

# LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

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*(11th December to 22nd December, 1933)*

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SIXTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY

1933



DELHI : MANAGER OF PUBLICATIONS

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# Legislative Assembly.

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**M335LAD**

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# LEGISLATIVE ASSEMBLY.

Wednesday, 20th 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.

### DEATH OF SAILESH CHATTERJEE, A DETENU IN THE DEOLI DETENTION CAMP.

1445. \***Mr. S. C. Mitra:** (a) Is it a fact that the deceased detenu Sailesh Chatterjee, was transferred to Deoli on December 14, 1932?

(b) Is it a fact that the deceased detenu wrote a letter on October 14, 1933, to his mother stating therein that he was in perfect health, and that that letter was received by the addressee on October 18, after the death of her son?

(c) Are Government aware that the deceased detenu had a very good physique and was an all round sportsman?

(d) Is it a fact that during the night and day of October 15, the temperature of the deceased was 105 degrees? Will Government please state why he was not sent to the hospital on that day namely, October 15?

(e) Will Government please state from what time on October 14, did his temperature begin to rise? Is it a fact that on October 16 his temperature varied from 103 degrees to 105 degrees?

(f) Have the medical authorities at Deoli examined the tube through which intravenous quinine injection was administered to him and the reactions of which within an hour and a half caused his death? What are the medical qualifications of the man who administered the intravenous injection?

(g) Is it a fact that Atindra, who was a fellow detenu coming from the same district and town, applied for but was disallowed permission to see Sailesh at the Jail Hospital during his illness?

(h) Will Government please explain why was the request for sending the ashes and skull bones of the deceased to his parents for being disposed of according to orthodox Hindu rites turned down?

(i) Will Government please explain what are the special reasons for erasing off from the letters of Atin Roy and other detenues the description of the illness and treatment of the deceased?

(j) Have Government, since my last question, sent any description of the illness and treatment of the deceased to his relatives?

**The Honourable Sir Harry Haig:** (a) The detenu was transferred to Deoli on September 12, 1933.

(b) I would refer the Honourable Member to my answer to his question on the same subject on the 23rd November last.

(c) I am informed that he had an average physique.

(d) and (e). The detenu's fever began on the evening of October 14, and his temperature was 103 at 8 P.M. on that date. On the 15th his temperature varied from 103 to 104 and on the 16th from 102.8 to 105.2. He was not removed to hospital before the evening of the 16th because it has been found in Deoli that malaria cases usually respond to treatment within the first 48 hours and high temperatures are not uncommon. I may add that when the order was given on the 16th for his removal to hospital, he at first refused to allow himself to be moved unless three of his friends could go with him to nurse him, and this objection was supported by his friends. It was only after some appreciable delay that he could be moved to hospital.

(f) I must very definitely repudiate the allegation that the reactions of the quinine injection caused the death of the detenu. I am informed that the period that elapsed between the injection and the collapse renders that theory untenable, and I presume the Honourable Member does not wish to repeat the suggestion he made on the 23rd November that poison was administered to the detenu. I have ascertained that all the usual precautions were observed before the injection was given. The instrument was sterilized and care was taken to see that the amount of quinine was correct. Similar injections have been given on numerous occasions both before and after this case without any untoward result. The doctor who gave the injection is a Bachelor of Medicine and a Bachelor of Surgery and, in addition, a Bachelor of Science.

(g) Yes, because the application was made late at night and at a time when the condition of the patient was not considered dangerous.

(h) Permission was refused at the request of the Government of Bengal.

(i) The information given in these letters was incorrect and misleading. Atin Roy was not in a position to give the facts of the treatment of the deceased as he was never present with him either before or after his removal to hospital.

(j) I communicated with the Chief Commissioner after the Honourable Member's last question, and I am told that the father of the deceased was informed that he should apply to the Government of Bengal who had been supplied with all the details of his son's illness.

#### SURVEY OF THE SEA BOARD OF BENGAL FOR STARTING FACTORIES AND WAREHOUSES.

1446. \*Mr. S. C. MITRA: Will Government please state if the Government of Bengal have taken any steps to survey the sea board of Bengal for the purpose of starting factories and warehouses? If so, when? If not, why not?

**The Honourable Sir George Schuster:** No. The Bengal Government did not think such a survey was likely to be fruitful in view of the opinion of Mr. Pitt who was placed on special duty to investigate the possibilities of salt production in Bengal that manufacture of salt on a commercial scale is not possible on the Bengal Coast. Mr. Pitt's Report on the subject was appended to the Central Board of Revenue's Second Report to the Salt

Industry Committee of the Assembly copies of which were circulated to the Honourable Members of this House in March, 1933.

**INSUFFICIENCY OF GOVERNMENT QUARTERS IN NEW DELHI AND SIMLA.**

1447. \*U Ba Maung: Is it a fact that the number of Government quarters in New Delhi and Simla is not sufficient to meet the demand of the ministerial staff?

The Honourable Sir Frank Noyce: Yes.

**ALLOTMENT OF QUARTERS IN NEW DELHI TO PERSONS WHO ARE KEEN TO GET THEM.**

1448. \*U Ba Maung: (a) Is it a fact that quarters in Simla are allotted only to those persons who state that they are keen to get them?

(b) If so, have Government considered whether the same practice cannot be established in respect of quarters in New Delhi until more quarters are built and the scarcity is over? If not why not?

The Honourable Sir Frank Noyce: (a) No. Under the rules it is compulsory for clerks who are governed by the new rules relating to Simla house-rent allowance to apply for Government quarters. Those of them who do not wish to occupy Government quarters are permitted to live elsewhere, if the number of applicants for quarters who are willing to occupy them exceeds the number of quarters, and the Estate Officer grants a "no-accommodation" certificate.

