director General, Posts and Telegraphs? If not, why not?

The Honourable Sir Frank Moyce: (a) Yes, on payment by the Director General of Posts and Telegraphs.

(b) They were supplied as one of the amenities usually found in furnished rooms.

(c) As regards the first part, certain of the *durries* were worn out and unserviceable. They were therefore removed and replaced by matting, an arrangement which is regarded as satisfactory by those concerned. As regards the second part, Government understand that in certain cases the *durries* have been removed and when necessary, replaced.

(d) The reply is in the negative as the *durries* and carpets in question have not yet become unserviceable.

HOLIDAYS FOR MAHALAYA IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

313. **Pandit Satyendra Nath Sen:** (a) Is it a fact that the Bengali Hindu clerical staff of the office of the Director General, Posts and Telegraphs used to get a holiday for Mahalaya, when the office was in Calcutta?

(b) Is it a fact that they were not deprived of that holiday ever since the office was removed to Delhi?

(c) Is it a fact that as usual the staff of that office had submitted this year an application in time for the grant of the holiday on Mahalaya which fell on the 19th September last to enable them to perform the religious ceremonies?

(d) Is it a fact that that application was not submitted at all to the Director General for his orders by the official responsible for doing so?

(e) Is it a fact that the staff had to submit a telegraphic prayer to the Director General in Simla as the last alternative?

(f) Is it a fact that due to the telegram being delayed in transit, or for some other reasons, it did not reach the Director General in time to enable him to consider the prayer of his staff?

(g) Is it a fact that thus the staff was deprived of the holiday and was, therefore, unable to perform the religious rites fully, as enjoined by their Shastras?

The Honourable Sir Frank Noyce: (a) Yes, since the day in question is a gazetted holiday in Bengal, though not in Delhi.

(b) Leave has in the past been granted subject to arrangements for the conduct of urgent and immediate work and on the condition that those who might not be observing the holiday should attend office.

(c) Yes, on the 15th September.

(d) It is not usual to submit applications for special holidays to the Director General in Simla but to the senior officer present in New Delhi. The usual procedure was followed on this occasion.

(e) A telegram was sent by the Hindu staff at 17-20 hours on the 18th which reached Simla after 6 P.M.

(f) The telegram was received late but the Director General upheld the orders of the senior officer at Delhi.

(g) The facts are not as stated by the Honourable Member. The senior officer present in New Delhi permitted the Hindu staff who would be performing the ceremony to be absent until 2 P.M. It was not found possible to let off all the Hindu clerks as the Legislature was then in Session.

OFFICE HOURS OF THE DEPARTMENT OF INDUSTRIES AND LABOUR AND ITS ATTACHED OFFICES.

314. Pandit Satyendra Nath Sen: (a) Is it a fact that the staff of the Department of Industries and Labour, including its Attached Offices, has been ordered to attend office at 10 in the morning during the Council Sessions? If so, what are those Attached Offices?

(b) Has the staff of any other Government of India office been similarly ordered to attend office at 10 in the morning? If not, why has a different case been made out for some of the offices?

(c) Has the approval of the Home Department been obtained in making the said deviation from the usual practice? If not, why not?

(d) Has the staff of the Department of Industries and Labour, including that of the Attached Offices, attending office at 10 in the morning been allowed to leave office at four in the afternoon? If not, why not?

The Honourable Sir Frank Noyce: (a) Yes. The Attached Offices are the Offices of the Director General, Posts and Telegraphs, and Director of Civil Aviation.

(b) Yes.

(c) No.

(d) No. The attention of the Honourable Member is invited to the reply to Mr. S. C. Mitra's starred question No. 1305 relating to office hours.

CONDITIONS OF ELIGIBILITY FOR ADMISSION TO THE MINISTERIAL SERVICE EXAMINATION.

315. Pandit Satyendra Nath Sen: (a) Will Government be pleased to state whether it is a fact:

(i) that the Notice dated the 25th March, 1933, issued by the Secretary Public Service Commission, and the Application Form for the Ministerial Service Examination held in July, 1933, prescribed the conditions of eligibility so far as outside candidates were concerned;

(ii) that nothing specifically was mentioned about the conditions of eligibility of Government servants who were already in permanent Government employ?

(b) If the answer to part (a) (ii) above be in the negative, will Government please quote the relevant extract from the rule or rules which conveyed clear instructions on the point?

(c) With reference to the reply given on the subject, in answer to the supplementary question to starred question No. 825, dated the 12th September, 1933, is it a fact that the question of wastage of time stands in the way of Government in looking into these applications for refund of fees?

(d) If so, will Government please state how much time is likely to be taken if the enquiries are confined to these particular cases alone?

(e) Do Government propose to reconsider the matter, and refund the fees in these isolated cases alone? If not, why not?

The Honourable Sir Harry Haig: (a) (i) and (ii) and (b). Paragraph 8 of section A of the notice laid down the conditions of eligibility for all candidates, whether external or departmental, other than those to whom Section B was applicable. It was prominently stated in large type in the application form that candidates must see that they are eligible before filling up that form or paying the examination fee into a treasury, that no relaxation of any of the conditions prescribed will be made in any case and that the fee will not be returned under any circumstance whatever.

(c), (d) and (e). Since the Notice and the application form in connection with the Ministerial Service examination held in July, 1933, were clear and unambiguous, Government do not propose to pursue the matter further.

VACANCIES IN THE GRADE OF SUB-HEADS IN THE EAST INDIAN RAILWAY ACCOUNTS DEPARTMENT.

316. **Pandit Satyendra Nath Sen:** (a) Will Government be pleased to state the number of vacancies in the sub-head's grade, whether permanent, officiating, or temporary, that occurred in the East Indian Railway Accounts Department from April, 1933, to date together with the number of the following classes of staff who were promoted to these vacancies:

(i) reverted sub-heads; (ii) clerks who had passed the Appendix 'D' or 'E' Examination or Part II of the Railway S. A. S. Examination; (iii) other classes of staff?

(b) Is it a fact that in terms of the Controller of Railway Account's letter No. 77-E./31/CRA/III, dated the 20th July, 1932, 50 per cent. of the vacancies in the sub-head's grade are to be reserved for the clerks referred to in (a) (ii) above?

(c) Is it a fact that not to speak of promotion to the sub-head's grade, even promotion to the grade of clerks Class I is being denied to these clerks in the East Indian Railway Accounts Department?

(d) Has it been decided that a clerk who is entitled to promotion to the grade of sub-head, is at the same time ineligible for promotion to the next lower grade of clerks Class I?

(e) If not, will Government be pleased to state whether there was any such interpretation of rules? If so, by whom?

Mr. P. R. Rau: The information required by the Honourable Member is being collected and will be laid on the table when received.

DUTIES PERFORMED BY THE LOWEST GRADE CLERKS IN THE EAST INDIAN RAILWAY ACCOUNTS DEPARTMENT.

317. **Pandit Satyendra Nath Sen:** (a) Is it a fact that in the East Indian Railway Accounts Department lowest grade clerks are made to discharge the duties of clerks Class I without any extra remuneration for prolonged periods?

(b) Will Government be pleased to state the total number of such clerks at present of the Railway Administration?

(c) Do Government propose to regularise the matter either by giving some remuneration to the clerks or by putting only Class I clerks against Class I posts?

Mr. P. R. Rau: (a) With the exception of five posts promotions have been made to all vacancies in the grade of clerks Class I. Arrangements have also been made to fill the remaining five vacancies.

(b) and (c). In view of the reply to (a) above the questions do not arise.

SENIORITY OF THE EAST INDIAN RAILWAY AND OLD OUDH AND ROHILKHAND RAILWAY STAFF.

318. **Rai Bahadur Lala Brij Kishore:** Will Government be pleased to state if they are in a position now to give the information promised in reply to my questions put on the 12th September, 1933, No. 818 and several other questions of the same date?

Mr. P. R. Rau: Government are awaiting certain information in regard to some of the questions and a reply will be laid on the table of the House as soon as practicable.

JHATKA IN RAILWAY PREMISES.

319. Shaikh Sadiq Hasan: (a) Will Government please state if *jhatka* is permissible in railway quarters?

(b) If not, will Government please enquire if *jhatka* cases were reported at Khanewal and Montgomery railway sheds?

(c) Did any *jhatka* hawker ever visit the Khanewal Shed quarters and was the matter reported by certain Muslim employees?

(d) Is *jhatka* meat available for sale in Khanewal Mandi?

(e) If the reply to (d) be in the affirmative, will Government please state why a provision pass was issued for Lahore to bring *jhatka* meat for the Hindu Refreshment Room at Khanewal by the Railway Administration?

(f) Was it proved during the course of Montgomery enquiry that *jhatka* did occur within the Railway premises?

(g) If so, what action was taken against the men found guilty?

Mr. P. R. Rau: (a) and (b). Any laws which there may be as to *jhatka* will have been enacted by Provincial Legislation and Government have no information.

(c) to (g). Government have no information.

RECRUITMENT OF MINORITY COMMUNITIES ON THE NORTH WESTERN RAILWAY.

320. Shaikh Sadiq Hasan: (a) Will Government please state when the orders for the recruitment of minority communities were issued?

(b) How many appointments, temporary or permanent, were made in the Multan Division of the North Western Railway since the issue of orders mentioned in (a) above?

(c) How many Hindus were appointed in comparison to Muslims and members of other minority communities?

Mr. P. R. Rau: (a) The instructions to State Railway Administrations in regard to the policy of Government in the recruitment of subordinate railway establishments were issued in Railway Board's letter No. 2395-E, dated the 23rd May, 1929.

(b) and (c). Government regret they are not prepared to supplement with figures for individual offices or Divisions the information in regard to communal representation in railway services which is given in the annual Administration Report of Indian Railways.

CLASSIFICATION OF POSTAL RECORD SUPPLIERS AS SUPERIOR SERVANTS.

321. Seth Liladhar Chaudhury: (a) Is it a fact that record suppliers attached to the Offices of Heads of Postal Circles were granted the scale of Rs. 45—4—85 and are treated as inferior servants and as such are on retirement entitled to fixed pension of Rs. 4 per month?

(b) Is it also a fact that the same scale of pay is sanctioned for Head Postmen, Overseers, Branch Postmasters, Record Munshis in Government

Telegraph Office, Record Sorters in Railway Mail Service and Lower Division Clerks, etc., employed at first class stations in the Postal Circles, but that unlike Record Suppliers, they are classed as superior servants and get half of their pay as pension on retirement?

(c) Is it a fact that certain Record Suppliers of the Punjab Circle Office represented to the Director General, Posts and Telegraphs in July, 1929, praying that they may be classed as superior servants and that after prolonged exchange of correspondence for about four years they were finally in Director General's memo. No. S.-244/1, dated the 26th January, 1933, informed that owing to adverse financial conditions the proposal under consideration was dropped?

(d) Are Government prepared to reconsider the question and class the Record Suppliers as superior servants?

The Honourable Sir Frank Noyce: (a) The facts are as stated by the Honourable Member except that the pay of the staff mentioned varies according to the locality in which they are employed. The scale of Rs. 45—4—35 is the scale of pay of such staff employed at Lahore and Lucknow.

(b) Yes.

(c) Yes.

(d) The question of classifying Record Suppliers as superior servants had been under consideration together with the case of other classes of inferior servants drawing the same scales of pay. As the scheme involves considerable expense it was not possible to pursue it in the present unfavourable financial conditions. Government will again consider the question when the financial position permits.

NON-APPOINTMENT OF HINDU SUPERINTENDENTS IN THE PESHAWAR AND DERAJAT POSTAL DIVISIONS.

322. Seth Liladhar Chaudhury: Is it a fact that no Hindu Postal Superintendent has held charge of the Peshawar and Derajat Divisions for years past? If so, will Government be pleased to state reasons for debarring Hindu Superintendents from holding charge of these two Divisions?

The Honourable Sir Frank Noyce: The reply to the first part of the question is in the affirmative. As to the second part, Hindu Superintendents are not debarred from holding the charges mentioned, nor are such posts filled as a rule on communal considerations but conditions in these two Divisions are exceptional.

GRIEVANCES OF THE EMPLOYEES WITHIN THE COMPETENCE OF THE HEAD OF A POSTAL CIRCLE.

323. Seth Liladhar Chaudhury: (a) With reference to the reply of the Honourable Sir Frank Noyce to Bhai Parmanand's question No. 984 on 16th September, 1933, will Government please state what exactly is meant by saying that the matter which is within the competence of the Head of the Circle does not require an answer on the floor of this House?

(b) If Government are not prepared to vouchsafe answers to such questions, what measures do Government propose to take to redress the grievances of the employees who are within the competence of the Head of the Circle and in which no action is taken by that officer?

The Honourable Sir Frank Noyce: (a) If the Honourable Member will refer to the reply alluded to he will find that it is nowhere stated that "the matter does not require an answer on the floor of the House".

(b) No allegation was made in Bhai Parma Nand's question that any officer competent to deal with the complaints referred to failed to take suitable action after they had been brought to his notice; and in consequence Government did not consider that any action on their part was necessary. Government servants are allowed liberal opportunities of representing their grievances through the proper official channel if they desire to do so and when no such representations have been received by Government and no allegations are made of failure of duty on the part of their officers Government are not prepared to call for reports on matters with which responsible subordinate officers are fully competent to deal.

APPOINTMENT OF DRAFTSMEN AND CLERKS IN THE DELHI TELEGRAPH ENGINEERING DIVISION.

324. Seth Liladhar Chaudury: Is it a fact that four temporary or officiating posts of draftsmen and clerks were created during 1932-33 and 1933-34 in the Delhi Telegraph Engineering Division and three out of the four were filled up by Muslims and the fourth by a Sikh (all members of minority communities)? If so, will Government kindly state the reasons why Standing Orders to the effect that every third vacancy should be given to a member of minority community were not followed?

The Honourable Sir Frank Noyce: The facts are not exactly as stated by the Honourable Member. One temporary clerical post was created in 1933 in the office of the Divisional Engineer, Telegraphs, Delhi, and this, which was a third vacancy, was given to a Muslim by reservation on communal considerations. One temporary post of draftsman for building works was created in 1932 and the sanction was renewed in 1933, and a similar additional temporary post was created in 1933; the first post was held in turn by two Muslims and the second by a Sikh, and these appointments were made on merit. There are no standing orders that the recruitment of members of minority communities is to be restricted to third vacancies, irrespective of merit.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

325. Mr. S. G. Jog: (a) Has the attention of Government been drawn to letter No. A./18/195/29, dated the 8th November, 1933, of the Officer Commanding, 10/6th Rajputana Rifles, Nasirabad?

(b) If so, will Government please state if the conclusions were arrived at in consultation with the pension sanctioning authorities?

(c) Are not the principles accepted by Government in their orders on Recommendation Nos. V, VI, VII, XXI of the War Pensions Committee, in respect of attributability, reconsideration of rejected claims, arrears, and re-examination of claims, respectively, intended to apply generally, unaffected at all by decisions, in pre-committee period, either of (i) one or more Medical Boards, or of (ii) one or more offices including that of the Government of India, under paragraph 202 of the Pensions Regulations for the Army in India?

(d) If the reply to part (c) be in the affirmative, what steps do Government propose to take to effect justice in matters of this category?

(e) In what way the disability referred to in part (a) above does not fall under recommendation No. V. of the Committee?

Mr. G. E. F. Tottenham: Enquiries about questions Nos. 325 to 329 have been instituted and replies will be laid on the table in due course.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

†326. **Mr. S. G. Jog:** (a) Has the attention of Government been drawn to letter No. G.-3/2292, dated the 10th October, 1933, of the Deputy Controller of Military Pensions, Lahore, and state whether the acceptance by Government of Recommendation No. V of the War Pensions Committee is intended to include only disabilities occurring on field service, to the exclusion of those occurring on foreign service during the Great War?

(b) If so, what are their reasons for such a view?

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

†327. **Mr. S. G. Jog:** (a) Has the attention of Government been drawn to letter No. G.-3/5188, dated the 17th November, 1933, of the Deputy Controller of Military Pensions?

(b) If so, will Government please refer to their orders on recommendation No. III of the War Pensions Committee, and state whether they do not intend to admit appeals in cases of asthma, sciatica, epilepsy, insanity, etc., and in which cases, fresh Medical Boards, by examining the individual once or twice, on a particular date, had declared that the individual was not suffering from any disability, either on the date of his discharge previously ordered by a competent Board as unfit for further service during the War, or on the 1st January, 1922, the date with effect from which the new disability pension rules were brought in force, and on which the same percentage of the disability is taken to exist as on the date of invalidment for the purpose of giving benefit of the 1922 rules?

(c) Do Government not recognize the principle, as has been done by the Ministry of Pensions Medical Review, given on page 315 of the Official History of the War, that certain diseases that are latent at certain times, emerge in appreciable intensity after indefinite periods of varied length?

(d) Will Government please state the principle under which fresh Medical Boards have been certifying disabilities as in part (b) above?

(e) In the light of the view as stated in part (c) above, what justification is there for the findings as in part (b)?

(f) In what way do Government feel justified in disallowing appeals of the category mentioned in parts (a) and (b) above, under the phrase "professional aspect of the case" occurring in Government orders on Recommendation No. III of the War Pensions Committee?

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

†328. **Mr. S. G. Jog:** (a) Has the attention of Government been drawn to letter No. 75/152, dated the 19th May, 1931, from the Officer Commanding, Indian Military Hospital, Lucknow, to the Officer Commanding, 2/7th Rajput Regiment (P. A. V.)?

†For answer to this question, see answer to question No. 325.

(b) If so, will Government please state the reasons for not accepting the certificate for the attributability of death to military service granted by the Officer Commanding Indian Military Hospital, in that letter?

(c) Will Government please state the principle, under which pneumonia, on field, or in peace, arising out of (i) one's exposure to cold on duty, (ii) as a result of complications of some disease arising on field or foreign service otherwise attributable to service or (iii) due to one's confronting sudden changes in climates on account of movements undertaken by orders, has been regarded as not attributable to service?

(d) What is the view of the Ministry of Pensions in this respect? Have they been disallowing family pensions on account of deaths arising out of pneumonia?

(e) Have the cases of the families of the British personnel and officers of the Army in India who died of pneumonia been held as inadmissible for pensions?

(f) Do the Recommendations No. V and VIII of the War Pensions Committee and the orders of Government thereupon exclude the consideration of deaths due to this disease?

(g) If not, will Government please refer to letter No. B.-26398 (A.G.-14), dated the 27th November, 1933 of the Adjutant General's office, and reconcile it with their policy to be adopted now? Does not the definition for the term 'attributable to military service' in paragraph 414 of the Medical Regulation for the Army in India, cover pneumonia?

(h) If it does, how is it that no death amongst Indian ranks on account of pneumonia, has so far been held as attributable to military service?