(b) Does not arise; but I may explain that those clerks who do not desire to reside in Government quarters at Delhi are under no obligation to apply for them.

**RESTRICTIONS ON THE PUBLICATION OF A VERNACULAR WEEKLY NEWSPAPER IN BALUCHISTAN.**

1449. \*Mr. M. Maswood Ahmad: (a) Has the attention of the Government been drawn to an article published in the *Zamindar* on the 5th December, 1933, under the heading "*Hakumat Baluchistan ke Shiddat ke intake*"?

(b) Is it a fact that Mr. K. Rahman of Quetta had applied to the Political Agent, Quetta, for permission to publish and edit a vernacular weekly paper?

(c) Is it a fact that the permission was given on the condition that no news or article of political, religious, communal or personal nature should be published in that paper?

(d) Do Government agree with the policy of the Political Agent?

(e) Do Government propose to withdraw the above mentioned restrictions?

Mr. H. A. F. Metcalfe: With your permission, Sir, I will answer questions Nos. 1449, 1450 and 1451 together. Information is being obtained from the Local Administration and will be given to the House when it is received.

Mr. M. Maswood Ahmad: Do Government propose to request the Local Government to modify the orders if, in the opinion of the Government of

India, the order is unreasonable or contrary to the policy of the Government of India?

**Mr. H. A. F. Metcalfe:** The Honourable Member has put his question in a hypothetical form and I can only give a hypothetical answer, which would presumably be in the affirmative if the conditions which he lays down are unfortunately fulfilled.

**RESTRICTIONS ON THE PUBLICATION OF A VERNACULAR WEEKLY  
NEWSPAPER IN BALUCHISTAN.**

†1450. **\*Mr. M. Maswood Ahmad:** (a) Is it a fact that Mr. A. Achagzai of Gulsitan in Baluchistan had applied to the Political Agent, Quetta, for permission to publish and edit a vernacular weekly paper by the name of *Baluchistan* in October, 1933?

(b) Is it a fact that the application mentioned in part (a) was rejected by the Political Agent, Quetta?

(c) Is it a fact that a copy of the Political Agent's order was refused to be given by the Political Agent?

(d) Do Government propose to instruct the Political Agent, Quetta, to permit the publishing and editing of vernacular papers in Baluchistan Province and to encourage the same?

**RESTRICTIONS ON THE PUBLICATION OF A VERNACULAR WEEKLY  
NEWSPAPER IN BALUCHISTAN.**

†1451. **\*Maulvi Muhammad Shafee Daoodi:** (a) Are Government aware that Mr. Khalilur Rahman of Quetta had applied to the Political Agent, Quetta, for permission to edit a vernacular weekly paper from Quetta, and that he was told that he may edit the paper, but no news or article being of political, communal, or personal nature should be published?

(b) Are Government aware that Mr. Abdussamad Achagzai of Gulsitan in Baluchistan had applied in October last to the Political Agent, Quetta, for permission to edit a vernacular weekly paper by the name of *Baluchistan* for ventilating public opinion in the matter of political, social and religious reforms, but the same was rejected?

(c) Do Government endorse this policy of the Political Agent? If so, why? If not, do Government propose to instruct the Political Agent, Quetta, to permit papers meant for ventilating public opinion to be published in Baluchistan?

**ALLOTMENT OF A PARTICULAR QUARTER TO A PARTICULAR PERSON EVERY  
YEAR IN NEW DELHI.**

1452. **\*Mr. Uppi Sahab Bahadur:** (a) Will Government please state the reason which has led the Estate Officer to allot a particular quarter every year to a person till he goes out of class irrespective of his dislike for that quarter and his request for a change?

(b) Are Government aware that the refusal to change the allotment when vacancy in a better type of quarters occurs has caused resentment amongst the allottees who are compelled to occupy the same quarter when quarters with better advantages, e.g., new types, and in better localities, become available and are allotted not to them but to new persons who would necessarily be his juniors?

†For answer to this question, see answer to question No. 1449.

(c) Is it a fact that if an allottee asks for a change, his application is treated as a new one and he loses his lien on the quarter allotted to him and which he has been occupying in the past, and he is also treated as the juniormost among the new applicants?

(d) Are Government aware of the hardships pointed out above and are they prepared to issue instructions to remove the anomaly with a view to improve the rules regarding the allotment of quarters?

(e) Is it a fact that tenants in Simla are given an opportunity to change their quarters in accordance with the priority of receipt of application for a change? Why cannot this practice be established in Delhi?

**The Honourable Sir Frank Noyce:** (a) Presumably the Honourable Member is referring to the allotment of residences in Delhi to married officers whose emoluments are less than Rs. 600 per mensem. It is expressly provided in the rules governing the allotment of these residences that the Estate Officer shall, so far as may be, have regard to any preferences expressed by applicants. He has, however, to allot quarters in accordance with the order of priority prescribed in the rules, and an officer who applies for a transfer of lien is included in the fourth category in the order of priority, thus ranking next below unsuccessful entitled applicants of the preceding year.

(b) Certain applications concerning the operation of the rule regulating transfer of lien have been received, but Government are not aware of any special resentment on the subject.

(c) No. A person who has been allotted and has a lien on a residence is permitted to apply, as a new applicant, for other residences of the same class without losing his lien. His position in the order of priority in respect of his application for transfer of lien is indicated in the reply to part (a) above.

(d) Government are considering the matter in connection with some of the applications referred to in part (b) above.

(e) Yes; in the allotment of residences in Simla to married officers whose emoluments are less than Rs. 600 per mensem, tenants have preference over new applicants, the relative priority among the tenants themselves being determined mainly on the basis of prior occupation, and the date of receipt of each application. As stated in part (d) above, Government have yet to pass orders on certain applications which have been received on this subject.

#### ALLOTMENT OF UNORTHODOX QUARTERS IN CERTAIN LOCALITIES IN NEW DELHI.

1453. **\*Mr. Uppi Saheb Bahadur:** Will Government please state the principle which was followed in the allotment of unorthodox quarters on the Asoka, Mahadeo, Cantonment, Market, Rekabganj and Talkatora Roads and the Park Lane in New Delhi?

**The Honourable Sir Frank Noyce:** The allotment of the quarters was made strictly in accordance with the rules on the subject, a copy of which has been placed in the Library of the House.

#### TRANSFER OF SUPERINTENDENTS IN THE OFFICE OF THE CONTROLLER OF RAILWAY ACCOUNTS.

1454. **\*Sardar Sant Singh:** (a) Will Government kindly state if it is a fact that some of the present Superintendents in the office of the Controller

of Railway Accounts have been working in that office and its predecessor office since many years?

(b) How many of the present Superintendents in that office have not worked as (i) Superintendents, (ii) Accountants in a subordinate Railway Accounts Office? How many have worked as (i) Superintendents, (ii) Accountants in subordinate Railway Accounts offices for short periods?

(c) If the reply to part (a) be in the affirmative, will Government kindly state why these Superintendents are not transferred to the State Railway Accounts offices and why some of the Superintendents who have been working as such in State Railway Accounts offices for many years are not given the chance of working in the Head Office?

(d) Is it a fact that no Sikh Accountant has ever been posted to the office of the Controller of Railway Accounts since this office came into existence? If so, do Government propose to consider the question of posting to that office one or two Sikh accountants? If not, why not?

**Mr. P. R. Rau:** (a) Only one out of five.

(b) I understand that two of the present Accountants, Grade I, have not worked in the same capacity in a subordinate Railway Accounts office, but all of them have worked as Accountants in either grade I or II or held an equivalent post.

(c) Transfers between Railway Accounts offices and the office of the Controller of Railway Accounts are arranged as the interests of the public service require.

(d) The statement made by my Honourable friend is incorrect. I understand two Sikh Accountants have in the past been in that office. I may add that it is impossible for Government to agree to be guided by communal considerations in posting staff to individual offices.

#### TRANSFER OF SUPERINTENDENTS IN THE OFFICE OF THE CONTROLLER OF RAILWAY ACCOUNTS.

1455. **\*Sardar Sant Singh:** (a) Will Government please state if special pays and personal and duty allowances of all incumbents in Railway Accounts Offices ceased in 1931?

(b) Is it a fact that one of the superintendents in the Controller of Railway Accounts' office is still in receipt of a duty allowance which will cease on his transfer and will not be given to his successor?

(c) Will Government please state why he cannot be transferred and a substantial annual saving thus effected?

**Mr. P. R. Rau:** (a) and (b). Yes.

(c) The question of the retention or otherwise of the Superintendent in question must depend on his suitability for the post.

#### APPOINTMENT OF STAFF IN THE STATISTICAL BRANCH OF THE COMMERCE DEPARTMENT.

1456. **\*Sardar Sant Singh:** (a) Is it a fact that a Statistical Branch of the Commercial Intelligence with the Government of India in the Commerce Department has recently been opened at Simla and Delhi?

(b) What will be its functions and why was the necessity of opening it felt now?

(c) How many appointments in the ministerial establishment were sanctioned and how were they filled up?

(d) Is it a fact that Rai Bahadur Banerjee, Deputy Director of Commercial Intelligence, came up to Simla from Calcutta to make the necessary appointments?

(e) Are Government aware that almost all the appointments were filled up by him by Bengalis only? If not, will they please state the number of Bengalis out of the total establishment, as compared with the men of other provinces?

(f) How many of the recruited persons held permanent appointments, and how many of them were new hands who were recruited directly?

(h) Are Government aware that not a single Sikh was taken in any of the grades in any of these new appointments which were made very recently, thus ignoring the Home Department's orders of 1928 regarding recruitment of minority communities? How many Sikh applicants were there, and with what qualifications?

(i) Are Government prepared to order the recruitment of Sikhs in future vacancies? If not, why not?

**The Honourable Sir Joseph Shore:** (a) Presumably the Honourable Member is referring to the Statistical Research Branch of the Department of Commercial Intelligence and Statistics. If so, the reply is in the affirmative.

(b) For the present, the main functions of this Branch are the examination and analysis of the effects of the Ottawa Trade Agreement, the investigation of the various claims for assistance to Indian industries arising under the Safeguarding of Industries Act and the collection and analysis of the data necessary for an appreciation of the economic situation from time to time for the use of Government and of the Reserve Bank when it comes into being. It was necessary to set up this Branch as the situation called for the continuous exercise of the functions of such a specialised organisation.

(c) 11; mostly by trained hands from the Calcutta Office of the Director General of Commercial Intelligence and Statistics considered capable of undertaking this new type of work.

(d) No. Rai Bahadur Banerji came up to Simla to discuss several important and urgent questions with the Director General of Commercial Intelligence and Statistics and did not specifically come for the purpose mentioned in the question.

(e) No. Of the persons appointed, six are Bengalis one of whom is domiciled outside Bengal and the remaining five are from other provinces.

(f) Five held permanent appointments, five formerly held temporary appointments, and one was recruited direct.

(h) Yes. The Home Department orders which refer to all minority communities have not been ignored. As regards the remaining part of the question, information is being called for and will be laid on the table in due course.

(i) The claims of Sikh candidates will be considered along with those of others belonging to other minority communities as occasion arises.

### MINISTERIAL STAFF IN THE CENTRAL PUBLICATION BRANCH.

1457. \*Sardar Sant Singh: (a) What was the total ministerial strength of the office of the Manager, Central Publication Branch, Delhi on 1st October, 1933, and how many of them were Hindus, Muhammadans and Sikhs, belonging to different provinces, who were holding permanent and temporary appointments, respectively?