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

†329. **Mr. S. G. Jog:** (a) Has the attention of Government been drawn to letter No. G.-3/3329-A., dated the 24th October, 1933, from the Deputy Controller of Military Pensions, to the Officer Commanding 5/6th Rajputana Rifles, Aurangabad?

(b) If so, will Government please state whether the Orders of Government on Recommendations No. VI and VII are not intended to apply to claims already disposed of by the Army Department. Government of India, in the light of the principles and practice contained in their statements laid on the table of this House from time to time?

(c) In what way such claims are being considered by the Deputy Controller of Military Pensions as not falling under the recent orders on Recommendations No. VI, VII and XXI?

(d) What do Government propose to do to mitigate grievances of this kind?

†For answer to this question, see answer to question No. 325.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

330. Mr. S. G. Jog: Will Government please state the principle under which claims to appropriate higher rates of pension on account of a substantial increase in the disability as a result of its original cause, admissible in 1922 and 1927 Pension Regulations, have been declared time-barred under A. I. I. 53 of 1932?

Mr. G. R. F. Tottenham: Government are not aware of any case of the kind mentioned by the Honourable Member.

GRANT OF DISABILITY PENSION TO CERTAIN PERSONS INVALIDED DURING THE GREAT WAR.

331. Mr. S. G. Jog: Will Government please refer to their answer to question No. 1498 (e) of the 29th November, 1932, and state the principle under which periods of investigation of family pension claims, ranging between two to five years are not discounted for the purpose of granting arrears, the maximum limit of which has been fixed at five years including the period of investigation which may itself extend to five years or longer?

Mr. G. R. F. Tottenham: Claims to family pensions are never time-barred. The limit of five years applies only to those cases in which the explanation for the delay in submitting a claim is not satisfactory.

PERMANENT APPOINTMENTS HELD BY INDIAN CHRISTIANS IN CERTAIN OFFICES

332. Rao Bahadur M. C. Rajah: Will Government be pleased to state whether any Indian Christians hold permanent appointments in the following offices?

- (i) Imperial Council of Agricultural Research;
- (ii) Office of the Assistant Military Secretary (Personal);
- (iii) Engineer-in-Chief's Branch;
- (iv) Judge Advocate General's Branch;
- (v) Medical Directorate;
- (vi) Military Secretary's Branch;
- (vii) Office of the Private Secretary to His Excellency the Viceroy;
- (viii) Office of the Military Secretary to His Excellency the Viceroy;
- (ix) Legislative Department;
- (x) Central Board of Revenue.

(b) If not, do they propose to give any permanent appointments to them?

(c) Are there any other Departments where this community has not so far been represented? If so, do Government propose to direct that future vacancies be given to this community in those Departments as well?

The Honourable Sir Harry Haig: (a) Of the offices mentioned, an Indian Christian is at present holding a permanent appointment in the Legislative Department.

(b) and (c). As already explained by me in the answer given to the Honourable Member's starred question No. 936 on the 15th September,

1933, it is not possible to secure the representation of all minority communities in all offices, particularly those the staff of which is small. Government do not therefore consider it necessary to issue any special instructions of the kind suggested by the Honourable Member.

THE RESERVE BANK OF INDIA BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Reserve Bank of India Bill.

The question is:

"That clause 9 stand part of the Bill."

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

"That in sub-clause (1) (a) of clause 9 of the Bill, for the word 'five' the word 'eight' be substituted."

The Bill, as drafted, contemplates to have eight members for the Local Boards: five of them will be elected by the shareholders and three nominated by the Central Board. One of the chief objects aimed at thereby is to create more or less a kind of electoral colleges for electing Directors to the Central Board: at any rate that is one of the chief objects.

Mr. President (The Honourable Sir Shanmukham Chetty): Is the object of this amendment to increase the number of Directors?

Mr. K. P. Thampan: No, not Directors, but members of the Local Board. So it is advisable to widen the electorate as much as possible in regard to the election of Directors to the Central Board. With regard to other functions that are allotted to the Local Boards also, it is highly desirable that all interests should be represented in the Local Board. In all the provinces you have got the commercial interests, the agricultural interests, the banking interests and the co-operative interests and many other interests that might require representation on the Local Boards. My object in moving this amendment is that the representatives of these various interests should find a place in the Local Board through the channel of election, and that can be achieved only if the number of elected members of the Local Boards is made eight instead of five.

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

"That in sub-clause (1) (a) of clause 9 of the Bill, for the word 'five' the word 'eight' be substituted."

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I beg to support this amendment, but for entirely different reasons. I substantially support the arguments advanced by my friend, Mr. Thampan, that we want the representation of various interests on these Local Boards; but, in addition to that, I would urge another

argument and that is this. We have already decided that the election should be an indirect election, but I maintain that the election of two persons out of five will lead to jobbery. I illustrated it on the floor of the House the other day, and I don't like to repeat it as we are hard pressed for time, but I shall mention the case of only one election which I could not illustrate fully on the last occasion; and I am afraid if this amendment is not accepted, we are likely to have the same kind of elections to these Local Boards. I have in mind the case of an election in a University. There were five Fellows, out of whom the Master died, and the Four Fellows sat down together to elect the Master. One of them was the senior, but was not very competent, the second was the most competent man, while the other two were neutral. When they assembled the seniormost man was voted to the Chair, and the neutral man naturally proposed the most efficient man to be elected as the Master. The Chairman voted for himself and he got the second vote of the person who was really most competent. He did not vote on account of his modesty for himself. The two neutral men really voted for the most efficient man, with the result that there were two votes on each side, and the President gave a casting vote in his own favour. He got a double vote in his favour first as a member and then as President. He thus got himself elected without securing any impartial vote. If you elect two persons out of five, then cases of jobbery will arise, and even if all the five are present, it is possible for two of them to lure the third man by offering him very good prospects of his being made a substitute Director to attend two meetings on behalf of one candidate and two meetings on behalf of another candidate, and also the prospect of being given three persons of his own liking so that he may become the king of the Local Board. I am afraid, the electoral college you have created for indirect election to elect two persons is hopelessly small. It will work in a hopeless manner. If one person absents himself, then two persons can combine and can always get themselves elected. Therefore, if you really want that there should be *bond fide* elections, if you really want that efficient men should be elected and scheming persons should be kept out, it is very necessary that the Local Board should be sufficiently large, that is to say, eight persons to elect two is not a very big thing. Therefore, the proposal of my friend is very reasonable, because, if it is not accepted, you better not have any election at all, but put anybody you like as a Director.

The second argument which has a very important bearing on this question is, one register will have about four or five provinces, and still we have to represent so many different kinds of interests, agriculture, commerce, and so forth; then there will be minority interests, there will be this interest and that interest to be represented, and I think it will be very difficult to find room for the representation of all these interests. So, I say that the Local Boards should be sufficiently large so as to include in them all the various interests, and, therefore, I ask that in order that the elections should be made real and not a farce or jobbery, the number of members should be increased as suggested in the amendment. I strongly support this amendment.

The Honourable Sir George Schuster (Finance Member): Sir, I must oppose this amendment. We have all listened, I am sure, with great interest, to my friend's educational reminiscences, and I have wondered myself whether he perhaps personally was that most competent but unfortunately modest man who refused to vote for himself. I think there

[Sir George Schuster.]

is a good deal of misapprehension on this matter. My friend has spoken about these Local Boards as electoral colleges. They are not electoral colleges at all. They are intended to be Local Boards which, as the Bank develops, we hope, will have increasingly important functions to perform. Inasmuch as the Boards are small and consist only of five elected members, we come very near to that principle of direct election which my friend himself advocates. If he now wishes to enlarge the Board to eight, he will not secure an adequate electoral college, but on the other hand, he will make the election much more indirect than it would be otherwise. For that reason I should have expected to find my friend opposing this amendment. Sir, it would be, we think, undesirable to have Local Boards consisting of as many as 11 members. Five members would be adequate with the possibility of adding three more by nomination in order to ensure that interests which have not secured representation by election should come in. It was a carefully thought out proposal, and I see nothing to commend my friend's amendment.

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

"That in sub-clause (1) (a) of clause 9 of the Bill, for the word 'five' the word 'eight' be substituted."

The motion was negatived.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam Non-Muhammadan Rural): Sir, I do not propose to move my amendment No. 116.

Mr. K. P. Thampan: Sir, I don't wish to move my amendment No. 13 in the Supplementary List.

Mr. Lalchand Navalrai (Sind Non-Muhammadan Rural): Sir, I know that there will be opposition to my amendment No. 117, and so I don't move it. No. 118 is consequential. Sir, and so I don't want to move this also.

Dr. Ziauddin Ahmad: Sir, it is only a question of re-drafting the whole thing, and so I don't like to move my amendment No. 121, but I would like to speak on the next motion, one man one vote.

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member wish to move his next amendment, No. 122?

Dr. Ziauddin Ahmad: Yes, Sir, that is very important.

I beg to move:

"That in sub-clause (2) of clause 9 of the Bill, the words 'as holding five shares', in the fifth line, be omitted."

Will you permit me to move another amendment, that is, No. 124, because Nos. 122 and 124 go together. One has no sense without the other.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member can take the verdict of the House on No. 122 as a test vote. Then if he succeeds in persuading the House to accept No. 122, he can simply move No. 124 as a consequential amendment.

Mr. K. P. Thampan: Sir, I have also tabled a similar amendment. The amendment will be complete only if these two items are taken together.

Mr. President (The Honourable Sir Shanmukham Chetty): Honourable Members must have given it in a different form. The Chair understands the point now. It must really run as follows:

"In sub-clause (2) of clause 9 of the Bill, the words 'as holding five shares', in the fifth line, be omitted."

and also these words mentioned in amendment No. 124.

The Honourable Member may move it as one amendment.

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

"That in sub-clause (2) of clause 9 of the Bill, the words 'as holding five shares', in the fifth line, and also the words 'and each shareholder so registered as having more than five shares shall have one vote for each five shares, but subject to a maximum of ten votes' be omitted."

The intention of this amendment is that one person must have one vote; that is, we want to avoid the plurality of votes, that is, a person must not exercise two, three or four votes up to a maximum of ten votes. I said last time that the number of actual voters would be between 850 and 550. It has been said that we want to establish a democratic institution, but certainly the institution which we are establishing is just the opposite. In each register the number of persons who will actually record their votes for the election of the electoral college, that is, your Local Board, will not exceed 850 to 550, and, if the House accepts my amendment, the number would be increased. The intention of this whole Reserve Bank is not to put the power in the hands of a few capitalists. The intention is really to make it a national institution for the people of India, but, if you diminish the number of actual voters, then the position will be an exceedingly difficult one, and I think that in no national institution should richness be at a premium. A person, because he is poor, should not be given less privileges than a person who is rich, and, I think, when a person becomes a shareholder, everybody should be treated in the same manner. When I begin to visualise the whole of the Shareholders Bank as is drafted here, the picture is something very peculiar. I will draw a picture when we come to the third reading of the Bill. I think the picture will be very similar to the hideous picture of beauty drawn by an artist in the manner described by poets. If you draw a picture according to the poets' ideas of beauty, it will be something very hideous. As an illustration one poet said:

*"Log keh te haen keh tere bhi kamar hai
kahan ko hai, kidhar hai, kis taraf hai."*

That is, the idea of beauty is that the person should have no waist and loin at all. Then the artist drew up a picture of a person having his body divided into the upper half and lower half and both of them were joined together by means of a very fine wire so that the loin may be reduced practically to nothing. (Laughter.) The same is the case with this Reserve Bank Bill. By the time all these clauses have been accepted, and I am sure the Finance Member having votes in his pocket will have them passed, I will draw up a picture and ask you in the end whether you have a Bank, a business institute, or an academic institution, or what; and it will come out to be something which is practically nothing. That is a thing which I reserve for the third reading of the Bill. With these words, I move my amendment.

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

"That in sub-clause (2) of clause 9 of the Bill, the words 'as holding five shares', in the fifth line, and also the words 'and each shareholder so registered as having more than five shares shall have one vote for each five shares, but subject to a maximum of ten votes' be omitted."

Mr. K. P. Thampan: I have great pleasure in supporting this amendment. As I said, I have given notice of a similar amendment myself. There are two issues involved in this amendment. The one is disabling shareholders who have got only one share from taking part in elections. When you once reduce the value of a share from Rs. 500 to Rs. 100, there is no meaning in precluding a man who holds only one share from voting at a meeting of the shareholders. He is as much interested in the policy of the Bank as any other shareholder. You may as well keep the share-value at Rs. 500. The Joint Select Committee having agreed to reduce the value of a share to Rs. 100, there is no meaning in disabling a person holding one share from exercising his right of vote. The other issue is that, despite the fact that one might hold several shares, he is restricted to one vote. The Bill, as drafted, gives a man 10 votes in the maximum, and the principle that Dr. Ziauddin and I advocate is that, whatever the number of shares one might hold, he should exercise only one vote or, in other words, one man one vote. That is what we aim at. That principle was accepted by the Government in 1928. In the Bill which Sir Basil Blackett introduced, you will find that clause 15 is worded thus:

"Any shareholder shall be entitled to attend and vote at any general meeting and no shareholder, whether present in person or voting through another shareholder as proxy, shall have more than one vote."

This provision has been adapted from the constitution of the Bank of England, because, I find in the Bank of England Act, it is stated as follows:

"... and holders of Bank Stock of amount not less than £500 present at the meeting, may give one vote and no more."

There are several Central Banks in Europe wherein the votes are restricted in this manner. I do not propose to refer individually to all of them just at present. What I mean to say and insist on is this: to make the constitution of the Bank as democratic as possible within the limits of its constitution—and that is our aim—we should restrict the number of votes to one for one man, whatever the number of share that he might hold in the Bank.

Mr. N. M. Joshi (Nominated Non-Official): As this is the first occasion on which I speak on this Bill, I should like to make it clear that my taking part in the debate will not be construed as my approving the principles of this Bill. I shall make my position as regards the principles of the Bill clear on a later occasion; but so far as this amendment is concerned, it has my fullest sympathy. The creation of a body of shareholders for the Reserve Bank is not mainly intended to provide capital for the Reserve Bank. The amount of capital that will be provided by the shareholders will indeed be very small compared to the total capital which will be at the disposal of the Reserve Bank. It will, therefore, be admitted that the main purpose of creating a body of shareholders is not to provide capital, but it is alleged that it will facilitate the creation of a non-political body of

Directors. I do not agree that what is called a non-political body of Directors is necessary for a Reserve Bank. There is no case for excluding what I might call a politician from the Reserve Bank, but still, admitting for the sake of argument that your object is to create a body of non-political Directors by means of creating an organisation of shareholders, you will have to admit that that is the main object, and if that is the main object, I do not know why a shareholder who has ten shares should have more votes than a shareholder who has only one share. After all, the interests that are affected by a Reserve Bank are not the interests of the shareholders alone. The interests of the whole population in this country are going to be affected by the activities of the Reserve Bank. The currency policy of the Reserve Bank is going to affect every one. I, therefore, think that so long as there is no case made out that the shareholders of the Reserve Bank will really suffer more substantial losses than the other people who are not shareholders, there is no case for giving more votes to the holders of a large number of shares. I think if it is admitted that the activities of the Reserve Bank will affect the interests of all classes of people in this country, then the first thing necessary to obtain is to see that the interests of the people as a whole will be protected. Unfortunately, if you in the first place create a body of people who have got large amounts of money to be invested and if you leave the management of the Reserve Bank into the hands of people who represent this body, there is a great danger of the interests of the people as a whole being adversely affected. It is wrong in the first place to have no Reserve Bank Directors elected by the shareholders. That itself is a wrong and you are now intensifying that wrong by suggesting that those people who have got larger number of shares should have larger number of votes. I, therefore, think that if the object of Government is to create a body of non-political Directors, and it is for that object that they have created a body of shareholders, then there is absolutely no justification for giving a larger number of votes to those people who hold a larger number of shares.

An Honourable Member: The amendment is one man, one vote.

Mr. N. M. Joshi: I am supporting the amendment. Then, I am also in favour of reducing the amount of the share which qualifies a man to vote from Rs. 500 to Rs. 100. I do not know why a man should be given a share of Rs. 100 and refused any voice at all. I cannot understand that.

An Honourable Member: To waste votes.

Mr. N. M. Joshi: I tell you what the object is. It is not to waste votes. The object is to get money from people who are not wealthy and not give them any voice. The poor man's money is welcome, but not his opinion. That is the object of the Government. There is untouchability, but there is no untouchability as regards money which comes from the untouchables. It is absolutely wrong and Government should think a little more and change their policy. I, therefore, support the amendment.

Mr. Bhuput Singh (Bihar and Orissa: Landholders): I also support the amendment moved by my Honourable friend, Mr. Thampan. The whole principle of the Bill, as Government thought, was that the Bank should be free from political influence and, for that reason, they made the Bank a Shareholders Bank and not a State Bank. Now, that principle has been accepted by this House and I think the next thing, required to be done will be to free the Bank from the domination of a few and, for that reason, they have reduced the value of the shares from Rs. 500 to Rs. 100. It is

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essential that every shareholder should have a vote, irrespective of the number of shares held by him, as in that case a large number of votes may not become sterile. Further, the right of every shareholder to a vote will be a great inducement to a large number of the masses to purchase shares of the Reserve Bank. I also support the amendment for other considerations. If this amendment is adopted, there may be a great demand for shares from among the masses for whom we often hear so much advocacy on this side of the House. It has been said by a majority of the Members of this House that means should be adopted by which the agriculturist or the rural population may come forward to purchase shares, and this is only possible if they know that every shareholder of one share has a vote, as that will be a great stimulus to them to come forward to invest their small capital. The dividend has been fixed at a maximum of 6 per cent. which is not much inducement for the small investors, but when they would know that they have got a vote and, though it has an indirect control over the management, they will come forward to take shares. Then, again, by giving each shareholder a vote, we will achieve our object of neutralising the evil prospect of the dominant control by a small coterie of capitalists or political parties. I cannot understand why Government are so insistent that only the capitalists should be allowed to have a voice in the management of the affairs of the Bank. The other day an amendment was moved by my friend, Mr. Mitra, about the limitation of the holding of shares by any individual and that was not accepted by the Government, and was only defeated by one vote. The necessity for this amendment is more felt. I think the evil effect of domination would be minimised, if not altogether removed, if we give every shareholder only one vote. With these words, I support the amendment.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadian Rural): Sir, I rise to support this amendment. The principle of "one man, one vote" is really a democratic principle and ought to be followed in the constitution of this Bank. Although I do not subscribe to the view that, as the value of a share has been reduced to Rs. 100, therefore, a number of agricultural and other people will come forward to purchase shares, but, at the same time, I think that if one man is given one vote, then the accumulation of votes will not take place. The millionaires will not have any inducement to purchase a large number of shares and thus have the voting strength in their own hands. Moreover, the fear entertained by some persons that persons from the dominions and other foreign countries will take up the shares and will thus secure a dominating voice in the management of the Directorate of the Reserve Bank will also be minimised. The Honourable Member who has just sat down said that this side of the House wanted to limit the holding of each individual. This object will also be automatically realised, and, for all these reasons, Sir, I support the amendment on the principle that one man should have only one vote.