(b) How many officiating, temporary and permanent vacancies occurred in different grades since its transfer to Delhi and how many were given to Hindus, Muhammadans and Sikhs?

(c) Are Government aware that the office is full of Bengalis only, and, if there is any vacancy, it is not offered to any one but a Bengali?

(d) Do Government propose to stop the further recruitment of Bengalis in any capacity until Sikhs and Punjabis and United Provinces men have been well represented in this office? If not, why not?

The Honourable Sir Frank Noyce: (a) 80. Of this number, 62 were Hindus, 15 Muslims, two Anglo-Indians and one Sikh. With the exception of one Hindu from Madras and one Sikh from the Punjab, the entire staff is from Bengal.

(b) 36 since October, 1932. 24 vacancies were filled by Hindus, five by Muslims, five by Anglo-Indians and two by Sikhs.

(c) Bengalis preponderate as a consequence of the office having been located in Calcutta till recently. The reply to the second part is in the negative.

(d) No. Recruitment is not made on a provincial basis, but Government anticipate that as a result of the transfer of the Branch candidates from other provinces than Bengal are likely to offer themselves in greater numbers.

### RECRUITMENT OF SIKHS IN THE AUDIT OFFICE, INDIAN STORES DEPARTMENT.

1458. \*Sardar Sant Singh: (a) How many temporary, officiating and permanent vacancies occurred in the Audit Office, Indian Stores Department since 1st January, 1932? How many Bengalis were recruited in each grade? How many vacant posts were given to Sikhs?

(b) Are Government aware that a Sikh clerk who some time ago was appointed to make up the communal inequality in this office, died in the end of 1932, or thereabout and that no Sikh was recruited in that vacancy and that appointment was offered to a non-Sikh? What is the name of that gentleman, what are his qualifications and to which Province does he belong?

(c) Do Government propose to order the recruitment of Sikhs in future vacancies?

The Honourable Sir George Schuster: (a) There have been, since the 1st January, 1932, four permanent vacancies, one of which was filled by a Bengali and one by a Sikh; eight officiating vacancies, three of which were filled by Bengalis and one by a Sikh; and seven temporary vacancies, one of which was filled by a Bengali transferred from one of the officiating appointments, and none by Sikhs.

(b) A temporary Sikh clerk died at the end of 1932. A Muslim, Mr. Shuja-ud-din Ahmad, a B.A. of the Delhi University, belonging to the Delhi Province, was appointed in his place.



(c) Members of minority communities will be recruited in future vacancies in accordance with the standing instructions of the Government of India. No special treatment for Sikhs in the Audit Office, Indian Stores Department, is contemplated.

**Mr. M. Maswood Ahmad:** In connection with part (a), how many posts were filled by Muslims?

**The Honourable Sir George Schuster:** I must have notice of that question.

**RETENTION OF THE CIVIL ASSISTANT SURGEON OF THE COMBINED HOSPITAL, NEW DELHI, FOR MORE THAN THREE YEARS.**

**1459. \*Sardar Sant Singh:** Will Government please state the time since when the Civil Assistant Surgeon of the Combined Hospital, New Delhi, is stationed at New Delhi? What are the special reasons for keeping him beyond the period of three years at one station?

**Mr. G. S. Bajpai:** Since the 15th April, 1926. There is no rule limiting the tenure of appointment to three years.

**RECRUITMENT OF SIKHS IN THE RESEARCH SIDE OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.**

**1460. \*Sardar Sant Singh:** (a) What is the total number of clerical and technical establishment working in connection with the locust campaign and under certain other research work carried on by the Imperial Council of Agricultural Research? How many of these appointments are held by Sikhs?

(b) How was the recruitment to such posts made, and since when each of these was filled up? Was any Sikh recruited?

(c) If not, will Government please give reasons for not taking any Sikh in these new appointments and thus ignoring the instructions regarding communal inequality in the services, issued by the Home Department in 1930?

**Mr. G. S. Bajpai:** (a) 29, of which one is held by a Sikh.

(b) Of the seven technical officers, three were recruited through the Public Service Commission, two were borrowed from Local Governments, one was taken from the Royal Institute of Science, Bombay, and the seventh from the Military Dairy Farms Department. Of the 22 clerks, 10 were already in Government employ and 12 were selected by the officers concerned. One of the new entrants is a Sikh. These appointments were filled at different times between 1930 and 1933.

(c) In view of the answer I have given to part (b) of the question, part (c) does not arise.

**APPLICATION OF THE REVISED SCALES OF PAY RULES.**

**1461. \*Mr. Muhammad Azhar Ali:** (a) Will Government kindly state if it is a fact that rule 111 (iii) of the Revised Scales of Pay Rules applies to cases of Government employes who were on probation on or after the 16th July, 1931, with the warning that their confirmation would be subject to such scales of pay as might be eventually prescribed for their respective posts?

(b) Will Government kindly state:

- (i) the number of their employees who were on probation in the superior central services, for which revised scales of pay have been prescribed, on and after the 16th July 1931;
- (ii) the terms regarding pay, etc., on which such employees were recruited; and
- (iii) whether those terms, if there were any, have in all cases been examined and enforced in the light of their bearing on the revised scales of salaries recently introduced by them?

(c) Will Government kindly state if they have arrived at any formula for determining the extent to which the revised scales of pay should apply to the cases of such of the Government employees as, being already in permanent service, are promoted from one class or cadre to another?

(d) Will Government kindly state when the revised scales of pay for the services under the control of the Secretary of State for India are likely to be announced and introduced?

**The Honourable Sir George Schuster:** (a) Sub-clause (iii) of Rule 3 of the Revised Rates of Pay Rules applies to persons who were on probation on the 15th of July, 1931, and continued to be on probation until their confirmation. The case of those who were appointed on or after the 16th of July, 1931, whether on probation or not, is governed by sub-clause (i) or (iv) of the rule.

(b) The information is not readily available, but as regards (iii) I may say that the Government of India have no reason to believe that these rules are not being enforced.

(c) The decision on this point is stated in the Finance Department Office Memorandum a copy of which I lay on the table.

(d) I would refer the Honourable Member to the reply given by the Honourable the Home Member to parts (b), (d) and (k) of starred question No. 1191 asked by Mr. S. C. Mitra on the 28th of November, 1933.

OFFICE MEMORANDUM FROM THE DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, TO ALL DEPARTMENTS OF THE GOVERNMENT OF INDIA, (INCLUDING THE FINANCIAL ADVISERS AND THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT), No. F. 31 (10)-Ex. I/33, DATED NEW DELHI, THE 20TH NOVEMBER, 1933.

SUBJECT:—*Regulation of pay of persons who were in service on July 15, 1931, on promotion from one cadre or service to another.*

With reference to paragraph 2 of the Home Department Press Communiqué, dated the 22nd of September, 1933, the undersigned is directed to state that the Governor-General in Council has now decided, in respect of the services and posts subject to his rule-making control in terms of the Civil Services (Classification, Control and Appeal) Rules, that all persons who have been in continuous service since the 15th of July, 1931, and who received no warning at the time of appointment that they would be given the new rates of pay, shall on promotion from a lower to a higher service, or to posts outside the time-scales, or, in the case of certain special appointments, from a lower to a higher post, be entitled to the old rates of pay of the appointment or service to which they are promoted.

No. F. 31 (10)-Ex. I/33.

Copy forwarded to the High Commissioner for India; the Military and Private Secretaries to His Excellency the Viceroy; the Auditor-General; the Central Board

of Revenue; the Controller and the Deputy Controllers of the Currency; the Mint Masters; the Master, Security Printing, India; all Accountants-General (including the Comptrollers, Assam and North-West Frontier Province; and the Deputy Accountant-General, Central Revenues, Calcutta); the Director of Army Audit; the Audit Officer, Indian Stores Department; and all other Audit Officers.

### FALL IN THE RUPEE-STERLING RATE.

1462. \*Mr. M. Maswood Ahmad: (a) Is it a fact that there has recently been a considerable fall in the rupee-sterling rate?

(b) Is it a fact that due to this fall in the rupee-sterling rate bankers who used to quote forward sterling rates upto June are not prepared to quote even beyond February?

(c) What steps do Government propose to take in India's interests in this connection?

(d) Are Government prepared to review the whole situation in connection with the ratio question with a view to change the ratio to 16d.?

The Honourable Sir George Schuster: (a) There was a fall about the beginning of November, but there has subsequently been a substantial recovery.

(b) No. Government understand that the banks have always been ready to quote for genuine business transactions.

(c) The question does not arise.

(d) No.

Dr. Ziauddin Ahmad: May I ask, Sir, what was the lowest limit arrived at during the last month? Was it reduced to 1s. 5 23/32d.?

The Honourable Sir George Schuster: I am afraid I must have notice of that question. I cannot remember all these figures.

Dr. Ziauddin Ahmad: Can the Honourable Member tell me if it has fallen below the minimum rate?

The Honourable Sir George Schuster: Does my Honourable friend suggest that the exchange fell below the lower point?

Dr. Ziauddin Ahmad: Yes.

The Honourable Sir George Schuster: Certainly not.

### CONCESSION IN RAILWAY FREIGHT GIVEN TO THE PIONEER PRESS ON ITS REMOVAL FROM ALLAHABAD TO LUCKNOW.

1463. \*Mr. A. Das: (a) Was any special favour shown by the East Indian Railway to the Pioneer Limited in the matter of freight for the removal of the entire Press from Allahabad to Lucknow?

(b) Was the whole Press sent by passenger train, and goods train rates charged? If so, why?

(c) What would the difference in freights between passenger and goods trains come to on the various consignments sent by the Pioneer Limited in connection with the removal of their Press from Allahabad to Lucknow?

(d) Did the Railway authority concerned allow this concession to the above Press on his own responsibility or was he asked to do so by the United Provinces Government officials interested in the above newspaper?

**Mr. P. R. Rau:** I am making enquiries from the Agent, East Indian Railway, and will place a reply on the table in due course.

**APPEALS FILED AGAINST ASSESSMENTS BY THE ADDITIONAL INCOME-TAX OFFICER, ALLAHABAD.**

**1464. \*Mr. A. Das:** (a) Is it a fact that the last Annual Report of the Income-tax Department shows that there were twenty-five thousand appeals against assessments of income by Income-tax Officers and Additional Income-tax Officers and that over fifty per cent of the appeals were successful? If so, are Government in a position to indicate any causes for such a large number of appeals and the success thereof?

(b) How many appeals were filed against assessments by the Additional Income-tax Officer at Allahabad, and the total number of his assessments made at Allahabad during the period of his incumbency at Allahabad, and what is the period of incumbency at Allahabad?

(c) Has the Additional Income-tax Officer got any legal qualification, such as an LL.B. degree or any other legal degree?

(d) Are Government aware that in Allahabad great dissatisfaction exists due to hard assessments made on imaginary incomes?

**The Honourable Sir George Schuster:** (a) The number of appeals filed during 1931-32 was 25,066 of which 10,665 or 43 per cent were successful. As the figure for successful appeals includes all those in which any relief, however small, was given and as, even so, it represents only a little over 3 per cent of the total number of assessments, I cannot agree that it is a large figure calling for explanation.