The Honourable Sir George Schuster: Sir, this is one of those issues which arise in connection with this Bill on which it is quite possible to take differing views, and if we were to sit and discuss this measure for two or three years, I feel certain that Honourable Members would still be found ready to support some difference to the conclusion which had been reached. My Honourable friend, Dr. Ziauddin Ahmad, has said that it is not our intention, or at any rate not his intention, to put the affairs of the Bank into the hands of a few rich people. Sir, the intention really

is to provide an electorate which will ensure the election of the best men and the most representative men as Directors, and we have to consider what type of electorate will best do that. Now, our scheme is an attempt to achieve a balance between differing considerations. On the one hand, we have tried to make the electorate wide; on the other hand, we have put in a qualification which will ensure that those who exercise their votes will be men of some substance at least. I think we have been very modest in our demands as regards the latter qualification.

My Honourable friend, Mr. Bhuput Singh, just said that we do not want to put the affairs of this Bank only in the hands of big men. I submit that a man who is able to purchase Rs. 500 worth of shares is not a very big man. We have avoided extremes,—we have avoided, for example, extremes such as we find in the case of the Bank of France where only the two hundred largest shareholders in the Bank are able to take part in the General Assembly. That is an illustration in a very extreme form of insisting upon the qualification that the voters should be men of substance. We have gone a very long way to meeting the type of argument that has just been advanced. When this matter was being discussed in London, the proposal which held the field was that the only men who could vote would be men who held Rs. 2,000 worth of shares or more. In London, we discussed that very fully and we reduced the voting qualification to Rs. 1,000. In our Select Committee discussions here, we have gone still further and reduced the voting qualification to Rs. 500. I submit, Sir, we have gone far enough in that direction. What we felt was that the very small man who can only afford to put Rs. 100 as an investment into this Bank will be the type of man who does not understand very much about banking affairs and the type of man who is much more likely to be influenced by scheming Directors or scheming persons anxious to secure election. If we put the qualification up to Rs. 500, we do, to some extent, diminish that danger. Now, a good deal has been made of the point that it is unreasonable to have a share of Rs. 100 and to fix the voting qualification at Rs. 500. But the idea in our minds in making that proposal was that the shares in the Reserve Bank would be a desirable form of investment, and we wanted to open the opportunity to even the least wealthy class to put a little money into the Bank as an investment. It is not because, as my Honourable friend, Mr. Joshi, suggested, of our wanting the poor man's money. On the contrary, we want to give the poor man the opportunity for investment. But we do not think that for that reason it is necessary to bring down the voting qualification to as low as Rs. 100. The poor man might perhaps have Rs. 100 to put into the Bank and then, as time goes on, he may be able to increase his investment and gradually let it accumulate until he has Rs. 500. In any case, after a very great deal of thought and discussion, we think, and the majority of the Select Committee thought, that this scheme represents the best sort of compromise we could arrive at in order to provide, as I have said already, an even balance between the various considerations. One of the Honourable Members, who have spoken, stated as his object that he desired to avoid the sterilisation of a number of voting rights. Sir, I think this proposal runs a great risk of sterilising the voting rights still more. It would mean that no one, however many shares he held, could exercise more than one vote. I do not know and my Honourable friend, Dr. Ziauddin Ahmad, has not given us any calculations as to what this would mean as regards the actual voting rights, but I should be very glad if he would sit down and work out that

[Sir George Schuster.]
 little problem. (Laughter.) I think we might find that it resulted in a considerable diminution of the voting rights. In any case, as I have said, this is a scheme by which we feel we must stand, and we must resist any further efforts to diminish the voting qualifications. I, therefore, oppose the amendment.

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

"That in sub-clause (2) of clause 9 of the Bill, the words 'as holding five shares', in the fifth line, and also the words 'and each shareholder so registered as having more than five shares shall have one vote for each five shares, but subject to a maximum of ten votes' be omitted."

The Assembly divided:

AYES—28.

Abdul Matin Chaudhury, Mr.
 Azhar Ali, Mr. Muhammad.
 Bagla, Lala Rameshwar Prasad.
 Bhuput Sing, Mr.
 Dutt, Mr. Amar Nath.
 Harbans Singh Brar, Sirdar.
 Hari Raj Swarup, Lala.
 Ismail Khan, Haji Chaudhary
 Muhammad.
 Jadhav, Mr. B. V.
 Joshi, Mr. N. M.
 Krishnamachariar, Raja Bahadur G.
 Lalchand Navalrai, Mr.
 Mahapatra, Mr. Sitakanta.
 Mitra, Mr. S. C.

Neogy, Mr. K. C.
 Parma Nand, Bhas.
 Patil Rao Bahadur B. L.
 Phookun, Mr. T. R.
 Raghbir Singh, Rai Bahadur
 Kunwar.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Sen, Mr. S. C.
 Shafee Daoodi, Maulvi Muhammad.
 Singh, Mr. Gaya Prasad.
 Sitaramaraju, Mr. B.
 Thampan, Mr. K. P.
 Uppi Saheb Bahadur, Mr.
 Ziauddin Ahmad, Dr.

NOES—55.

Abdul Aziz, Khan Bahadur Mian.
 Ahmad Nawaz Khan, Major Nawab.
 Anklesaria, Mr. N. N.
 Ayangar, Mr. V. K. A. Aravamudha.
 Bajpai, Mr. G. S.
 Bhore, The Honourable Sir Joseph.
 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.
 Ismail Ali Khan, Kunwar Hajee.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Lee, Mr. D. J. N.
 Mackenzie, Mr. R. T. H.
 Macmillan, Mr. A. M.
 Metcalfe, Mr. H. A. F.
 Millar, Mr. E. S.
 Milligan, Mr. J. A.

Mitter, The Honourable Sir Brojendra.
 Morgan, Mr. G.
 Mujumdar, Sardar G. N.
 Mukherjee, Rai Bahadur S. C.
 Noyce, The Honourable Sir Frank.
 O'Sullivan, Mr. D. N.
 Pandit, Rao Bahadur S. R.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Raisman, Mr. A.
 Rajah, Rao Bahadur M. C.
 Ramakrishna, Mr. V.
 Rau, Mr. P. B.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan Gakhar,
 Captain.
 Singh, Kumar Gupteshwar Prasad.
 Singh, Mr. Pradyumna Prashad.
 Sinha, Rai Bahadur Madan Mohan.
 Smith, Mr. R.
 Studd, Mr. E.
 Suhrawardy, Sir Abdulla-al-Māmūn.
 Tottenham, Mr. G. R. F.
 Trivedi, Mr. C. M.
 Wilayatullah, Khan Bahadur H. M.
 Yakub, Sir Muhammad.
 Yamin Khan, Mr. Muhammad.

The motion was negatived.

Mr. Lalchand Navarai: Sir, I move:

"That in sub-clause (2) of clause 9 of the Bill, all the words occurring after the words 'to a maximum of ten votes' be omitted."

Sir, by reading out my amendment, it is not clear what it is exactly that I want. (Laughter.) It is, therefore, necessary for me to read to the House the portion of the Bill which I want to be deleted.

Sir, at present the Bill aims at giving the maximum of ten votes to a shareholder. It is further said in that sub-clause that it will be "subject to a maximum of ten votes, and such votes may be exercised by proxy appointed on each occasion for that purpose, such proxy being himself a shareholder entitled to vote at the election and not being an employee of the Bank". I think my amendment is now clear to myself as well as to the House. The point is that I am against the system of proxy to be introduced into this Reserve Bank election. At present what will happen will be this, that a shareholder, having a few shares of his own, of course more than five shares, may be able to elect, at the time of the election, for the members of the Local Board, any member with the help of proxy votes. In my humble opinion, this proxy system, which no doubt exists in certain institutions, has outlived its usefulness. There should be direct election, but not in this indirect manner. I must say that I possess no stories or any anecdotes to attract the attention of the House to my amendment, but the reasonableness of my amendment is such that Honourable Members cannot avoid listening to me. Sir, what I mean to say is this, that this amendment should not be given a light-hearted treatment. This is an important amendment and if you give a thought to it, you will find out that if this amendment is not accepted, then this Reserve Bank will not be a national institution, but it will be a rich man's institution. By this proxy system, a rich man can have several votes in his pocket and, at the time of the election, he will see that a particular man whom he wants to be a member of the Local Board is elected. The disadvantages of this proxy system I give concisely. I feel that this system will lead to a mischief and also to fraud. It is the desire of every one in this House that a national element should be introduced into this Reserve Bank institution and that the shareholders, who do not take the trouble of going to give votes, should be educated and that those who are indifferent should be made to take an interest in these elections. How are you going to educate them if you allow them to remain negligent and transfer their right to others? Therefore, from an educational point of view, if you want to make the Reserve Bank a success, you should make the masses know that they have certain powers in their hands which they should exercise cautiously and judiciously. Against that view the point that may be urged is as to how it could be expected that so many men will go to long distant places to cast votes? Sir, that, of course, is a little difficulty. But, I say, it should be overcome. Those, who are negligent and who do not want to personally exercise their votes, may not go, but those who wish to exercise their vote should know to whom they are giving their votes. Supposing a man takes a proxy from another voter and goes to the polling station, what guarantee is there that he would give his vote to the proper man for whom he has taken the proxy? How is the shareholder, who has given the authority to vote by proxy, to know whether he has abused his confidence, and what remedy has he against such a betrayal? Therefore, I submit, it is necessary that the vote should be direct. It might be said that there are institutions in

[Mr. Lalchand Navalrai.]

which votes are being given by proxy and, therefore, why should that practice not be followed also in the case of the Reserve Bank institution? If we take the instance of foreign countries and find the proxy system prevailing there, we will find also certain limitations and restrictions placed against a proxy being accepted. Here it is a blank cheque given in this Bill. I understand there are some limitations to the proxy system even in the Imperial Bank, but I speak subject to correction. I understand that during the elections for the Imperial Bank, at the time of the division the proxies are not taken into consideration; but it is only when a poll is asked that the proxy votes are considered.

Mr. B. V. Jadhav: That is the system everywhere.

Mr. Lalchand Navalrai: I do not know whether that system will be followed here. I find there is absolutely no restriction to proxies in the Reserve Bank and this can be exercised without any hindrance or obstruction. If it be said that the number of shareholders, would be very large, and, from that point of view, the proxy system would be useful, the reply lies in the simile of the elections to the Assembly and Provincial Councils. The vote there is not given by proxy at all. How many voters have we got when we go to the poll for election? My friend by my side here tells me that in his constituency he has got 33,000 voters.

Mr. N. N. Anklesaria (Bombay, Northern Division: Non-Muhammadian Rural): How many polling stations?

Mr. Lalchand Navalrai: I know, that in the legislative elections the votes are given in each district. There is no doubt about that, but that could be easily arranged by rules. It is not impossible to do away with the proxy system. Sir, I submit that the votes which will be given by proxy will have a deleterious effect and the sooner the system is stopped, the better. If it is really the intention of Government that this Reserve Bank should be a national institution in which the shareholders should have a supreme hand, then it should be a pure election and not an election which leads to these mischiefs and frauds. Sir, I submit that these points might be considered by the House in a dispassionate manner and given due consideration, and I hope I will get sufficient support from the House. Sir, I move.

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

"That in sub-clause (2) of clause 9 of the Bill, all the words occurring after the words 'to a maximum of ten votes' be omitted."

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadian Rural): Sir, it is not very pleasant for me to rise to oppose an amendment moved by my amiable friend, Mr. Lalchand Navalrai. I shall take one by one the points which he has made out against the proxy system. Firstly, as to his general observation against proxy, I think my friend will remember his younger days: and if we had not this system of proxy in college for purposes of attendance, I think many of us would not have been here. (Laughter.) In spite of having attended lectures by this proxy system and at times living several hundred miles from the precincts of the College, we have been able to pass examinations. If that be so, I do not think it

can do much harm if this right of voting is exercised by proxy. My friend has said that this is a very important amendment and I thought he would be able to give us reasons for thinking so

Mr. Lalchand Navarai: Perhaps you did not hear me.

Mr. Amar Nath Dutt. My friend does me an injustice when he says that I did not hear: I followed his arguments very attentively and I have taken notes. The one thing that struck me was that the learned Mover of the amendment said that in a national institution there should not be any proxy. I fail to understand, if a proxy is not good for one institution, how it can be good for other institutions and how it can be tolerated elsewhere, be it national or anti-national or unnational or non-national. I could not exactly understand that because the Reserve Bank is a national institution, why there should not be a right to vote by proxy. In fact the right to vote by proxy takes away much of the difficulties in the matter of voting and in the matter of the exercise of the right of voting both by the man who has that right and also by the man who wants to get the advantage from that right. It does away with the necessity of a man taking unnecessary and long journeys. He has also pointed out that there may be fraud or betrayal of trust. I beg to submit that we need not fear on that account. If I can trust my friend that he should be my proxy at a certain place, certainly I will have ample faith in him that he will exercise the right of proxy in such a way as I intend that it should be done.

Mr. Lalchand Navarai: You may not find such a friend.

Mr. Amar Nath Dutt: I have at least one friend here in the Mover of the amendment. One other argument was advanced. It was said pointing to a Member from Madras that he has 38,000 voters and still there were no difficulties in getting the votes. But I would like to know the percentage of voters that attended the polling station. I have also 48,000 voters in my constituency and 440 polling stations and I know the difficulty and I think my friend sitting by him also knows the difficulty of sending agents to all these 440 polling stations. In fact, if it were possible to have votes recorded by proxy system in these elections, I would welcome that, and I think my Honourable friend will also welcome it

Mr. Lalchand Navarai: I will not. .

Mr. Amar Nath Dutt: My Honourable friend must be a very strange man who does not want something to his own advantage.

Then he says that we should proceed with the consideration of this matter cautiously: and if there be any difficulty in the matter of bringing together voters, that should be overcome. I do not know how it can be overcome unless you are satisfied with a less percentage of votes being recorded.

I would submit one other advantage of the proxy system for consideration and that is this: it may be that I am not willing to go far or to incur the trouble and expense of a far off journey; at the same time, I feel that such and such an individual should be elected and that my vote should be cast in his favour. By that mandate, if I can send a voter to

[Mr. Amar Nath Dutt.]

vote by proxy for me in that election, I secure my own right of voting as also the interests of the Bank. Every one interested in the welfare of the Bank will have the right: his right is not taken away in any way. I do not see what harm will accrue by his being allowed to vote in this way. Then, again, my friend has said that in various other countries where there are proxies, there are certain limitations. What sort of limitation it is, our friend has not enlightened us. I find a certain limitation here and it is this: "such proxy being himself a shareholder and entitled to vote at the election". Therefore, none but shareholders will be entrusted with the right: and there is another limitation that he should not be an employee of the Bank. In view of all these, I beg to submit that I have been able to convince my learned friend, the Mover of the amendment, for whom I have the highest regard for his patriotism and outspokenness, and I hope he will withdraw the amendment which will hardly make the Bank more national if it is accepted. I oppose the amendment.

Rao Bahadur B. L. Patil (Bombay Southern Division: Non-Muhammadan Rural): Sir, I do not object to the principles on which this amendment is based; but I am very doubtful whether the learned Mover of this amendment took into consideration the practical effects that this amendment, if accepted, would produce. At any rate it is certain that all the mufassil holders of shares will be prevented from coming to the places where the polling will be held. We know that in other elections the voters are generally very unwilling and they will have to be moved after giving them several hopes and several inducements. (Laughter.) That being the case, it is within our own experience that, unless some easier method is introduced, it is not possible to get a sufficient number of voters at the polling stations. On behalf of the voters residing in the countryside, I should like to appeal to this House that, if this amendment is accepted, certainly we will be giving a walk-over to the candidates who are residing in the places where the elections take place. Therefore, for this simple reason, I am compelled to oppose this amendment.

Dr. Ziauddin Ahmad: Sir, I do not want to intervene in this debate except for two reasons: in the first place, the last two speakers made a confusion between written votes and proxies. If written votes were allowed, their objects would be served. In the case of proxy, it is an entirely different thing. You not only give your votes, but you put your conscience in the hands of a person holding the proxy. So my friend, Mr. Navalrai, does not object to the exercise of written votes, but he objects to putting shareholder's conscience in the hands of a certain person who may use it to his own advantage, and against the wishes of the voters. Sir, the chief point to which I want to draw the attention of the House is,—I am sorry my friend, Mr. Bajpai, is not here, but he will probably read what I say,—I have been pressing very hard that in all educational institutions 75 per cent. of the attendance rule should be done away with. It is an Indian academic fiction, and here I have got a clear example and a frank assertion by my friend that the lectures are attended by proxies. If that is the case, it is much better that we introduced purity in our educational institutions and do away with the rule of 75 per cent. attendance, so that the attendance of lectures by proxies may not be practised, and unfortunately it is being practised to a large extent. Sir, if attendance of students by proxies at lectures can be justified, why should not the

lecturers deliver their lectures by proxies, and, if this rule of proxies is good enough in educational institutions, it can be good enough in any other institution. If this proxy system had been practised in this Assembly, the position of opposition would not have been so bad as they are today. With these words, I strongly support the motion.

The Honourable Sir George Schuster: Sir, after the speeches which have been made, I feel so sorry for my friend from Karachi that I wish that I could find it in my heart to support him. But, Sir, I feel, on its merits there is no case for this amendment. It appears to us that the man who is likely to be damaged by omitting the right to exercise a vote by proxy is rather the poor man than the rich man, for surely it is the poor man who will be unlikely to be able to spare the time and money to attend the meetings and not the rich man. Sir, on these grounds and also on grounds that have been so ably voiced by other speakers, I must oppose this amendment.

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

"That in sub-clause (2) of clause 9 of the Bill, all the words occurring after the words 'to a maximum of ten votes' be omitted."

The motion was negatived.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Sir, the amendment that I propose is very simple and explains itself. I do not want that proxies should be given either to the employees of the Bank or a Member of the Local Board or a Director. Therefore, I move:

"That at the end of sub-clause (2) of clause 9 of the Bill, the words 'or a member of a Local Board or a Director' be inserted."

That would prevent outgoing members of Local Boards and Directors canvassing and getting proxies from various shareholders in the mufassil and thereby very considerably influencing the election. It is only for the purity of election that I have suggested this inhibition against obtaining proxies. Sir, I move.

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

"That at the end of sub-clause (2) of clause 9 of the Bill, the words 'or a member of a Local Board or a Director' be inserted."

Mr. B. V. Jadhav: Sir, I support this amendment.