(b) The total number of assessments made by the Additional Income-tax Officer at Allahabad is 629 and the number of appeals filed against these assessments is 97. He has been stationed there since 31st October, 1932.

(c) No, but he has passed the departmental examination.

(d) No.

**ILLNESS OF STATE PRISONER MR. SATYA GUPTA.**

**1465. \*Mr. S. C. Mitra:** (a) Is it a fact that Mr. Satya Gupta, a State Prisoner at Mianwali, is suffering from sciatic pain?

(b) Is it a fact that all the four State Prisoners at Mianwali are suffering from chronic constipation?

(c) Is it a fact that no attempt has been made by authorities for their proper medical treatment?

(d) Are Government aware that the climate and food, to which they are not accustomed, are ruining their health?

(e) Is it a fact that no letters to non-relatives, however, urgent or innocent, are passed?

(f) Is it a fact that a condolence telegram from a State Prisoner of Mianwali to Mrs. J. M. Sen Gupta, was withheld by the authorities? If so, why?

(g) Is it a fact that some of their business letters were withheld by the authorities? If so, why?

(h) Is it a fact that the Mianwali State Prisoner's life insurance premia are not paid by Government? If so, why?

(i) Is it a fact that telegrams at own cost were sent through Criminal Investigation Department who withheld them or sent them by post to the addressee? If so, why?

**The Honourable Sir Harry Haig:** (a) It is not a fact that Mr. Satya Gupta is suffering from sciatic pain.

(b) It is not a fact that the four State Prisoners at Mianwali are suffering from chronic constipation.

(c) It is not a fact that no attempt has been made by the authorities for their proper medical treatment. On the contrary, every effort is made to provide them with the best medical treatment.

(d) No. With the exception of Arun Chandra Guha who has been suffering from gouty dyspepsia for which suitable treatment is being accorded to him, all the State Prisoners in the Mianwali jail have been and are on the whole keeping good health.

(e), (f) and (g). The correspondence of these prisoners is conducted subject to certain approved rules and orders, non-compliance with which results in the withholding of the correspondence. The Government of India are satisfied that whenever correspondence has been withheld it has been done for adequate reasons.

(h) The payment by Government of premia on certain insurance policies of two of these State Prisoners has been discontinued in accordance with the principles stated in the answer given by me on the 13th September, 1932, to Mr. S. C. Sen's questions Nos. 226—229.

(i) Telegrams to or from private individuals must pass through the Police Censor who has discretion to withhold any message or to forward it to the addressee by telegraph or by post.

**Mr. N. N. Anklesaria:** Have Government any settled policy regarding the period of detention of State Prisoners or are they to be detained till their death?

**The Honourable Sir Harry Haig:** The period of detention must depend on the general circumstances and the conditions prevailing in the terrorist movement.

**Mr. S. O. Mitra:** Did the Honourable the Home Member notice that when he said "it is not a fact" with reference to a part of my question, several Official Members laughed? Unfortunately there is no other way, even for their relatives, of finding out whether the detenus are suffering from any illness, because, when these detenus write to their relations, important portions are erased. So, mere laughing does not improve matters.

**The Honourable Sir Harry Haig:** If my Honourable friend is merely anxious to obtain information and will write a letter to me, I will obtain the information for him. Personally, I think it is unfortunate that there should be such a great number of questions asked in this House regarding the details of health of detenus. I have no doubt that the Honourable Member merely wishes to ascertain certain information, but I would ask him to reflect that the continual publication of these allegations does create a mischievous effect in Bengal. It serves to keep alive sympathy with the terrorists as individuals and I am afraid that in that way it tends to stimulate some sympathy with the movement with which they are identified. Therefore, if all that the Honourable Member wishes is to assure himself about the health of these prisoners, I would like to suggest to him that he should communicate with me privately and I will obtain the information for him and communicate it to him.

**Mr. S. C. Mitra:** I am very thankful to the Honourable the Home Member for the kind assistance that he is agreeable to give me. But the impression that the Honourable Member has created is that he does not know even this simple fact that these detenus are not convicts. They have never been held by any Court of law as having committed any crime. So, it is wholly misleading to say that our questions show any sympathy towards terrorists. These detenus are kept under detention by the Government in jails, not for two or three years, but for four or five years and even more, and some of them die before their relations come to know of their illness. Is it not, therefore, but reasonable that their relations should show some anxiety about them? I may inform the Honourable the Home Member that I get my information from the relations of these detenus and the Honourable Member's information may be given by people who are interested in giving wrong information.

**Mr. B. R. Puri:** May I ask, Sir, whether it would be feasible for the Government to issue periodically a statement with regard to the health of these detenus which, I believe, might decrease the number of questions, which is the object of the Government and also would be very satisfactory to people who are interested in the health of the detenus. Would it be feasible?

**The Honourable Sir Harry Haig:** It would be feasible, but I think it would be very undesirable. The Honourable Member does not seem to have appreciated the point of the remarks that I made just now, which is that the publicity given to the detenus has a very mischievous effect in Bengal.

**Mr. M. Maswood Ahmad:** May I ask, Sir, whether the relatives of these detenus are informed when their telegrams are withheld that such and such portions were objectionable and so the telegrams were withheld?

**The Honourable Sir Harry Haig:** I am not sure whether information is given by the Censor: I imagine it is.

**Mr. K. C. Neogy:** Having regard to the fact that the Regulation under which State Prisoners are at the present moment being detained requires periodical reports to be sent to Government regarding the health of the detenus, will the Honourable Member consider the feasibility of

supplying these reports regularly to the relatives of these detenus which would obviate the necessity of any publicity to which he objects?

**The Honourable Sir Harry Haig:** Certain health reports are required in the case of State Prisoners and I will consider the Honourable Member's suggestion with regard to that. I do not think similar reports are required in regard to those who are detained under the Bengal Criminal Law Amendment Act.

**Mr. K. C. Neogy:** I did not mean that: I meant Regulation III of 1818.

**The Honourable Sir Harry Haig:** I will consider the Honourable Member's suggestion.

**Mr. B. R. Puri:** That is exactly what I meant also. I did not really mean that the information should be broadcast in the *Hindustan Times* or the *Statesman*. What I meant was that the relatives of these detenus should be put in possession of certain facts.

**Mr. President (The Honourable Sir Shammukham Chetty):** There is evidently a desire on the part of certain Honourable Members here to have full information with regard to these detenus, and the Chair thinks it is a perfectly legitimate desire. At the same time it does not appear to be desirable that there should be such volume of questions on the floor of the House on the point. The Chair would suggest that the Honourable the Home Member should meet a few Honourable Members of this House who are interested in the subject and find out a method by which, while undue publicity need not be given, all possible information would be given to the relatives or Honourable Members of this House with regard to the health of the detenus. The Chair does not think there is any use of our discussing it on the floor of the House. The Chair would suggest to the Honourable the Home Member that he may just meet Mr. Mitra, Mr. Neogy and one or two Honourable Members of this House and devise some means of arriving at a satisfactory arrangement.

**The Honourable Sir Harry Haig:** I should be very glad to meet Honourable Members interested and, as I have already said, if they wish to secure information regarding the health of particular detenus, I shall always be glad to obtain it.

**APPLICATION OF THE REVISED SCALES OF PAY RULES TO THE RETRENCHED SUBORDINATE STAFF OF THE STATE RAILWAY ACCOUNTS DEPARTMENT ON RE-APPOINTMENT.**

1466. **\*Mr. S. G. Jog:** (a) Will Government please state whether the provisions of the notification, published in the Government of India Gazette of October 14, 1933, regarding the operation of the date for new scales of pay for superior railway services, are also applicable to the subordinate clerical staff of the State Railway Accounts Department?

(b) Will Government please state whether in the case of retrenched subordinate staff of the State Railway Accounts Department who had put in sufficiently long and approved service before their discharge and who have now been re-appointed, it is the intention of Government to exclude

them from the operation of the new scales of pay in consideration of their past services?

(c) In case it is not intended by Government to exempt all such persons from the operation of the new scales of pay, do they propose to consider the desirability of exempting at least such of them as had put in a minimum approved service of three years or so before being discharged?

**Mr. P. R. Rau:** (a) No.

(b) The question is under consideration.

(c) This suggestion will be considered.

#### REPRESENTATION OF ORIYAS IN THE INDIAN CIVIL SERVICE.

1467. **\*Mr. Sitakanta Mahapatra:** Is it a fact that Oriyas are not adequately represented in the Indian Civil Service? Do Government intend to reserve one of the places in the next Indian Civil Service examination to be held in Delhi for Oriyas?

**The Honourable Sir Harry Haig:** I have no information regarding the number of Oriyas in the Indian Civil Service. Oriyas are not recognised as a minority community for purposes of recruitment to the All-India Services. The latter part of the question does not, therefore, arise.

†1468.\*

#### CONSOLIDATED ALLOWANCE OF TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

1469. **\*Mr. M. Maswood Ahmad:** (a) Is it a fact that Sir Alan Parsons, when he was Financial Commissioner of Railways, declared in this House that those members of the Crew staff who had put in three years' service were to be treated as permanent staff?

(b) If so, why are the Travelling Ticket Examiners on the East Indian Railway who have been taken over from the old crew system, being treated indifferently in the matter of the consolidated allowance?

**Mr. P. R. Rau:** (a) If my Honourable friend will refer me to the occasion on which Sir Alan Parsons is supposed to have made this statement, I shall try to check it.

(b) I must ask my Honourable friend to explain in more detail what is the indifferent treatment he refers to.

#### RECRUITMENT OF SIKHS IN THE CENTRAL PUBLICATION BRANCH.

1470. **\*Sirdar Harbans Singh Brar:** (a) Will Government please state the number of Sikhs employed in the Central Publication Branch?

(b) How many vacancies in the regular establishment occurred during the last eight months and how many were offered to the above community?

(c) In what proportion are the other provinces represented in the clerical grades of the Central Publication Branch and what steps are being taken to

†This question was withdrawn by the questioner.



make recruitment to the regular establishment from amongst the candidates who do not belong to the community which is already predominant in that Branch?

(d) To what province does the present Manager belong?

(e) Do Government propose to issue instructions to the Manager of the Central Publication Branch that further recruitment to the regular grades of predominant community in that Branch should be discontinued until the number of communities from other provinces is fairly represented?

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

(b) 14 and 2, respectively.

(c) and (e). The attention of the Honourable Member is invited to the replies given by me today to parts (a), (c) and (d) of Sardar Sant Singh's starred question No. 1457.

(d) To no particular Province.

#### RECOMMENDATIONS OF THE WAR PENSIONS COMMITTEE.

1471. **\*Sardar Sant Singh:** Will Government be pleased to state whether the recommendation "that the principles that we have recommended for adoption, in the examination and settlement of claims to disability pension, should *mutatis mutandis*, apply also to the examination and settlement of family pension claims" of the Report of the War Pensions Committee, paragraph 29, is covered under Government orders now passed on some of those recommendations? If so, under what order of the Government of India does this recommendation fall? Have any applications been received under this paragraph? If so, how many, and what is the result of such applications?

**Mr. G. R. F. Tottenham:** The answer to the first question is in the affirmative. The orders of Government on the report of the Committee did not differentiate between the different classes of pensions, but were intended to apply, *mutatis mutandis*, to all classes.