The Honourable Sir George Schuster: Sir, I am afraid I must oppose this amendment. What we feel is that in the first place it is hardly likely

[Sir George Schuster.]

to be of any great practical use, because the outgoing Director, if he wishes to canvas votes, will not find it difficult to get proxies on his behalf, and apart from that, we feel that it is somewhat unreasonable to prevent an outgoing Director, or a sitting Director rather, who wishes to stand for re-election to prevent him from getting proxies but to allow the man who wishes to stand against him and come in as a new Director to collect proxies and hold them on his own account. We do not see why there should be any favour shown to one of the candidates because he happens not to be a sitting Director, and not to the other who happens to be a sitting Director. On that ground of principle and also on the ground that it really would be very unlikely to have any practical effect, I would oppose my friend's amendment.

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

"That at the end of sub-clause (2) of clause 9 of the Bill, the words 'or a member of a Local Board or a Director' be inserted."

The motion was negatived.

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

"That to sub-clause (2) of clause 9 of the Bill, the following proviso be added:

'Provided that no proxy shall be allowed to represent more than ten shareholders at any one meeting'."

Sub-clause (2) of clause 9 of the Bill, as it has emerged from the Select Committee, is one of the most obnoxious clauses in the whole Bill, and, in the whole sub-clause, the latter portion may be said to have reached the climax of anti-nationalism. The Honourable the Finance Member, who belongs to a nation of real democrats, conceived and framed the sub-clause in the best possible way and introduced the same in this House, but I regret very much to say that in the Select Committee he, unfortunately for the Indian poor man, came across big capitalists and wealthy financiers and unconsciously played into their hands. The Joint Select Committee had given absolutely no reason for introducing this proxy system. In the Bill of 1928, proposed to be introduced into this House by Sir Basil Blackett, another level headed statesman from a really independent country did not think of this obnoxious proxy system, and so this idea of shareholders being represented by proxies originated when the members of the Select Committee came in contact with probably the representatives of the Imperial Bank of India where this system, as we have all heard from Mr. Pandya, has worked marvellously to the great advantage of rich men. It may be argued that a large number of Central Banks in other countries have got this system, and so that system was introduced in the Indian Central Bank's constitution. But is there any Central Bank in the world where a man can represent unlimited number of shareholders as proxy? If that is the system in the Imperial Bank of India or in some other Exchange Banks in India where poor men are treated like cats and dogs by rich men, should that be an ideal to our national Reserve Bank? Let

me give the House some illustrations of what the system is in the other great national Banks in the world:

The Austrian National Bank .	A proxy is entitled to a maximum of 100 votes as such.
The National Bank of Belgium	No one person can exercise more than five votes as shareholder and five as proxy.
The National Bank of Copenhagen	No one either on his own behalf or as proxy or as both shall cast more than fifty votes.
The Bank of Estonia	The same.
The Bank of Greece	As proxy not more than fifty votes.
National Bank of Hungary	Not more than 100 either on his own account or as proxy.
Bank of Italy	No one either as proxy or on his own account can have more than 50 votes in all.
Bank of Japan	No one can have more than ten votes as proxy for others.
Netherlands Bank	Proxies allowed but under no condition more than six.
Bank of Poland	No shareholder may have more than one proxy.

So, even in these countries where the inhabitants are highly educated and cultured, independent-minded and well to do, there are sufficient restrictions on proxies.

Sir, the Select Committee have made much of the fact that an employee of the Bank has been excluded from exercising this power. What personal undue advantage will an employee gain by this power? He won't stand a candidate for membership of the Local Board. It is only a shareholder who may stand as a candidate for election who may gain advantage out of it. A rich shareholder who wants to be in the Local Board can easily spend a few thousand rupees by sending about agents throughout a centre to collect proxies for himself or a few rich shareholders joining hands can easily collect between themselves almost all the votes in a centre through proxies, form into a coterie and control a Local Board and thereby the Central Board as well easily. I am not making a hypothetical proposition. Any one who has been through elections will agree with me. Official Members, of course, may think it hypothetical. So, I say again, at the risk of repetition, that this Bill is conceived and framed by rich men for their own advantage so that a new and very powerful handle for oppressing the poor may be in their hands. Are we here to pass this Reserve Bank Bill to make the Bank a dumping ground for the rich? Certainly not. By using the word "rich" I do not mean the honest rich. They will never spend lots for getting into the Local Boards. They are quite welcome. I mean only the dishonest rich who will try to get into the Local Board with some ulterior motive.

[Mr. Sitakanta Mahapatra.]

Sir, I was personally connected with the Provincial Co-operative Bank of Patna. This obnoxious proxy system is in force there. The Registrar of Co-operative Societies, Bihar and Orissa, is always authorised to act as proxy for most of the shareholders without ever seeking for it, and the result is that, in every General Meeting, it is the Registrar who actually selects the Directorate. I may here, with your kind permission, read a portion of a letter from the Secretary of the said Bank. He says:

"The amendment suggested by you in sub-clause (2) of clause 9 of the Bill has obvious advantages. There are many instances in the Annual General Meetings of commercial institutions where one or two persons represent a majority of the shareholders of those companies by proxy at their Annual General Meetings and carry everything before them. In order to prevent a similar recurrence in the meetings of the Reserve Bank shareholders, it is necessary that the proxies should not be allowed to represent more than ten shareholders. This provision is all the more necessary in view of the fact that the shareholders of the Reserve Bank will be very much more widely distributed than shareholders of an ordinary commercial institution."

Sir, I will give you another illustration. The Ravenshaw College Old Boys' Association was, a few months ago, asked to elect a fellow to the Patna University Senate. This body consists of a very highly cultured, educated and independent electorates. But then this vile proxy system is prevalent there. What happened? One of the candidates who happened to be in the Governing Body of the College could manage to get the list of voters only two days ahead of his rivals, three in number. In these two days he could secure so many proxy forms that at the actual voting, although all the three of his rivals joined hands, he was far ahead of them.

Sir, there is another danger in unlimited proxy system, which is that a member of a Local Board can always easily lay his hand on the list of voters at least three months ahead of others. With this advantage, he can manage to secure sufficient number of proxy forms in his favour to secure a walk over. Sir, I am not making a hypothetical proposition. This will happen as the sun rises on the east.

Sir, to those of the Honourable Members in this House who represent millions in India, I beg to appeal to very seriously consider the gravity of the situation—whether they want to hand over the financial destiny of India to a coterie of a few designing rich persons or make it a really national institution. Sir, we have failed in limiting possession of shares; we have failed in our attempts to democratise the institution. If we fail in this our last attempt, the independence of the institution will be gone. It will only serve as the dumping ground of a few rich men living in advantageously central places.

Sir, to the Honourable the Finance Member, I beg to say that neither he nor his illustrious predecessor, neither the so-called great Mughal nor even the Government of India, were a party to this obnoxious system. A true son of the great British nation cannot think of such a bad thing. I appeal to his good sense to make the institution, for which his name will be written in letters of gold in the history of India, a truly national institution and not a sham one, so that our posterity may remember him with love and admiration. Sir, I move.

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

"That to sub-clause (2) of clause 9 of the Bill, the following proviso be added:

'Provided that no proxy shall be allowed to represent more than ten shareholders at any one meeting.'

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muham-madan): Sir, my heart goes out to my young friend from Orissa (Laughter) who has just moved this amendment, and I wish it were possible for me to support this motion. But, as a member of the Select Committee, I feel I should oppose it. In the concluding portion of my friend's observations, I understood him to say that, if the Finance Member could have only agreed to the deletion of the proxy system, his name would be handed down to posterity and recorded in letters of gold as the author of a Bank which was so beneficial to the interests of the country. If this is the only reason, I should ask my Honourable friend to agree to the elimination of the proxy system so that his name may be recorded in history in letters of gold. On the merits of the motion also I find that my Honourable friend from Orissa, who is an acquisition to this House, has a rather weak case, because in the first place the proxy system obtains in almost all the civilised countries of the west. In Europe, you will find that the proxy system, whatever may be the restrictions that may be imposed upon the exercise of the system, obtains in almost all the national Banks of those countries. (*An Honourable Member*: "But it is limited.") Here also, in the present Bill, we have imposed certain restrictions on the exercise of the right of proxy. My Honourable friend will see from the concluding portion of this sub-clause (2):

"and such votes may be exercised by proxy appointed on each occasion for that purpose, such proxy being himself a shareholder entitled to vote at the election and not being an employee of the Bank."

So, there is some sort of restriction on the exercise of the proxy system. Probably my Honourable friend means to say that there is no limit as to the number of proxies which a shareholder may be allowed to have. If this is his meaning, I quite sympathise with the object which he has in view. But there is another matter to be considered. India is a very vast country as compared to the countries of Europe. We have lowered the value of a share from Rs. 500 to Rs. 100 each, and it is expected that a large number of people, people of average means, would be able to buy these shares. These people would be scattered over a vast area, and it will be impossible for most of them to undertake long journeys to the places where the elections are held. So we thought in their own interests that it would be right and proper if the system of proxy were to be introduced, and that is why this system has been introduced. It is in their interest, rather than in the interest of the rich people who can easily afford to undertake long journeys, and it is strange that my Honourable friend who has just spoken should find fault with those who are in favour of the proxy system. There is not, I think, much force in what he said and with all my inclination to support him, I find, in this particular case, I am unable to do so.

Mr. N. M. Joshi: Sir, I rise to support this amendment. My Honourable friend, Mr. Gaya Prasad Singh, said that people who had got Rs. 100 were poor people and that they would not be able to go to the place where the voting took place. In the first place, a man who invests only Rs. 100 has no vote. My friend, Mr. Gaya Prasad Singh, has deprived him of his vote. Therefore he need not talk of a man with one share. It is only the man who can invest Rs. 500 that has got a vote. It is not absolutely necessary that a man should either go to the headquarters of the province to vote or give his vote by proxy. There are several other methods by which direct elections take place. You can vote through the post office,

[Mr. N. M. Joshi.]

you can go before a Magistrate and sign before him and record your vote and send it by post. As a matter of fact, in my province at least the elections for the University are held by post and the numbers are not smaller than the number of voters in the provincial centre of a Reserve Bank. Thousands of voters give their votes in the Bombay University. They number between 5,000 to 10,000. The number of voters for the Reserve Bank are not likely necessarily to be larger. Therefore, you can devise some method of direct election by which the coming of the voter to the headquarters of the province may be avoided. You can ask the man to sign before a Magistrate or a J. P. and ask him to post his vote. That is done in the University election.

Mr. Gaya Prasad Singh: How are the Magistrates? They are only at sub-divisional headquarters?

Mr. N. M. Joshi: Even that may be avoided. If a man has sufficient money to invest Rs. 500, he can certainly afford to go before a Magistrate or J. P. I see no difficulty at all. I think there is great objection in this method by voting by proxy. The objections have been stated very clearly and, unless the Government of India really want the Reserve Bank to go into the hands of a few rich people who send out canvassers to compel people to vote in their favour, they should certainly not adopt the system of voting by proxy. Even if he votes before a Magistrate, the man is not free to vote as he likes, because the canvasser will sit behind him. Still it gives him some facility to vote independently. . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The present amendment deals with the maximum that is permissible by proxy.

Mr. N. M. Joshi: I was talking about the principle of voting by proxy. I am, therefore, in favour of the amendment.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): I support this amendment. Those who have got experience of democratic companies in Bengal, which were established during the Swadeshi period, namely, after 1905, and where the shareholders practically are as large as the number of shares, know how this system, unless a maximum is fixed, is used by one party or another to the detriment of the company. I know of a company, in which I took very great interest, where the number of shareholders was more than 10,000. Two parties contested the election and one of them got about five thousand proxies and the other party about two or three thousand. That is how things are done. Only the other day I went to Benares in connection with a matter like this, where the proxies of one person amounted to about one thousand. In these circumstances, I think there ought to be some limit to the number of proxies held by one person, and I support this measure.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): I must congratulate the Mover of this amendment for having put forward his case so very ably. Some such restriction is absolutely necessary, because a Director or a member of the Local

Board will be in a position to get the names of all the voters at a much earlier period than it is possible for others and he will be in an advantageous position to go about canvassing for votes and get most of the votes before his rival candidate can get hold of them. Hence there will be a perpetuation of the Directors when once they come in. In order to avoid such a situation, my friend, Mr. Mudaliar, moved his amendment No. 127, but, that having been defeated, it is necessary that more than ten votes should not be exercised by proxy. You cannot prevent the evil completely, but this amendment would minimise the evil and there is a chance for those who are not already Directors or members of Local Boards to be elected. With regard to the difficulty pointed out by my friend, Mr. Gaya Prasad Singh, that has already been answered by my friend, Mr. Joshi, who said that it was only the man with five shares who could exercise his vote and he would be in a position to go to the nearest Magistrate to record his vote. On these grounds, I support this amendment.

The Honourable Sir George Schuster: My heart goes out to my old friend from Muzaffarpur (Laughter) for having thrown a little light on this question and also for having saved me a good deal of my task in replying. I can understand the position taken up by my Honourable friend, Mr. Joshi, who is against the use of proxies altogether, and I would say this to him. If, in practice, it is found that this system works in the way he fears, then it will certainly be for Government to try and devise some other way of working these elections of Directors. But our whole object

I P. M. was to try to follow the usual practice and I would ask him to realise this—that the voting for the election of Directors is a different thing to voting for other elections. When the shareholders get together at a General Meeting, there will, I imagine, be certain business put before the General Meeting, there will be an occasion for them to hear how the affairs of the Bank have been going, and so on, and you cannot reproduce all those features if you arrange for a series of disconnected voting stations all over a large area. It remains to be seen how this thing works in practice. Now, as regards this particular amendment, I think my Honourable friend, who moved it, would have made his statement more effective if it had not been marred by a good deal of over-statement. It is ridiculous to talk of this Bank as “a dumping ground for rich men” and to use phrases of this kind. For my part I must at once disclaim any of the credit which he has given me, and indeed abandon any expectation of having my name inscribed in letters of gold for any service which I have done in this matter. The fact that the method of voting by proxy was not mentioned was not due to any virtue or the staunch support of democratic principles; it was simply due to an oversight and that oversight was, I am glad to say, corrected by the Select Committee, who pointed out that we had made no provision for the exercise of votes by proxies at elections to the Local Board. I think the Select Committee have improved the measure by making that addition. Sir, we are trying this system of voting by proxy, and, if that system is introduced, I do not believe that limiting the number of proxies, that can be held by any one man, will defeat the scheming rich man whom my Honourable friend has in mind. He would certainly be able to find other people to hold proxies on his behalf. I am, therefore, quite convinced that any provision of this kind would be ineffective. We stand on the provisions of the Bill as they are now before the House, and I must oppose this amendment.

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

"That to sub-clause (2) of clause 9 of the Bill, the following proviso be added: 'Provided that no proxy shall be allowed to represent more than ten shareholders at any one meeting.'"

The motion was negatived.

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

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

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

"That clause 10 stand part of the Bill."

Diwan Bahadur A. Ramaswami Mudaliar.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I move:

"That sub-clause (1) of clause 10 of the Bill be omitted."

I may say at the very outset that I am in complete sympathy with the underlying object of this provision, that the Directors should only be those who are engaged in agricultural, commercial, financial or industrial activities. My objection is really based on legal grounds. I think the provision is much too vague and may prove harassing to those Directors who are elected if any person takes it into his head to question their qualifications in a Court of Law or other tribunal. I cannot understand how this provision came to be put into this clause in this form. The clause says:

"No person may be a Director or a member of a Local Board who is not or has not at some time been engaged in agricultural, commercial, financial or industrial activities."

I can understand a provision of this kind in connection with the powers of nomination. If the Governor General in Council or the Central Board are given directions to this effect and it is stated that, in nominating members of the Local Board or in nominating Directors, the Governor General in Council or the Central Board should nominate only persons having those qualifications, then the onus of deciding whether they have such qualifications or not is cast on those bodies, and their actions cannot be questioned; but, in the case of elections, if you suggest that these Directors or members of Local Boards should have these qualifications, it would be impossible for the shareholders to test whether they have these qualifications or not. I know that there are provisions in other Central Banks where similar qualifications are prescribed, but you will find that in those cases a preliminary precaution is taken and the candidates are asked to be nominated by certain specified bodies and then the choice is given to the shareholders to choose from among those candidates that are

nominated by those specified bodies. Take the case of Austria, for instance, The Reserve Bank Statute says that nominees to Boards must include a representative of each of the following:

Banking institutions,

Savings Banks,

Industries, Trade, Commerce and Agriculture and Labour,

but, then, how this is worked out is shown by the following provision:

"Three names for each category proposed by representative organs of the professions concerned shall be put forward by the General Meeting of the Board."

You will find similar provisions in the case of Belgium, Esthonia, and a number of other countries. Sir, I move this amendment because I feel that the existence of this provision will at times prove harassing to those Directors or members of a Local Board who are elected and because a shareholder, who is cussed enough not to accept such election, may harass the elected man by moving the Court or other tribunal. Sir, I move.

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

"That sub-clause (1) of clause 10 of the Bill be omitted."

Mr. K. P. Thampan: Sir, may I ask a question? Is there any person out of the three hundred and fifty millions of this country who does not come within the scope of this clause? It is very vague, blissfully vague!

The Honourable Sir George Schuster: Sir, I think there is a great deal in what my Honourable friend has said and it certainly is inconsistent with a good deal that I have said to the effect that provisions of this kind should not be included in the Statute. We did, as a matter of fact, in Select Committee make the clause rather wider than it had been before, but I feel that what my Honourable friend has said certainly deserves serious consideration. The qualification, as it stands, is of very little value, and on the other hand it might exclude a highly desirable individual, such as, for example, a distinguished lawyer who had made a special study of banking, but who, I imagine, would actually be excluded by this clause. As regards the interpretation of the clause, I would remind my Honourable friend that, in clause 57 (2) (b), the Board may make regulations as regards the decision of doubts or disputes about the qualifications of candidates so that the particular difficulty with reference to validity of elections does not perhaps arise. But, as far as we are concerned, if that is the general view of the House—and if any other members of the Select Committee have anything to say, I should like to consider it,—but as far as the Government are concerned, we see at present no objection to accepting my Honourable friend's amendment and if no one else has any views to offer which might induce me to change that attitude, we should certainly accept it.

Mr. Gaya Prasad Singh: Sir, as a member of the Select Committee, I may at once say that I have no objection to the Government accepting this amendment of my friend, Mr. Mudaliar. I should have thought

[Mr. Gaya Prasad Singh.]

with regard to some observations which fell from my Honourable friend that sub-clause (2) (b) of clause 57 would probably clear this point, and which says:

"the final decision of doubts or disputes regarding the qualifications of candidates for election or regarding the validity of elections."

These are prescribed under the rule-making powers. The Central Board will frame certain rules and regulations and one of the rules in this connection will be that the final decision will rest with the Central Board as regards the decision of doubts and disputes with regard to this particular point. But this clause, as it is framed, is really, as has been pointed out by my friend, too vague and comprehensive. As a matter of fact, only lawyers, persons of the medical profession, or engineers and members of some other professions, which I need not specify, are excluded, but this qualification is so comprehensive that it might as well be deleted. Therefore, I have no objection to the deletion of this clause.

Sir Leslie Hudson (Bombay: European): Sir, as a member of the Select Committee, I should like to say that I shall be prepared to support the amendment of my Honourable friend, the Diwan Bahadur.

Mr. President (The Honourable Sir Shanmukham Chetty): But the adoption of this amendment will exclude Mr. B. Das, who is an engineer.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, I do not mind my own exclusion. I am surprised at the dawn of the wisdom to my Honourable friend, Mr. Gaya Prasad Singh, after having taken close interest in the meetings of the Joint Select Committee and considering word by word this particular sub-clause of clause 10. My friend today is so fond of the Central Board that he wants to leave all the powers, to it. Sir, some of us are very anxious that the actions of the Central Board, irresponsible and capitalistic as it is going to be, should be controlled by the Governor General in Council. I cannot understand the reason of all these apprehensions. It is not a new thing. Nobody criticised it when the Bill was being discussed before going to the Select Committee. This clause also found a place in the 1928 Bill. I do not know if it was in the 1927 Bill. So, I cannot understand why these special favours are being shown by my friend, Mr. Gaya Prasad Singh, to the Central Board. We want that the actions of this Central Board should be controlled at every stage. We should not, therefore, provide in the Statute that the Central Board should be endowed with absolute powers to do anything they like, so that their nephews and cousins and partners will come by indirect method of election and nomination to the post of Directors. So, I oppose the amendment.

Rai Bahadur Kunwar Raghubir Singh (Agra Division: Non-Muhammadian Rural): Sir, this clause 10 deals with qualifications and disqualifications of the Directors and the members of the Local Boards. If this amendment proposed by the Diwan Bahadur is accepted, then there will remain no qualification for the Director or a member of the Local Board. The only disqualifications that will remain are to be found in sub-clauses (2), (3), and (4). So, I think it is good that it should remain,

because there are so many qualifications which cover every trade and every commercial, industrial and agricultural activity. So, I think, this sub-clause should remain and, therefore, I oppose the amendment.

Mr. Amar Nath Dutt: Sir, I am surprised to hear from the two previous speakers the remarks they have made. I do not care for the onslaught he has made against a gentleman who happens to come from the same province, but I am surprised that such a clear intellect as that of Mr. Das should have accepted such a provision as sub-clause (1) of clause 10. The very wording is so vague and wide that one can make neither head nor tail of it. I am surprised that, in spite of the presence of Mr. Das in the Select Committee, such a thing found place in the Bill.

Mr. B. Das: I was a State Bank-wala: I was opposed to all this

Mr. Amar Nath Dutt: I see. Sir, the clause runs thus:

"No person may be a Director or a member of a Local Board who is not or has not at some time been engaged in agricultural, commercial, financial or industrial activities."

It says "engaged in agricultural" activities. Now, I do not know what is meant by this phrase. A man may be engaged in agriculture by advancing some money to a man who ploughs the land or he may be engaged in agriculture by keeping the accounts of the amount of paddy that is produced in a particular field, and so on. Does it mean that class of agriculturists? Sir, I cultivate no less than 50 acres of land. I have my servants and my bullocks, and they plough the land for me. Am I an agriculturist or not? I rent out my land to people who cultivate it for me and give me a share of the produce. I would like to know whether I am the agriculturist or they are the agriculturists or both? So, I submit that the phrase "engaged in agriculture" is too vague to find place in any Statute of the Government. Then, again, it says: "engaged in commercial activity". Can I be called to be engaged in a commercial pursuit, because I sell the extra paddy which is grown in my fields? Then comes the phrase "financial or industrial activity". Sir, my financial activities are often shared by my wife and children. Am I and my wife and children to be considered as engaged in financial activities in taking away money from me? Then, again, I fail to understand what is meant by "industrial activity". Every one is industrious. (*A Voice:* "The grinding of paddy.") My friend knows more about the grinding of paddy, but I know that he moves about in motor cars and that he may be called an industrialist. What I submit, therefore, is that the language of sub-clause (1) of clause 10 is so very vague that it should not find a place on the Statute-book and I wholeheartedly support the Diwan Bahadur's amendment for the omission of this sub-clause.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Sir, I think you inadvertently did injustice to my Honourable friend, Mr. B. Das, when you said that he would be excluded by sub-clause (1) of clause 10. Perhaps you will be surprised to hear that he is a banker and also a commercial man, being a member of the Committee of the Federated Chambers of Commerce. Therefore, he will not be excluded under this sub-clause. Nevertheless, I shall be quite prepared to see its exclusion from the Bill for the very good reasons given by my friend, Mr. Amar Nath Dutt.

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

"That sub-clause (1) of clause 10 of the Bill be omitted."

The motion was adopted.

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

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

Mr. President (The Honourable Sir Shanmukham Chetty): The next amendment is No. 133 of Dr. Ziauddin Ahmad. The first part of it is barred and the second part has been postponed for consideration.

Dr. Ziauddin Ahmad: I shall move the second part now.

Mr. President (The Honourable Sir Shanmukham Chetty): So far as the first qualification, disqualifying persons over 65 years of age from being members of the Local Board, the House has already taken a decision on the point of principle. So far as the second portion is concerned, "violates the declaration of fidelity and secrecy", that has been held over, and, therefore, that amendment will not arise now.

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

"That after part (c) of sub-clause (2) of clause 10 of the Bill, the following be inserted:

'(f) has been a Director or a member of the Local Board for two consecutive terms immediately preceding his election or nomination'."

Sir, Honourable Members will remember that a similar amendment moved by Mr. Thampan and Mr. Jog stating that a Director should not serve for more than two terms or should not be a Director for over ten years has been defeated by this House. But this amendment is of quite a different nature. It only precludes a person to stand as a Director or a member of the Local Board for the third time consecutively. That is, if a member has been nominated or elected as a Director for two consecutive terms, then he will be disqualified for standing for election or nomination for the third time consecutively. But if there is an interval of one term, then it does not preclude his being nominated or elected again. That is why my amendment says "for two consecutive terms immediately preceding his election or nomination". The object of this amendment is this. The Honourable the Finance Member opposed the previous amendment that a Director should not continue for more than ten years on the ground that the ripe experience and knowledge of a Director who has already served on the Board for ten years will be lost to the Bank if he is precluded from standing as a Director for the third time. Now, this amendment does not preclude him from standing as a Director or from being nominated as a Director or as a member of the Local Board even

after he has served his period of ten years, but it only requires an inter-regnum of five years to pass. It is because that we feel that a Director, when once he has been elected, will continue to be a Director on account of various reasons. I need not enter into those causes, because various Honourable Members have already spoken on this point how a Director, when once he becomes a Director, manages to continue for a number of years and thus he holds the Directorship in free hold in perpetuity. The House might remember the instance which Mr. Thampan cited of a Director in the U. P. who, when he became a Minister, got his wife elected in his place and thus created a certain amount of free hold in perpetuity.

An Honourable Member: What is the harm?

Mr. T. N. Ramakrishna Reddi: One harm is that it precludes so many other able persons from becoming Directors. My amendment puts the Director to a test whether he continues on account of his ability or he is there on account of some extraneous circumstances such as manipulation of the electorate. If a Director happens to be there for ten years, he cannot stand for the next term, but if he is such an able man and if his knowledge and experience is such an indispensable factor for the Reserve Bank, then naturally he will again be elected as a Director after the lapse of five years. My amendment only puts a break after the end of ten years for any man to continue and thus puts to the test whether he has come to that position by dint of his knowledge or ability or by means of manipulation of the electorate. If he happens to be a Director for ten years and if he happens to be elected for a second time on account of some manipulation of votes, then he cannot become a Director next time and then he loses his seat for ever. But if he is such a capable man, then naturally he will be elected once again after the lapse of five years. This is on the model of the American Presidentship, that a man may stand for the Presidentship only for two consecutive terms. Of course there is no such rule in the Constitution, but it has become a convention from the time of the great Washington that a man cannot stand for the Presidentship for more than two terms. But, after a break of one term, if he is such an able man, no law precludes him from standing for a third time. This amendment is on that model, and hence the Government should see their way to accept it. With these words, I move.

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

"That after part (e) of sub-clause (2) of clause 10 of the Bill, the following be inserted:

'(f) has been a Director or a member of the Local Board for two consecutive terms immediately preceding his election or nomination'."

Dr. Ziauddin Ahmad: Sir, I very strongly and vehemently oppose this particular amendment, because this motion is against the underlying principle of this Bill, and the underlying principle is that a man once appointed as a Director can only be removed by an act of God and not by any law whatsoever. So the idea is that a man once appointed as a Director or elected as a member of the Local Board must hold office for life. That is the principle underlying the Bill and my friend is really upsetting this very principle that human force should not be able to remove such men: that really is against the principle of the Bill: it is only an act

[Dr. Ziauddin Ahmad.]

of God which ought to remove a Director or a member of a Local Board from office and I, therefore, oppose the motion.

The Honourable Sir George Schuster: Sir, my Honourable friend, Dr. Ziauddin Ahmad, has already made my speech.

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

"That after part (e) of sub-clause (2) of clause 10 of the Bill, the following be inserted:

'(f) has been a Director or a member of the Local Board for two consecutive terms immediately preceding his election or nomination'."

The motion was negatived.

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

"That for sub-clause (3) of clause 10 of the Bill, the following be substituted:

'(3) No two persons who are partners of the same mercantile firm, or are Directors of the same private or Joint Stock Company, or one of whom is general agent of, or holds a power of procuration from the other, or from a mercantile firm of which the other is a partner, shall be eligible or qualified to serve as Directors of the Central Board or members of Local Boards of the Bank and as Directors of the Central or members of Local Boards of the Imperial Bank of India at the same time'."

There are two parts in this particular amendment. I am not sure about the second part (Laughter) and that is the reason why I have tried to put it explicitly: that is the real cause why we have already got the words "officer or employee of any Bank". I do not know if the words "any Bank" include the Imperial Bank, because it is possible some such question may arise in future. It may be said that the Imperial Bank is a special Bank created by an Act of the Legislature and controlled by the Legislature, and, therefore, unless there is explicit mention about it, this may be excluded and, therefore, I would like to make it explicit.

The other point which I would like to emphasise is that it is not sufficient to say that no two partners of the same firm can be members of the same Local Board. They ought not to be members of any two Boards whatever they may be, because it is quite possible that information obtained on one Local Board may be communicated to the partner who may be a member of another Local Board. My other argument for moving this motion is this: if these two persons happen to be members of two Local Boards, they may both be elected to the Central Board from the two Local Boards, and, therefore, it will violate some other provision of the Bill. I, therefore, very strongly press my amendment and I hope that the Honourable the Finance Member, who very seldom sees sense in any motion that comes from this side of the House, will at least make an exception in this case that after all we also can do some sensible things. Sir, I move.

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

"That for sub-clause (3) of clause 10 of the Bill, the following be substituted:

'(3) No two persons who are partners of the same mercantile firm, or are Directors of the same private or Joint Stock Company, or one of whom is general agent of,

or holds a power of procuration from the other, or from a mercantile firm of which the other is a partner, shall be eligible or qualified to serve as Directors of the Central Board or members of Local Boards of the Bank and as Directors of the Central or members of Local Boards of the Imperial Bank of India at the same time."

Mr. Bhuput Sing: Sir, I could not understand him when Dr. Ziauddin said that two members of the same firm elected to the Local Board might go to the Central Board: in clause 10(3), it is provided that no two persons, etc., etc., may be "Directors" or "members" of the same Local Board at the same time. The word "Director" is used only for the Central Board and not for the Local Boards: so the question raised by my friend does not seem to arise.

Diwan Bahadur A. Ramaswami Mudaliar: That may be the intention, but the wording is different.

Mr. Bhuput Sing: The word "Director" is for the Central Board and the word "members" is for the Local Board. That is the meaning as I understand it; and, as regards the Imperial Bank, I cannot understand why any differentiation is made between the Imperial Bank and other scheduled banks. On these grounds, I oppose the amendment.

The Honourable Sir George Schnitzer: Sir, my Honourable friend, Dr. Ziauddin Ahmad, said he was not quite sure about one part of his amendment. I am quite sure about all parts of his amendment. I think that the provision that we have made in the Bill is entirely adequate and that the extensions which this amendment seeks to put upon that are unjustifiable. As far as I have been able to see, there are three differences proposed. One is that, instead of saying the same private company, the words are "the same private or joint stock company". That, I submit, is bad drafting, because, as far as I know, private company is a joint stock company. In any case, the words "private company" seem to us to be quite adequate for the purpose, and I may inform the House that this sub-clause merely reproduces the sub-section from the Imperial Bank Act which, we are told, has been working satisfactorily.

The next change is that two members of the same firm cannot be members of any Local Boards at the same time. We thought it was unreasonable to prevent one member of a firm being a member, say, of the Local Board at Bombay and another member of the same firm being a member of the Local Board at Madras. We saw no objection to that provided it was made clear that two members of the same firm could not simultaneously be members of the Central Board; and that is provided for in this sub-clause as my Honourable friend who has just spoken has quite correctly pointed out. The words are "may be Directors at the same time".

Then, the last difference is that this amendment seeks to bring in the Imperial Bank of India at the same time and to provide that if any partner in a firm is a Director of the Imperial Bank, no partner in that firm may become a Director of the Reserve Bank. That seems to us to be quite an unreasonable provision. On all these grounds, I must oppose my Honourable friend's amendment.

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

"That for sub-clause (3) of clause 10 of the Bill, the following be substituted:

'(3) No two persons who are partners of the same mercantile firm, or are Directors of the same private or Joint Stock Company, or one of whom is general agent of,

[Mr. President.]

or holds a power of procuration from the other, or from a mercantile firm of which the other is a partner, shall be eligible or qualified to serve as Directors of the Central Board or members of Local Boards of the Bank and as Directors of the Central or members of Local Boards of the Imperial Bank of India at the same time'."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The next one is No. 137 standing in the name of Dr. Ziauddin Ahmad.

Dr. Ziauddin Ahmad: I don't want to move it, Sir.

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

"That clause 10, as amended, stand part of the Bill."

The motion was adopted.

Clause 10, as amended, was added to the Bill.

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

"That clause 11 stand part of the Bill."

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

"That for sub-clause (1) of clause 11 of the Bill, the following be substituted :

'(1) The Governor or Deputy Governor or any Director elected under clause (d) of sub-section (1) of section 8, or nominated under clause (b) of that sub-section, may be removed from office by the Governor General in Council before the expiration of his period of office if a resolution is passed recording the reasons in writing in this behalf by the Central Board and signed by a majority consisting of not less than nine Directors; and any Director elected under clause (c) of that sub-section or appointed by the Central Board under sub-sections (3) and (4) of section 12 may be so removed by special resolution passed at a general meeting by a majority consisting of not less than one half of the total number of votes held by all the shareholders present at the meeting'."

This clause is in accordance with the clauses provided in other Central Banks, and, therefore, I move it.

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

"That for sub-clause (1) of clause 11 of the Bill, the following be substituted :

'(1) The Governor or Deputy Governor or any Director elected under clause (d) of sub-section (1) of section 8, or nominated under clause (b) of that sub-section, may be removed from office by the Governor General in Council before the expiration of his period of office if a resolution is passed recording the reasons in writing in this behalf by the Central Board and signed by a majority consisting of not less than nine Directors; and any Director elected under clause (c) of that sub-section or appointed by the Central Board under sub-sections (3) and (4) of section 12 may be so removed by special resolution passed at a general meeting by a majority consisting of not less than one half of the total number of votes held by all the shareholders present at the meeting'."

The Honourable Sir George Schuster: Sir, my friend seems to be so unsure of his amendment that he has been able to give us nothing in explanation of it except that it is an usual clause in the Articles of Association of all companies

Dr. Ziauddin Ahmad: On a point of explanation. I can give any number of reasons if they will appeal to the Honourable Member, but my experience is that no argument or appeal from this side, however sound, appeals to him, and so I thought it best not to say much on the amendment.

The Honourable Sir George Schuster: I should be very glad for my friend to continue throughout these debates on that assumption. The one argument that my friend has advanced seems to me a little difficult to understand, because I cannot believe that there are many companies that in their Articles of Association provide that their Directors may be removed from office by the Governor General in Council. I confess, Sir, that I am not quite clear myself as to the general purpose of this clause, but a very similar purpose and much more easily understood purpose, I think, is served by the amendment which stands in the name of my friend, Diwan Bahadur Ramaswami Mudaliar, next. In any case, I must oppose this amendment No. 138.

Mr. Bhuput Singh: Sir, may I ask one question of the Honourable the Finance Member? Was not a provision similar to this introduced in the 1927 Bill?

The Honourable Sir George Schuster: A similar provision in the earlier Bill?

Mr. Bhuput Singh: In the 1927 Bill as it was introduced

The Honourable Sir George Schuster: I have not got with me a copy of the 1927 Bill here; but, at any rate, that would not affect my attitude towards the present amendment.

Mr. Sitakanta Mahapatra: I have got a copy of the 1927 Bill with me.

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

"That for sub-clause (1) of clause 11 of the Bill, the following be substituted:

'(1) The Governor or Deputy Governor or any Director elected under clause (d) of sub-section (1) of section 8, or nominated under clause (b) of that sub-section, may be removed from office by the Governor General in Council before the expiration of his period of office if a resolution is passed recording the reasons in writing in this behalf by the Central Board and signed by a majority consisting of not less than nine Directors; and any Director elected under clause (c) of that sub-section or appointed by the Central Board under sub-sections (3) and (4) of section 12 may be so removed by special resolution passed at a general meeting by a majority consisting of not less than one half of the total number of votes held by all the shareholders present at the meeting'."

The motion was negatived.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I beg to move:

"That in the proviso to sub-clause (1) of clause 11 of the Bill, the words and figures 'in the case of a Director nominated or elected under clause (b) or clause (c) of sub-section (1) of section 8' be omitted."

Sir, I would respectfully invite the attention the House to this amendment as I consider it to be of some importance. The purpose of the deletion of these words is to put the Governor or a Deputy Governor in the

[Diwan Bahadur A. Ramaswami Mudaliar.]

same position as the Directors. If this amendment is accepted, it would mean that there are two authorities whose affirmative consent is required before a Governor or a Deputy Governor is removed from office just as it is provided in the case of Directors that there are two authorities whose consent is required before their removal. It does not make it obligatory on the Governor General in Council to remove a Director, simply because an adverse vote of nine co-Directors has been passed. The Governor General may remove them or may not remove them, but he cannot remove them unless an adverse vote of nine Directors is passed against them. I want the position of a Governor or Deputy Governor to be the same as that of the Directors.

Sir, we have proceeded in this Bill on the basis that the greatest amount of independence is to be shown by the Central Board in its relation to the State or the Governor General in Council. Except in matters where the State is directly concerned and has Statutory powers of intervention, there ought to be no interference of the State in the affairs of the Central Board. It seems to me that the position of the Governor is even more important than that of the Directors. As I said only yesterday, the Governor is the chief managing authority. Large powers will, I take it, be delegated to the Governor by the Central Board, and if the Governor has got the Damocles' sword hanging over him of the possibility of the Governor General removing him in spite of the fact that he commands the confidence of the entire body of the Directors of the Central Board, I do not think it will be a happy position for him. I am aware, Sir, that the Governor is appointed for a term of years, that he comes under a fixed term on a contract, that normally he cannot be removed within that period, but he can be removed for certain misconduct. I want that misconduct to be judged not merely by the Governor General in Council, but also by the Central Board, by the Board of Directors. In the case of his appointment, we have already provided that the Governor General in Council shall, in consultation with the Central Board, appoint a Governor, so that at the stage the appointment is made, there are really two authorities whose opinions are taken and the appointment is then made. The Central Board sends up its recommendation, it comes to some sort of an agreement with the Governor General in Council, and thereafter the Governor General in Council makes the appointment. Now, if that is so in the case of his appointment, surely I venture to suggest it must be so also in an extreme case of dismissal, for that is what we are contemplating under this clause, the Governor should be dismissed where both authorities concur that that dismissal is necessary, the Central Board by a majority of nine votes,—I am not treating it as a bare majority, but as a substantial majority of nine votes, and also the Governor General in Council agreeing to it. I do not know what the Constitution is likely to be in this respect in the new Act, but let me take it on both hypotheses. Supposing it is the Governor General in Council, and it continues to be the Federal Government of the future, then I venture to suggest that in the case of the Federal Government,—that is the Governor General being advised by the responsible Minister, it will be dangerous to give an absolute power to the Federal Government to remove a Governor in spite of the fact that the Central Board has the fullest confidence in him. Conversely, if in the Amendment Act the Adaptation clause were to suggest, as I think, it will, that the Governor General at his discretion will be the person to remove the Governor, even then I suggest it will be dangerous to give the power to the Governor General without at the same time requiring that a substantial majority of the Directors who watch the working of the

Governor agrees with the Governor General in Council that it is desirable to remove the person who has held the high and responsible office of Governor. After all, this must be a very extreme case. I hope

3 P.M. it will never arise, but a provision like that is necessarily bound to hamper the sense of independence of any Governor. I hope the argument will not be addressed by the Honourable the Finance Member that surely the Governor General can be trusted to do what is proper and he will not invoke this power or utilise this power without good reasons. That argument does not carry us very far at all. If there is a suspicion that interests abroad are guiding the Governor General in his actions in this respect, that suspicion would only be confirmed if this provision were to be found in this manner. This phraseology may be construed to include also the nominated Government representative on the Board. I have not excluded him, but I may say that I do not think the person contemplated in clause 8 (1) (d) will come in. At any rate, it is not my intention that anything should be done with reference to him. He is appointed under the same clause at the pleasure of the Governor General in Council. Therefore, there is no question of his being removed only because of an adverse vote of nine Directors. He may be removed at any time, because he holds office at the pleasure of the Governor General in Council. My amendment will not, therefore, apply to him. It only applies to the Governor and the Deputy Governor and I want to place them in the same position as the other Directors, liable to be removed and only liable to be removed where both the Central Board, by a majority of nine Directors, and the Governor General in Council or the Governor General at his discretion agree that it will be best that they should be removed. My Honourable friend, Mr. Bhuput Singh, a few minutes ago, asked the Honourable Member whether in the Bill that was attempted to be introduced by Sir Basil Blackett a provision of a similar kind had not found a place. As a matter of fact, that Bill did provide for exactly the same contingency. Clause 11 said:

"The Governor General in Council may remove from office a Governor, a Deputy Governor or any Director nominated or elected under clause . . . on a resolution passed by the Board in that behalf by a majority consisting of not less than 15 Directors."

I venture to think, from the point of view of the independence of the functioning of this Bank, that the Governor should be placed in exactly the same position as other elected or nominated Directors. Sir, I move.

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

"That in the proviso to sub-clause (1) of clause 11 of the Bill, the words and figures 'in the case of a Director nominated or elected under clause (b) or clause (c) of sub-section (1) of section 8' be omitted."

Mr. Bhuput Singh: Sir, I support the amendment moved so ably by Diwan Bahadur Ramaswami Mudaliar. He has pointed out a similar provision in the 1928 Bill. I find a similar provision in the 1927 Bill as well which was introduced in that year. Clause 10 of that Bill says:

"The Governor or Deputy Governor may be removed from office by the Governor General in Council . . . if a resolution is passed in this behalf by the Board by a majority consisting of not less than nine Directors . . ."

In both the previous Bills, similar provision was made, and I do not know why the Government are so much opposed to have a similar provision in the present Bill. After all, the Central Board must have power

[Mr. Bhuput Sing.]

over the Governor to control him, because he is expected to serve the Central Board and not be master over them on behalf of the Governor General in Council. I am not at all convinced by the Government's arguments as to why the Central Board should have no power over the actions of the Governor. For these reasons, I support the amendment.

The Honourable Sir George Schuster: This amendment raises a very important point. I should like at the outset to remind my Honourable friend, who moved it, of the recommendation in the London Committee's report on this matter. It is contained in Appendix I, Notes on clause 11 (1):

"Elected Directors should be removable by the Governor General in Council on a resolution passed by the Board by a majority consisting of not less than nine Directors; other members of the Board should be removable by the authority which nominated or appointed them."

That, Sir, represents a very important feature in what in a certain sense was an agreement reached in London. I say an agreement in a certain sense because, as far as the Secretary of State's side of the business is concerned, he, as I have already made clear to the House, does regard himself as bound to stand on this London report, and its recommendations will be treated as part of the Government's proposals. When we came to draft the Bill in accordance with the recommendations of this Committee, we were—and I want to be quite frank with the House—we were in some difficulty as to how to incorporate this particular recommendation. The appointment actually has to be made by the Governor General in Council, he is the appointing authority. On the other hand, it is quite true that, again, as a result of the London discussions, his absolute power was to some extent qualified by the provision that he must make the appointment after considering the recommendations made by the Directors. Therefore, if we wanted to follow out exactly this recommendation, or to create an exactly even antithesis between the power of appointment and the power of removal, then we should have had to say something in this case to the effect that the power of removal should again be exercised after considering the recommendations of the Board. But when we came to try and draft it in a clause, we found very great difficulty in exactly reproducing the same provision. It is one thing to say that the original appointment must be made after considering the recommendations of the Board, because that contemplates a possibility, at any rate, that the Governor General would not actually act on those recommendations. But when one comes to consider removal, then, if the Board are going to be brought into it and there is any possibility of a difference of opinion between the Governor General and the Board, it is quite clear that that would lead to a most undesirable situation. Therefore, in drafting the Bill, we stuck to the letter of the recommendation and simply put in that the power of removal should be in the hands of the Governor General in Council who is literally the authority that appointed those officers. I am very sorry that this point was not raised more fully in the Select Committee, because I am bound, as I say, to admit that this does not exactly reproduce the same provisions for removal as for appointment. On the other hand, my Honourable friend's amendment goes very much too far. Let us contemplate the two possibilities. There might be a possibility that the Governor General wanted to remove a Governor and that the Board did not want to have him removed. In that case, I submit, that even without any provision of this kind, the Board—and this is a point which we did discuss in

the Select Committee—the Board really are going to be put in the position, for all practical purposes, of making the situation impossible. They can all resign if they want to. If there is really a difference of opinion between the Governor General and the Board—I am not merely standing on the position that we should trust the Governor General—the Board will have a really important influence on the situation, and I do submit that in practice it will be impossible for the Governor General to act in conflict with the Board if there is really a strong feeling about it on a matter of that kind. On the other hand, if the Board want to remove a man that the Governor General wants to keep, it would be a very unfortunate position I think to have the Board discussing a matter of that kind and passing a resolution. Let there be informal discussion by all means. Let the Directors go and see the Governor General about it and represent their strong feeling on the matter, and that, I believe, he will be bound to respect.

Diwan Bahadur A. Ramaswami Mudaliar: That would be individual Directors seeing the Governor General.

The Honourable Sir George Schuster: One can imagine how that sort of thing would work out. It would be individual Directors seeing the Governor General no doubt.

Sir Cowasji Jehangir: May I remind the Honourable Member that the Board can, without any provision in the Bill, pass a resolution by an ordinary majority requesting the Governor General in Council to dispense with the services of the Governor. That would be in the nature of a vote of censure and we did discuss that in Select Committee and that was admitted and that was why no further provision was included in the Bill. I would remind him of it. The position was whether the Board can recommend the removal of the Governor. We discussed that provision and it was pointed out to us, and rightly pointed out to us, that without any provision in the Bill the Board had that right. They can pass any resolution and they could certainly pass a resolution of vote of no confidence in the Governor by an ordinary majority and then it would be left for the Governor General in Council to decide whether any Governor should be removed or not. It was pointed out that if the Governor General did not remove the Governor, then the Board could make the position absolutely impossible for the Governor.

The Honourable Sir George Schuster: I am very grateful to my Honourable friend for having pointed that out. I recall that discussion and he is perfectly correct. That was the position which the Select Committee accepted. It is undoubtedly possible, as my Honourable friend points out, for the Board to pass a resolution even without any special power in the Bill, but what, I believe, would happen in practice is that, before they went so far as to pass a formal resolution, there would be informal discussion between one or two Directors and the Governor General and I believe that that is much the best way to deal with this. In any case I must take this point of view on this amendment. It is something which was never contemplated when the whole plan on which, as I say, the Secretary of State is prepared to stand was settled in London. It goes very much farther than anything that could possibly be read into the report of the London Committee. Therefore, I must oppose it and I think one is justified in taking the line that was taken by the Select Committee and relying on the practical power of the Central Board to make it impossible for the Governor General either to maintain a man as Governor in whom they have no

[Sir George Schuster.]

confidence or to remove a man from the post of Governor in whom they have confidence. I believe that that is how things will work out in practice and I would strongly recommend the House not to pass this amendment.

Diwan Bahadur A. Ramaswami Mudaliar: Will you allow me to make a personal explanation? According to my interpretation of it, the London Conference meant that the same authority which appoints a man can also remove him and I even pointed out that the authority which appoints the Governor is not merely the Governor General at his discretion, but the Governor General in consultation with the Board.

The Honourable Sir George Schuster: My Honourable friend knows very well how carefully those words were thought out in London. It is the Governor General "after considering the recommendations of the Board". That is a very different thing to providing in the Statute that nothing can be done by the Governor General except on a resolution passed by a majority of nine Directors.

Mr. President: The question is:

"That in the proviso to sub-clause (1) of clause 11 of the Bill, the words and figures 'in the case of a Director nominated or elected under clause (b) or clause (c) of sub-section (1) of section 8' be omitted."

The motion was negatived.

Mr. Sitakanta Mahapatra: I beg to move:

"That in sub-clause (2) of clause 11 of the Bill, for the word 'five', occurring in the eighth line, the word 'one' be substituted."

The object of my amendment is very clear. I simply want to keep the field for Directors or members more open than at present. Now, a man, who has not got shares worth Rs. 5,000 or has not got Rs. 5,000 in his pocket to purchase shares, cannot be a Director or a member. I want to reduce this onerous Rs. 5,000 qualification to Rs. 1,000. In a country, such as India is, Rs. 5,000 even is too much for an average man. Thereby a large body of sincere public workers, highly educated and qualified, may be excluded. As at present, a Professor of Economics in some College, who has never cared to amass money in his life but is otherwise highly fit for such an office, may be excluded. To give a typical example, I may mention the name of the world renowned economist, Professor Kale. Sir, in the Servants of India Society, there are members who have dedicated their lives to the country's service and have accepted poverty, some of whom may with credit adorn the Chair of the Governor even, which is not probably open to Indians. Are they to be excluded for all times to come? They cannot purchase shares worth Rs. 5,000. If they are elected, even six months time will not help such honest men. They cannot earn even Rs. 5,000 in six months unless they join a band of political dacoits in Bengal. Sir, by moving this amendment, I am only echoing the sentiments of the Honourable the Finance Member, the Hamlet of this play, who, during his long stay in India, has come to know how poor an average Indian is. Let me quote from what he spoke in this House a few days back:

"There was a question of what the qualification shares for a Director should be. A good many Honourable Members of the Select Committee thought that the qualification should not be so high as to make it difficult for a man who does not happen

to be a wealthy capitalist to become a member of the Central Board or one of the Local Boards. It was represented by one of the members that it might be difficult for a man who wished to go on a Local Board or the Central Board to buy up the necessary five thousand rupees shares in the market and, therefore, in order to meet that difficulty, we, I do not know whether it was on our side, or whether it came from the unofficial members of the Committee, the suggestion anyhow was made that the Government should keep a certain amount of shares in reserve available for issuing as the qualification shares to any Director who found it difficult to buy these shares in the market. . . That seems to us to be a reasonable provision. It may be, as my Honourable friend has said, an unusual provision, but it is a very unusual form of company and Government will be interested in seeing that the best possible Directors are available.

These are his words. He has taken quite a liberal and broad view. Why not go a bit further and take a still more liberal and broader view? But, unfortunately, he sticks like anything to the provisions of the Bill unless an amendment comes from a big person. Then, on this occasion, Sir Cowasji Jehangir, the Honourable the Leader of the Opposition, spoke as follows:

"This was an amendment suggested by my friend, Mr. Mitra. I think he was too modest to tell the House, in the interest of the poorer shareholders who may be elected by the shareholders to represent them on the Local Boards. And a man may not have Rs. 20,000 in his pocket, but still, as Mr. Mitra said, may have the brains and the ability to serve not only this Bank, but, after all, his country through this Bank."

Many thanks to him for his very kind feelings for his poorer brethren. I respectfully ask: "Why not go further and take a still broader view?" Sir, I move.

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

"That in sub-clause (2) of clause 11 of the Bill, for the word 'five', occurring in the eighth line, the word 'one' be substituted."

The Honourable Sir George Schuster: Sir, I must oppose this amendment. The reason why we adopted the provision about which I was speaking in the passage which my Honourable friend has just quoted was to make it possible for a man, who could not afford to risk a capital loss on buying shares, to acquire shares at par knowing that he could dispose of them again at par. We were not contemplating that there would be appointed as Directors men who could not even raise Rs. 5,000 to buy up their shares. My Honourable friend says that Rs. 5,000 is too much for the average man, but certainly we want to have on the Local Boards and on the Central Board men who are a little better than the average man. The provision, as it now stands, represents a substantial reduction from the proposals that were originally made. The original proposal was Rs. 10,000; we have cut it down to Rs. 5,000 in the interests of the poorer class of shareholders. My Honourable friend wants us now to go further in the interests of the poorest class of shareholders. I think, Sir, that is an unreasonable extension of the move that we are ready to make, and I must stand on Rs. 5,000.

Sir Cowasji Jehangir: May I point out to the Honourable Member that provided Government give these shares at par, as is provided for in the Bill, and with the assistance of certain Banks, much less than Rs. 5,000 will be required in cash by anybody who desires to be a Director?

An Honourable Member: But will that be an unencumbered share?

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

"That in sub-clause (2) of clause 11 of the Bill, for the word 'five', occurring in the eighth line, the word 'one' be substituted."

The motion was negatived.

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I move:

"That at the end of sub-clause (2) of clause 11 of the Bill, the words and figures 'convened under sub-section (1) of section 13' be inserted."

This is a very simple amendment. You will notice that, under clause 13, there are what I may call Statutory meetings of the Central Board convened by the Governor at least six times. Then, there are special meetings which may be convened on the requisition of any three Directors. Now, if a Director is to lose his appointment, because he has been absent from three consecutive meetings, I suggest that it is reasonable that that provision should apply to the Statutory meetings. Otherwise, it may happen that a Director may be absent for two months and requisitions may be given on more than three occasions during this period for special meetings of the Board, in which case he would lose his seat. Sir, I move.

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

"That at the end of sub-clause (2) of clause 11 of the Bill, the words and figures 'convened under sub-section (1) of section 13' be inserted."

The Honourable Sir George Schuster: Sir, I am quite prepared to accept my Honourable friend's amendment.

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

"That at the end of sub-clause (2) of clause 11 of the Bill, the words and figures 'convened under sub-section (1) of section 13' be inserted."

The motion was adopted.

Dr. Ziauddin Ahmad: Sir, I move:

"That sub-clause (5) of clause 11 of the Bill be omitted."

Sir, this sub-clause says:

"The appointment, nomination or election as Director or member of a Local Board of any person, who is a Member of the Indian Legislature or of a local Legislature, shall be void, unless, within two months of the date of his appointment, nomination or election, he ceases to be such Member, and, if any Director or member of a Local Board is elected or nominated as a Member of any such Legislature, he shall cease to be a Director or member of the Local Board as from the date of such election or nomination, as the case may be."

Sir, a provision of this kind might have got some force had it been a State Bank and had the nomination been entirely in the hands of the Government of the day, and the provision might have been made in order

to avoid the nomination of Members of the Legislature belonging to the Party to which the Minister may belong. But now that it is going to be a Shareholders Bank and not a State Bank, I do not see why a Member of the Legislature should be disqualified and treated as an untouchable in a Bank to which election is made by means of the shareholders. If a person is very well qualified and elected by the Local Board and they are themselves elected by the shareholders, and he himself has got business ability, and possesses the requisite qualifications necessary for being a member of a Local or Central Board, to say that, because of his being elected as a Member of a Legislature, he is disqualified is a proposition which is unintelligible to me. Now, if I become a non-co-operator and excite the whole public against the Government and boycott the Legislature, I will be eligible to become a member of a Local or the Central Board, but if I be an honest man and practice co-operation and join the Legislature, then immediately I become disqualified.

Mr. Amar Nath Dutt: Do you mean to say that non-co-operators are dishonest?

Dr. Ziauddin Ahmad: They are more honest than we are. (Hear, hear.)

Mr. Gaya Prasad Singh: That should be on the record.

Dr. Ziauddin Ahmad: Sir, it amounts to putting a great discount on the fact that we are elected Members of the Legislature. I could have understood the force of this clause had there been a State Bank and all the members had been nominated by the Government, but since we are not to come to this Bank as Members of the Legislature but are to be elected by other authorities, I see no reason why this thing should be considered to be a disqualification. Sir, we have removed just now certain qualifications for the membership. We have just legislated that a member of a Local or the Central Board may or may not have any qualifications either as agriculturists or possess experience in commerce, industry or finance. Now, this exclusion of Members of the Legislature from membership is not really common in the constitution of the Central Banks of other countries. There are only one or two Banks in which such a provision exists, but the cases are very peculiar to those countries. Here we have made ample provision otherwise. Therefore, it is not necessary that we should prohibit a person from being a member of a Local Board if by chance he is elected to be a Member either of a provincial or the Central Legislature. Now, in the case of the Central Legislature, there may be some kind of force, because some nominations are made by the Governor General in Council, but I see absolutely no reason why a person, who is a Member of the local Council, say, of the Central Provinces or of any other province, may be debarred from being a member either of a Local or the Central Board. Sir, we have made ample provisions otherwise, and there should be some kind of limit to the humiliation to which the Members of the Legislature are exposed. (Hear, hear.) We have been hearing for days and days that this Bank should be free from political influence. Sir, according to these words, "political influence", we have excluded in every possible manner the influence of the Legislature. We took absolutely no pains to exclude the influence of the British political organisations in spite of the fact that the influence of the Indian politicians has been scrupulously removed. The influence of the British politicians has not been removed at all. I lay very great emphasis on the fact that

[Dr. Ziauddin Ahmad.]

now that it has been decided to have a Shareholders Bank, the Legislature has got absolutely no voice in this matter. A few *nimboo-nichors* will guide the financial destiny of India. What I say is this that, if, by chance, some one of us, Members of the Legislature, happen to be a *nimboo-nichor*, why should you exclude him simply because he happens to be a Member of the Legislature. I do not want to repeat the arguments that were advanced at the time of the general discussion, namely, that the intention of this Reserve Bank Bill was not really to set up a good Bank, but to remove the control over the money market from the hands of the Legislature and to place it in the hands of a few men in Whitehall. I have often said that the Bank will be governed by Whitehall and the Indian Legislature will have no occasion now even to expose the mistakes that may have been committed either by the politicians at Home or by the few capitalists in this country. Therefore, to my mind, putting discount on the Legislature is certainly humiliating and it is not required in the case of a Shareholders Bank. Therefore, I do not see any reason why we ourselves should put this blame on ourselves. Of course, if the Government want to do it, that is their business. But for ourselves to say, that we also want it, is quite unintelligible to me. I would finish my speech by quoting an Urdu couplet:

*"Doston se ham ne wuh sadme uthae ján per
Dil se dushman ki adawat ká gilah jātá rahá."*

This means: "We have received so much trouble from our own friends that we have now no more to say against our enemies".

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

"That sub-clause (5) of clause 11 of the Bill be omitted."

Rao Bahadur B. L. Patil: Sir, I rise to support this amendment. As my friend, Dr. Ziauddin Ahmad, stated, I am not in a position to see what kind of influence, political or otherwise, can a Member of this Legislature or of a Provincial Legislature will be in a position to wield upon the Reserve Bank. Let us take a concrete example. In the coming Reserve Bank, let us suppose that Dr. Ziauddin Ahmad is elected as a Director (*Dr. Ziauddin Ahmad*: "No chance"), can any Honourable Member in this House get up and state in what way and in what sense he would be able to influence the Reserve Bank? Let us suppose that Dr. Ziauddin Ahmad even then belongs to the Independent Party. What can the Independent Party have to do with a particular action or a policy to be taken by the Reserve Bank? Certainly, that policy will be guided by the Central Board of the Reserve Bank and no single Party, either in the Opposition or in favour of Government, will have anything to do with it. Therefore, in my humble opinion, this amendment is reasonable and, when you have eliminated the possibility of a State Bank being formed, there is no harm whatsoever in accepting this amendment. This is really an innocent amendment. I do not know why the framers of this Bill are prejudiced against the Members of the Legislature. I beg to submit that their fears are unfounded.

Then, Sir, I have got one more thing to say in this respect. In this country, there is a dearth of public spirited men to take upon themselves public work. For that reason, we are seeing it every day that the same

set of people are occupying places in different public institutions and, if we restrict the Directorship of the Reserve Bank in this way, we are likely to lose our best men. Our public men, who have any initiative on the financial side or the banking side, will be lost to this House if we exclude them in this way. For this reason, I submit that it would be unfair to exclude the Members of the Legislature to continue as Directors of the Reserve Bank. I, therefore, support the amendment.

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

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, about 12 years ago, we had a colleague in the first Legislative Assembly who speculated as to what the three letters after our names that indicated our membership of this House could mean to an outsider, and he very irreverently suggested that they could mean membership of a lunatic asylum. If he were here today, he would have been interested to find that my Honourable friend, Sir George Schuster, wants to place the Members of this Legislature exactly on the same footing as lunatics by extending the disqualification of a lunatic under section 10 to all Members of the Legislature under this particular sub-clause. There are people, I know, who do consider the Members of this Legislature, particularly of the present Legislature, to be more or less lunatics.

Mr. Amar Nath Dutt: May I suggest one remedy? At my maternal uncle's place, there is a goddess Kali which cures lunacy and I invite all the Members to his place. I am prepared to take them all there at my expense.

Mr. K. C. Neogy: Certainly, there are people who would consider the patience and the earnestness, with which some of us have been devoting to our task here in this Legislature, to be a sign of lunacy. Apart from that, I remember that when the Bill of 1927 had to be dropped by Government, it actually floundered on the question as to whether the Legislature as a Legislature should be represented on the Board of Directors of the Reserve Bank. As far as I remember, there was no strong idea at that time in the minds of the authorities that mere membership of the Legislature should constitute a disqualification. What was strongly opposed was the idea that the Legislature as Legislature should have anything to do with the management of the Reserve Bank through its own elected representatives on the Board of Directors. Since then, we have undoubtedly made a very good progress in so many directions including this. And my Honourable friend wants to make Membership of the Legislature to be a disqualification for anybody who might otherwise be qualified and who might have secured the support of the shareholders of any particular register to be elected on the Local Board. I quite agree that there may be something to be said against the idea of the Legislature as Legislature trying to influence the course of business of the Reserve Bank through its own elected representatives on the Board of Directors. But I fail to see how it is possible for any individual Member of the Legislature, merely because he happens to be a Member of the Local Board, to influence the working of the Board in such a manner as would not be possible for perhaps a much more extreme politician, who may be placed on the Board by the votes of his fellow-shareholders as a Director of that Board. For instance, there is nothing to prevent a man who is

[Mr. K. C. Neogy.]

wedded to communism, who may be a member of an extremist organisation in the country, and who, therefore, might boycott this very Legislature, there is nothing to prevent such a man from being elected by the shareholders of any particular local register on the Local Board. Are we to be treated as untouchables in this matter, are we to be treated as even worse than those people who certainly are not considered by Government to be desirable in regard to the management of a Central Bank? As far as I know, there is no such disqualification attached to the Directorship of many other Reserve Banks in the other countries. But I speak subject to correction.

The Honourable Sir George Schuster: You will be corrected.

Mr. K. C. Neogy: Whatever it is, so far as I can see, we, on this side of the House, can never agree to any such disqualification being attached to Membership of the Legislature. As has already been pointed out, something could be said with regard to a Member of the Central Legislature, because in a way, the Central Government and the Governor General might be influenced by what a Member of the Central Legislature might do in his capacity as a Member, but no such objection could possibly be raised to a Member of any local Legislature being elected as a Director or as a Member of the Local Board. Perhaps my Honourable friend, when he gets up to correct me in regard to this particular matter as regards disqualification of Members of the Central Legislature, will also be good enough to say as to whether Membership of a local Legislature in every country having a Federal Constitution is also considered to be a disqualification for the purpose of Directorship of its Reserve Bank.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, two years ago, the question of the constitution of a Statutory Railway Board was under discussion on the floor of the House and, at that time, the question of political influence arose. I asked the Honourable Members on the Treasury Benches to define political influence. For some time there was a discursive discussion upon that, but eventually there was no real definition given. Everybody said what he liked, but there really was nothing to tell you what political influence meant. There is no doubt, and it has been said from the beginning that the Reserve Bank should be constituted without any tinge of political influence in it. But, what is political influence? Take the Governor of the Reserve Bank himself. Whom are you going to appoint? Is it pretended, can it be said, with any show of reason, that directly he sits on the chair of the Reserve Bank, he has forgotten all political views, that he does not possess any strong views on politics or political questions of the day? It is absolutely impossible, you cannot divorce from your mind, you cannot forget all your past, you cannot dissociate yourself from all your ideas, simply because, all of a sudden, you are raised to the post of Governorship of this Reserve Bank for a period of five years. Consequently, as has been rightly pointed out by my Honourable friend, Dr. Ziauddin Ahmad, the whole question comes to this. If I had very strong political views even to the extent of wrecking a Government institution, and if I have been elected by a majority of shareholders, no one can object to my being a member of the Local Board or, if I became a Director of the Central Bank, no one can remove me on that account. Yet if I, the same person, had also been elected to the Central Legislature, directly that event happens, I should be disqualified. May I ask,

why? Time after time when I moved my amendment about legislative provision for certain things, I was told that the same thing would happen, but "don't you go and ask for its being provided for in the enactment". You have wiped out all qualifications, or disqualifications by the amendment of my Honourable friend, Mr. Mudaliar, whom I should congratulate—for, after all, he is the one man who has been able somehow or other to induce the Government to accept his amendment—you have wiped out all that, why do you keep this one thing as a relic? Do not put any qualification or disqualification. As it has been so from the very beginning, leave the whole thing to be adjusted anyhow. As I said the other day, the less the qualification, the better for a man to be put on the management or on the Directorate, and, I submit, it is a perfectly logical position to take that, if you do not want to have any qualification set forth in the enactment and if, upon the same ground, you have even wiped out the remaining qualification, for instance, which you have laid down in clause 10, sub-clause (1), why keep it now? I, therefore, ask that this also should be wiped out so that the thing may be *tabula rasa* and you may write anything you liked upon it.

Mr. N. M. Joshi: Mr. Deputy President, I rise to support the amendment. There are some people who have a bias or prejudice against politicians and that prejudice appears everywhere, whether there is proper occasion for it or not. I think the Government of India is one of those parties. They try to keep politics out of everything. Unfortunately politics cannot be kept out. They themselves must realise that, so long as they possess power as the Governor General in Council, so long as the Governor General in Council is under the direction of the Secretary of State in Council, and so long as the Secretary of State is a Member of the British Parliament, you are not going to keep out politics at all. If you cannot keep out politics, why penalise the Indian Legislature? I fully realise that the Government of India have good cause of complaint against the Indian Legislature. They are troublesome, but is that the reason why the Members of the Legislature should be kept out of every blessed public institution?

Mr. N. N. Anklesaria: How many institutions they are kept out from?

Mr. N. M. Joshi: This is one from which the Members of the Legislature are to be excluded and, if my Honourable friend, Mr. Anklesaria, either by himself or through the Government of India, starts other institutions, I am quite sure, they will make such proposals. Let us wait and see, we may have a Bill within a few months for the establishment of a Statutory Railway Board, and I am not sure whether that clause will appear there or not. I am afraid it will. Mr. Deputy President, a clause of this kind only shows the prejudice which, not only the Government of India, but several other people have against politicians. The trouble is that they cannot keep out politicians. What they really want to do is to keep out a certain class of politicians. It has already been made clear that you cannot keep out the influence of British politics so long as the Secretary of State is there, and this control of the Government of India is there. On the other hand, my Honourable friend, Mr. Neogy, has made it abundantly clear that it is not only Members of the Legislature who have politics, but there are

[Mr. N. M. Joshi.]

thousands of others in the country who have got politics. Suppose, for instance, the Honourable the Finance Member considers the big industrialists of Bombay to be quite fit to be Directors of the Reserve Bank: have they got no politics? Our friend, Sir Cowasji Jehangir, came here, because he has got politics; my friend, Mr. Mody, came here, because he has got politics. Suppose they had not been Members of the Legislature, they would certainly not have ceased to be politicians; and, so long as you are not suggesting that no man who is a member of any political party should be a Director, you are not going to keep out politicians. If you really want to keep out politics altogether, at least make a rule or insert a clause that no man who is a member of any political party should be qualified to be a Director. Then I can understand your keeping out politics; but, by merely keeping out Members of the Legislature, you are simply exhibiting your prejudice against the Legislature and nothing else. You are not going to keep out politics. My Honourable friend, Mr. Neogy, has also made it quite clear that there is no provision which will enable the Members of the Legislature to elect Directors. If you had such a provision—not that I would have even then disqualified the Members of the Legislature—there would have been some understandable reason. But there is no such power given to the Legislature. As a matter of fact, the Legislature after this Bill is passed and after the establishment of the Reserve Bank, will have very little power over the Reserve Bank. If the Legislature had really effective power over the Reserve Bank, I can well understand your telling the Members of the Legislature that after all “you are a sovereign body, you have to supervise and control the work of the Reserve Bank, and it is for that reason that you should not be members of the Reserve Bank Board”. But your Reserve Bank Bill provides very little power to the Central Legislature over the affairs of the Reserve Bank. I, therefore, think that there is absolutely no justification for preventing Members of the Legislature from being Directors. I hope that the Assembly will vote for this amendment.

Mr. Amar Nath Dutt: Sir, I rise to support the amendment. I was just looking at the report of the Select Committee to find out the reason for the insertion of such a clause; but I do not find any, save and except the reason for having increased the time limit to two months. I supported the amendment for the deletion of sub-clause (I) of clause 10 which was accepted by the Honourable the Finance Member. I think, if he could accept the deletion of clause 10 (I), he might as well accept the deletion of this sub-clause which bears an analogy to it in this way, namely, by deletion of clause 10 (I), we wanted not to restrict the election of a Director to any particular class or community; here also what we find is that there is a restriction about a class of men who are at the present moment highly unpopular with a particular section of their own countrymen and who have risked that unpopularity honestly believing that they can serve their country here, and there can be no doubt, that the elected Members, who have come here, had to face the furore of opposition from their own countrymen and were not dissuaded from doing what they thought to be their duty to their country, merely because they may be unpopular for a moment with a particular section of their countrymen; because they believed that no sacrifice was too great for one's own country, not excepting popularity itself. Seekers

after popularity may think what is the use of going to Legislatures when people will speak ill of you or when there is a set of propagandists who would spread false rumours about you. But I never knew that the Government also would ask us to accept the dictum of those who were for boycott of Legislatures, and the Government, in their wisdom, had inserted a clause here preventing Members of the Legislature from being either a Director or a member. My Honourable friend, Mr. Neogy, has referred to the three letters against our names: as meaning "Members of the Lunatic Asylum". Do Government accept the view which has been made jocosely? If so, I can suggest a remedy. There is a goddess *Kali* in a little village, called Tirol, in Bengal which is my maternal uncle's place and the iron bangles of the goddess cure lunacy and I am prepared to take such of the Members, who need lunacy cure, to the goddess at my own expense

Mr. Gaya Prasad Singh: Why do you not cure yourself first?

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member must confine himself to the amendment and not go on about the remedies for lunatics.

Mr. Amar Nath Dutt: I think I should first take Mr. Gaya Prasad Singh there. The cure for lunacy apart, as I was submitting, if the Honourable the Finance Member has been pleased to accept the deletion of clause 10 (1), he should have no objection to accept the deletion of clause 11 (5) also. Interrupting my friend, Mr. Neogy, the Honourable the Finance Member observed that he would enlighten us as to the countries where there were such restrictions. There may be such restrictions, and probably Austria has such restrictions. Germany has also the same restriction; but, Sir, there are certain other provisions in these Banks which we have not accepted here, for example, proxies.

Mr. K. C. Neogy: Control being vested in nationals.

Mr. Amar Nath Dutt: Yes, control being vested in nationals as in

Germany. If you are to follow the model or analogy of a particular country in respect of its Central Bank, either you should accept all the provisions, or do not accept any of the provisions. In this connection, I am reminded of the story of a voracious Brahmin, about an invitation to a *phalahar* to which one of each Brahmin family was invited. The elder brother said to his younger brother: "Well, either you go and tend the cows and I go to the *phalahar*, that is the feast, or I go to the *phalahar* and you tend the cows". These were the two alternatives. So, in this case, we are asked either to accept this restriction of Austria and reject the others and accept the restrictions of Austria. This is certainly not fair.

Then, Sir, I tried to understand the reason underlying this particular sub-clause regarding the exclusion of Members of the Legislature. Are they incapable or is it contended that they will not be able to find the time? I cannot understand the real reason for excluding the Members of the Legislature. If they are regarded as incapable, it must be said that they are equally incapable of being Members of this Legislature to frame the Statute law, for the guidance of the people. If it is held that they will not find the time, that argument cannot hold water for a moment, for we see here gentlemen who are business magnates, managing their

[Mr. Amar Nath Dutt.]

business with ability and at the same time, they carry on the work of this Legislature with efficiency day after day. I need hardly name them, as some of them are present here on the floor of this House. That being the case, I think that this sub-clause should be deleted, and that the Government will lose nothing by its deletion. With these words, I support the amendment.

The Honourable Sir George Schuster: Sir, I must oppose this amendment. There is an important principle involved which, I think, all Honourable Members, who have spoken, fully recognise. I do not oppose it without some regret, because I recognise that one of the great difficulties before the Reserve Bank in the future will be to find suitable Directors, and, therefore, one naturally regrets excluding any class of individuals, particularly such a harmless and intelligent class, as the Members of the Legislative Assembly. Sir, it is impossible to agree to a provision of this kind without creating all sorts of undesirable reactions. There would at once be a conflict of duty and interest set up among those who were both Members of the Legislative Assembly and Directors of the Reserve Bank. It must be the duty of a Director of a Bank of this kind to keep out of politics. On the other hand, it must be the interest of a legislator to bring in politics, and if one imagines the position of a member, a prominent member, of any political party which may, as part of its political programme, have taken up the support of a particular financial policy,—and financial policies are very much brought into politics in India, and indeed in every country today,—it must be obvious that that man's position as a Director must be prejudiced, he would be a source of embarrassment on the Board, and his position in relation to the Legislature would, as I have already said, lead to many undesirable results. Take, for example, the situation which would arise from the point of view that such an individual must have a knowledge of the relations between Government and the Bank. Very confidential matters must be disclosed on those occasions, and then that individual, as a Member of the Legislature, would find himself in an extremely difficult position when debates on Government's financial policy took place in this House. I need not elaborate the point. However undesirable it may be to exclude this body of individuals, I think Honourable Members must recognise that there are very serious objections.

Now, Sir, a good deal has been made of the position in the case of the Central Banks in other countries. I should not myself have raised the point, because I think we are intelligent enough to devise a plan which suits India for ourselves, and that we need not be bound by precedents of other countries, but, as the point has been raised, and as I have been particularly challenged by my friend, Mr. Neogy, I have,—and I must confess it is the first time that I have done it,—I have, in the course of this debate, been looking through the Statutes of other countries, and have selected one or two examples that I have had time to find during the last few minutes when I have also been trying to listen to the Honourable Members' speeches. There is, first of all, the case of Austria where Members of the National Assembly, of the Federal Assembly or Provincial Diets are disqualified from being Directors. That, I think, answers both the points of my friend, Mr. Neogy, because the provincial Diets must be regarded as equivalent to Local Governments. Then, there is the case of Bulgaria,

where similar disqualifications apply. There is the case of Esthonia, where Members of the Parliament are excluded. My friend, Mr. Amar Nath Dutt, has already referred to the restrictions in Germany. There is the case of Roumania, where Directors may not be Members of the Legislative Assembly. There is, again, the case of that Statute which was held out as a model before us yesterday,—I mean the South African Statute, where no person may remain a Director if he is a Member of either House of Parliament or of a Provincial Council—again hitting both Mr. Neogy's points. Then there is the case of Switzerland where Members of the Federal Assembly and the Canton Governments are ineligible for Directorship, and, lastly, I would quote the case of the United States of America where no Senator or representative of the Congress may be a member of the Federal Reserve Board. Sir, I think that shows that this principle has been very widely accepted in countries of all sizes spread all over the world.

Dr. Ziauddin Ahmad: May I ask the Honourable Member to tell us from what book he is quoting? Can he give me the reference to the Statutes and Articles?

The Honourable Sir George Schuster: I am quoting from the book which most Honourable Members have had in their hands all through this debate, Sir Cecil Kisch's book on Central Banking. I will give my Honourable friend the pages if he would like to have them.

Dr. Ziauddin Ahmad: I want references to the Acts of the Banks he cited. I want the section of the South African Act so that I may read it.

The Honourable Sir George Schuster: Section No. 9, at page 406 of this book. That, Sir, provides sufficient authority, if we seek to find authority in outside precedents for what we are now proposing. We regard it as a vital principle in this measure, and, as I have already said, I must oppose the amendment of my Honourable friend.

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

Mr. Lalchand Navarai: I want to speak on this motion.

Mr. President (The Honourable Sir Shanmukham Chetty): The debate has been closed.

Mr. Lalchand Navarai: I rise to a point of order. I got up and also said that I wanted to speak, and, without giving me an opportunity to speak, the Finance Member was called upon to reply. The question now arises whether the debate can be said to have been closed.

Mr. President (The Honourable Sir Shanmukham Chetty): That is not a point of order. As it was explained the other day, the Chair can at any stage ask the Government Member to reply and close the debate. Evidently it has been done. There is no point of order.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): At least we can claim that the Chair should say that there

[Mr. S. C. Mitra.]

has been sufficient debate. But without looking on this side, to unceremoniously call on the Government Member to reply is not desirable;—we should at least be told that sufficient discussion has taken place. Then we should have no objection.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair does not know whether Honourable Members have ever felt that at any stage of a debate the debate has been unceremoniously closed on the initiative of the Chair.

Some Honourable Members: No, no.

Mr. S. C. Mitra: I did not say so.

Mr. President (The Honourable Sir Shanmukham Chetty): In this case, a number of Honourable Members have taken part in the debate and the Finance Member was called upon to reply to the debate. It must be made perfectly clear that while the Chair would never, on its own responsibility, curtail discussion, no Honourable Member can say that every Honourable Member who wants to speak should be called upon on every amendment.

Some Honourable Members: No.

Mr. Lalchand Navalrai: That is not what I meant.

Mr. President (The Honourable Sir Shanmukham Chetty): Then it is not understood what the point of order of the Honourable Member is.

Mr. Lalchand Navalrai: The point of order is this. We do not say that on every amendment every Member should speak; that would be impossible. But when a Member gets up and the Chair thinks that sufficient debate has taken place and calls upon the Government Member to reply, at least we must know that it is the view of the Chair.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair can assure the Honourable Member that no such difficulty would arise.

Mr. Amar Nath Dutt: Is there anything like a right of reply when an amendment is moved? After the Government Member replies, cannot other Members speak? Is there any such rule?

Mr. President (The Honourable Sir Shanmukham Chetty): Usually the practice that we follow is this. We generally allow the Member representing the Government to come at the end. On an amendment he has no right of reply, but, sometimes, for the sake of convenience of the House, the Chair allows the Finance Member to intervene just to make a statement in the midst of a debate so as to facilitate discussion. Otherwise he would have no right of reply.

The question is:

"That sub-clause (3) of clause 11 of the Bill be omitted."

The Assembly divided:

AYES—25.

Abdul Matin Chaudhury, Mr.
Bagla, Lala Rameshwar Prasad.
Bharput Sing, Mr.
Das, Mr. B.
Dutt, Mr. Amar Nath.
Fazal Haq Piracha, Khan Sahib
Shaikh.
Ismail Ali Khan, Kunwar Hajee.
Jadhav, Mr. B. V.
Joshi, Mr. N. M.
Krishnamachariar, Raja Bahadur G.
Lalchand Navalrai, Mr.
Liladhar Chaudhury, Seth.
Mahapatra, Mr. Sitakanta.
Mitra, Mr. S. C.
Muazzam Sahib Bahadur, Mr.
Muhammad.
Mujumdar, Sardar G. N.
Neogy, Mr. K. C.

Pandit, Rao Bahadur S. R.
Parma Nand, Bhai.
Phookun, Mr. T. R.
Raghubir Singh, Rai Bahadur
Kunwar.
Rajah, Rao Bahadur M. G.
Reddi, Mr. P. G.
Reddi, Mr. T. N. Ramakrishna.
Sarma, Mr. R. S.
Sen, Mr. S. C.
Shafee Daoodi, Maulvi Muhammad.
Singh, Kumar Gupteshwar Prasad.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Sohan Singh, Sirdar.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Wilayatullah, Khan Bahadur H. M.
Ziauddin Ahmad, Dr.

NOES—47.

Abdul Aziz, Khan Bahadur Mian.
Ahmad Nawaz Khan, Major Nawab.
Anklesaria, Mr. N. N.
Ayyangar, 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.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar.
Lee, Mr. D. J. N.
Mackenzie, Mr. R. T. H.

Macmillan, Mr. A. M.
Meccalfe, Mr. H. A. F.
Miller, Mr. E. S.
Milligan, Mr. J. A.
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.
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. Praduman Prasad.
Sinha, Rai Bahadur Madan Mohan.
Smith, Mr. R.
Studd, Mr. E.
Tottenham, Mr. G. R. F.
Trivedi, Mr. C. M.
Yamin Khan, Mr. Muhammad.

The motion was negatived.

Mr. President: The question is:

"That clause 11, as amended, stand part of the Bill."

The motion was adopted.

Clause 11, as amended, was added to the Bill.

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

"That clause 12 stand part of the Bill."

Diwan Bahadur A. Ramaswami Mudaliar: I move:

"That in the proviso to sub-clause (4) of clause 12 of the Bill, after the words 'resulting vacancy' the words 'if any' be inserted."

This is a very simple amendment. There may not be a resulting vacancy when a Director resigns his seat from the Central Board. He may continue to be a member of the Local Board and he need not necessarily vacate his position on the Local Board. The Directors are elected for a period of five years and it is possible that a gentleman, who has been elected a Director may come back to the Local Board resigning his office as Director. It is also possible that there may be an arrangement among the members by the members of a Local Board that one person may be a Director for two years and another person may be a Director for the next two years. In that case also, the member who was elected as the Director may resign after the two years and come back to the Local Board. Therefore, I merely want the words "if any" to be inserted after the words "resulting vacancy" there.

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

"That in the proviso to sub-clause (4) of clause 12 of the Bill, after the words 'resulting vacancy' the words 'if any' be inserted."

The Honourable Sir George Schuster: I think I should always be disposed to accept the addition of the words, "if any". I have no objection.

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

"That in the proviso to sub-clause (4) of clause 12 of the Bill, after the words 'resulting vacancy' the words 'if any' be inserted."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

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

"That clause 13 stand part of the Bill."

Mr. Sittakanta Mahapatra: Sir, I beg to move:

"That for sub-clause (3) of clause 13 of the Bill, the following be substituted:

"(3) The Governor General in Council shall appoint a President from among the Directors elected or nominated under clauses (b) and (c) of sub-section (1) of section 8 who shall usually preside at meetings of the Central Board and in his absence the senior Chairman present from a panel of three appointed by the Governor General in Council from among the above Directors shall preside and in the event of an equality of votes the President shall have a second or casting vote."

My object in moving this amendment is obvious. The Governor of the Reserve Bank will, as we have known by this time, be a super-man. In India, he will be second probably to H. E. the Viceroy outwardly, but inwardly he will dictate to the Viceroy even. The Right Honourable Montagu Norman is not less powerful than the British Chancellor of the Exchequer. The Governor of the Reserve Bank will be the Chief Executive Officer of the Bank. I do not want to make him the President of the Central Board as well, thus investing him with super-natural powers. The provisions of this Bill are in many respects taken from the Imperial Bank of India. But, even in that Bank, the Managing Governor is not the President. But, as in that Bank, I say this, subject to correction, Directors

are sometimes not present besides the Governors and the Secretary, the Managing Governor has to preside. In other Central Banks of the world, the Governor is debarred by Statute from presiding over meetings. I am giving some illustrations. I have taken these illustrations from the book that the Honourable the Finance Member just used. Commonwealth Bank of Australia—The Chairman shall be chosen by a Board from its own members. The Austrian National Bank—Chairman is appointed by the Federal President. The Central Bank of Chile—President is elected, General Manager separate. Bank of Italy—Board elects its own officers. Sir, just now it has been decided that a censure motion can be moved against the Governor. Supposing the Governor as President rules out such censure motions, what can be done? I do not take away the powers of the Governor General in appointing the President of the Central Board. On the other hand, I suggest that he should be endowed with much greater powers. Sir, the Governor of the Reserve Bank can well challenge the powers of the Governor General at times if he so desires, in the financial regions of India. Should not the Governor General have some more indirect powers in his hands over the Governor of the Reserve Bank? Sir, the financial destinies of India will be handed over to the Reserve Bank. Is it not fair that the Governor's powers should not be unlimited? Sir, the best men in the country will certainly be connected with politics. In the new Constitution, several thousand persons, the brightest persons in India, as being Members of the Legislatures, will be excluded from the Bank. The Central Legislatures alone will exclude over 600 of the best men. Then, there will be two Houses in most of the provinces. If I calculate correctly, only third-rate persons will be found to seek election to a Local or the Central Board. (Mr. Amar Nath Dutt: "Why 'third-rate', fifth-rate".) Is it not fair that the Governor should have less power than is intended by this Bill to give him. So that the third-rate Directors may not be swayed? Then, the Governor will be a whole-time paid servant of the Bank. Is it then desirable that he should also be the President of the Board of Directors? Sir, I move my amendment.

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

"That for sub-clause (f) of clause 13 of the Bill, the following be substituted :

'(f) The Governor General in Council shall appoint a President from among the Directors elected or nominated under clauses (b) and (c) of sub-section (1) of section 8 who shall usually preside at meetings of the Central Board and in his absence the senior Chairman present from a panel of three appointed by the Governor General in Council from among the above Directors shall preside and in the event of an equality of votes the President shall have a second or casting vote.'

Mr. B. V. Jadhav: Sir, the Bank is to be a Shareholders Bank and it is also accepted that the Governor of the Bank is to be nominated or appointed by the Governor General in Council. So far we have accepted this position. But now the present arrangement is that the Governor of the Bank should also be the President of the Board of Directors. I must admit that the Governor of the Bank of England presides at the Board of Directors' meetings, but there he is quite an independent man and he is appointed by the Board of Directors themselves. His is the position of the president of a meeting being elected by the members of the meeting or the president or chairman of a managing committee being elected by the other members of the managing committee. So, that parallel ought not to apply to this case. As has been pointed out by my friend, the Mover of this amendment,

[Mr. B. V. Jadhav.]

in the case of the Imperial Bank also the Government have allowed that the Board of Directors should have their own Chairman, a different man from the Managing Governor. The Governor is a paid servant and, as such, he ought to be a servant of the Board and he ought to be amenable to the decisions of the Board. Under the present Bill, as drafted, the Governor of the Bank is made the President of the Bank and perhaps in that capacity he will over-shadow the other members of the Board. In the Calcutta Corporation, when the whole administration was in the hands of Government, the President was a nominee of the Government and a paid servant, but then it was rather in the olden days when democracy had not advanced to a great extent. Now, that has been changed and the President of the Corporation is a different man, elected by the Corporation themselves. So, in this case also, this servant of the Bank, the Governor of the Bank, ought not to preside over the Board of Directors and, therefore, the amendment seeks to enact that another person should be nominated by the Governor General in Council as the President. Sir, I support the amendment.

The Honourable Sir George Schuster: Sir, I must oppose this amendment. It is, of course, possible to quote precedents for almost every sort of arrangement from the Statutes relating to the existing Central Banks in other countries, but this idea that the Governor should preside over the Board of Directors is one which is fairly generally accepted, and there are many important examples of it. I could quote, for instance, the Bank of France as being one where the Governor is not elected by the shareholders themselves. That is a sufficient answer to what my Honourable friend, Mr. Jadhav, has said. This has always been a part of our proposals and I have heard nothing to alter my view that this is a suitable arrangement, and that it is a suitable way of confirming the position of the Governor. On these grounds, I oppose the amendment.

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

"That for sub-clause (3) of clause 13 of the Bill, the following be substituted:

'(3) The Governor General in Council shall appoint a President from among the Directors elected or nominated under clauses (b) and (c) of sub-section (1) of section 8 who shall usually preside at meetings of the Central Board and in his absence the senior Chairman present from a panel of three appointed by the Governor General in Council from among the above Directors shall preside and in the event of an equality of votes the President shall have a second or casting vote'."

The motion was negatived.

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

"That clause 13 stand part of the Bill."

The motion was adopted.

Clause 13 was added to the Bill.

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

"That clause 14 stand part of the Bill."

Dr. Ziauddin Ahmad: Sir, I move:

"That in sub-clause (1) of clause 14 of the Bill, after the words 'at any other time' the words 'or place' be added."

This is only a verbal amendment and it improves the object of the clause. The sub-clause says:

"A general meeting (hereinafter in this Act referred to as the Annual General Meeting) shall be held annually at a place where there is an office of the Bank within six weeks from the date on which the annual accounts of the Bank are closed, and a General Meeting may be convened by the Central Board at any other time."

Now, if we put in a "place" also, that will improve the meaning and I think it will give a much-desired latitude, because it will not tie down, not only as regards time, but as regards places.

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

"That in sub-clause (1) of clause 14 of the Bill, after the words 'at any other time' the words 'or place' be added."

The Honourable Sir George Schuster: Sir, I really have not been able to appreciate the point of my Honourable friend's amendment, but I must oppose it. The idea is that General Meetings should be held at places where there is an office of the Bank, and I see no reason for allowing greater latitude.

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

"That in sub-clause (1) of clause 14 of the Bill, after the words 'at any other time' the words 'or place' be added."

The motion was negatived.

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

"That in sub-clause (1) of clause 14 of the Bill, after the words 'Central Board' the words 'at its own discretion or on the receipt of a requisition in writing signed by not less than 25 shareholders holding 500 shares' be inserted."

Sir, the provision which I am proposing is found in very many Banks. I daresay that the Honourable gentleman may be able to quote half a dozen Banks where it is not to be found, but I can quote any number of Banks where it is to be found. It is but fair that, if the shareholders are not satisfied with the action and the policy of the Directors, they should have an opportunity to express their opinion, and the only opportunity that they can have of expressing their opinion is to convene a meeting at the requisition in writing of so many members representing 500 votes. This is a kind of thing which I hope Government should not find any difficulty in acceding. The principle of this amendment, as I said, is that the shareholders should have a right by requisition to convene a General Meeting of the shareholders and thus be able to express their opinion.

Sir, I move.

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

"That in sub-clause (1) of clause 14 of the Bill, after the words 'Central Board' the words 'at its own discretion or on the receipt of a requisition in writing signed by not less than 25 shareholders holding 500 shares' be inserted."

Mr. S. C. Sen: Sir, I support this motion. This is one of the ordinary clauses which is to be found in all companies. Not only that, there is a Statutory provision in the Companies Act which was not in the previous Act of 1882, but was inserted in the Act of 1913. The provision says that ten per cent. of the shareholders can call upon the Directors to call a General Meeting of the company for a specified purpose to be specifically mentioned in the notice. I think I am right in saying that such a clause is also to be found in the Imperial Bank Act. Under these circumstances, I do not see any reason why it should not find a place here, especially when the meeting of the general body of the shareholders can only advise the Directors and not in any way interfere or affect their powers. I support the motion.

Mr. S. C. Mitra: Sir, I support the principle of this amendment, though, I think, the wording is not happy. The number of shareholders who can requisition for a meeting, is too small and, if Government accept the principle, they can by arrangement change the wording making it ten per cent. or 15 per cent. of the total number of shareholders. The principle, as Mr. Sen has put it, is a general principle which has been accepted by the companies in general and I hope Government will be able to see their way in accepting it in an altered form.

The Honourable Sir George Schuster: I must oppose this amendment. In the first place, the idea that 25 shareholders holding 500 shares should be able at any time to force a General Meeting to be held is, I submit, on the face of it, absurd. It would be possible at any time for a small group to get together and to requisition a meeting just for the purpose of harassing the Board. Now, Sir, I think it is a great mistake to expect the practice which may be followed in regard to private companies to be incorporated in the provisions dealing with a Central Bank of this kind. We have already discussed very fully what the functions of the shareholders are in this Bank. They are not persons who are interested in the financial management of the Bank in the sense that the shareholders of an ordinary company are. They are not people who depend on the way in which the Bank is worked in any detail as regards the amount of dividend that they receive. Their primary function is, as we have always made clear, the election of the Directors, and the question of policy and whether the Bank is conducting its policy properly is really more a question for the general public than for the shareholders. We fear that if there was a provision of this kind, it might, as I have already said, be used by a group of shareholders merely for the purpose of harassing the Board. This particular proposal, in any case, is quite impossible and I think it is very unlikely that we on this side would support any proposal allowing a group of shareholders to ask for a meeting at any time. I must, therefore, oppose this amendment.

Dr. Ziauddin Ahmad: May I ask the Honourable Member, how will the public be able to express their opinion if they are dissatisfied? The Honourable Member said that it was for the general public to criticise, but, may I know, in what manner they should express their opinion if they are dissatisfied?

The Honourable Sir George Schuster: There are many other occasions when the policy of the Bank can be discussed. It will be possible that it should be discussed in the Legislature, for one thing.

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

"That in sub-clause (1) of clause 14 of the Bill, after the words 'Central Board' the words 'at its own discretion or on the receipt of a requisition in writing signed by not less than 25 shareholders holding 500 shares' be inserted."

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Friday, the 15th December, 1933.