A certain number of applications have been received, but no record is kept of their exact number. Some are received at Headquarters and others, no doubt, by subordinate offices.

**Sardar Sant Singh:** What is the reply to the last part of my question? What is the result of the application?

**Mr. G. R. F. Tottenham:** It is impossible to say what the results are until we know exactly how many applications have been received.

#### REPORT OF THE MISRA COMMITTEE APPOINTED TO CONSIDER THE APPEALS OF THE TICKET CHECKING STAFF ON THE EAST INDIAN RAILWAY.

1472. **\*Sardar Sant Singh:** (a) Is it a fact that the Agent, East Indian Railway, appointed in the beginning of 1932 a Committee under the Chairmanship of Mr. L. P. Misra, Deputy Agent, East Indian Railway, to consider the appeals received from the ticket checking staff absorbed in the Moody-Ward scheme on that Railway?

(b) If so, will Government please lay on the table of this House a copy of the report of that Committee's deliberations, particularly regarding the case of the *ex*-Inspectors of Crews demoted to lower grades under the Moody-Ward scheme?

(c) Are Government aware that that Committee had its deliberations only in Lucknow and Dinapore Divisions, where the old Travelling Ticket Inspectors of the Accounts Department predominated, and never had its sittings in the remaining Divisions of the East Indian Railway (Howrah, Asansol, Allahabad and Moradabad)?

(d) Are Government further aware that that Committee received no representation from the *ex*-Inspectors of crews, working in demoted grades, and never recorded their grievances? If they did, will Government please lay on the table of this House the memorial if any, which was received and recorded by them in their proceedings?

(e) Is it also a fact that that Committee announced its intention of a sitting in Moradabad Division and subsequently cancelled the same? If so, how far have their recommendations regarding the *ex*-Inspectors of Crews, working in demoted grades, been based on evidence?

(f) If the reply to part (a) above be in the affirmative, why was this procedure adopted?

**Mr. P. R. Rau:** (a) Yes.

(b) As I said in reply to a similar question put by Dr. Ziauddin Ahmad on the 27th February, 1933, the report is a confidential report and not meant for publication and Government are unable to place a copy of it in the Library.

(c) to (f). Government have no information, but consider that, even if all the statements made are correct, they would have no bearing on the decision arrived at by Government.

**Mr. M. Maswood Ahmad:** Will Government please state if there is any discriminatory treatment as regards consolidated travelling allowance between Allahabad and Howrah Divisions?

**Mr. P. R. Rau:** I am not aware of any.

**Mr. M. Maswood Ahmad:** Will the Honourable Member please enquire from the Agent whether there is any discriminatory treatment on these particular divisions?

**Mr. P. R. Rau:** I think, Sir, I am entitled to ask that, before asking me to make enquiries, the Honourable Member should say what is the discriminatory treatment he refers to.

**Mr. M. Maswood Ahmad:** In the Allahabad Division, the ticket examiners, whether they are travelling or in the station, get a consolidated travelling allowance, whereas, in the Howrah Division, there is a different system. When they are on tour, they get this consolidated travelling allowance, but they do not get this when they are in the station. I want to know why this discrimination exists between the two Divisions of the same Railway.

**Mr. P. R. Rau:** I shall get the information.

**Mr. B. R. Puri:** What is this Moody-Ward scheme? Has it got anything to do with our Honourable colleague, Mr. Mody?

**Mr. P. R. Rau:** It is a scheme adopted after consideration of the report made by a Committee of two officers on special duty whose names were Moody and Ward.

**DEMOTION OF CERTAIN INSPECTORS OF CREWS, EAST INDIAN RAILWAY.**

**1473. \*Sardar Sant Singh:** (a) Will Government please lay on the table of this House the information promised in reply to starred questions Nos. 1009, 1010 and 1011, asked by Mr. Muhammad Azhar Ali on the 18th September, 1933, in this House regarding demotion of certain Inspectors of Crews, East Indian Railway?

(b) Will Government please state if it is a fact that these *ex*-Inspectors of Crews were selected and appointed direct as Inspectors of Crews in the Operating Department in the grade Rs. 150—10—200 in preference to almost all the old permanent staff of the ticket checking branch, both of the Accounts and the Operating Department also absorbed in the crew system?

(c) If the reply to part (b) be in the affirmative, what were the criteria which formed the basis of their direct appointment as Inspectors of Crews in the higher grade of Rs. 150—10—200 in preference to almost all the old permanent staff of the ticket checking branch, both of the Accounts and the Operating Departments?

**Mr. P. R. Rau:** The information required is not yet in the possession of Government. It will be placed on the table on receipt.

**SENIORITY OF THE TICKET CHECKING STAFF ON THE EAST INDIAN RAILWAY.**

**1474. \*Sardar Sant Singh:** (a) Is it a fact that in fixing the staff in various grades under the present Moody-Ward scheme of ticket checking, inaugurated on the East Indian Railway on and from the 1st June, 1931, a common register of both the permanent and the so-called temporary staff of the ticket checking branch of both the Accounts and the Operating Departments was maintained and seniority determined from their salaries and, if these happened to be equal, then from the length of service of each individual?

(b) If so, was it done in accordance with the Railway Board letter No. 683-E.G. of the 3rd March, 1931, which was placed on the table of this House, *vide* the Legislative Assembly Debates of the 12th February, 1932, Volume 1, No. 11, which lays down that "men who hold temporary appointments but who have completed 12 months' continuous service should be regarded as having equal rights with permanent staff"?

(c) Is it a fact that temporary Inspectors of Crews, who had put in more than 12 months' continuous service, were granted equal rights with permanent staff on the 1st June, 1931, the date of introduction of the present scheme?

(d) Are Government aware of the Agent, East Indian Railway's letter No. 464 of the 26th January, 1927, which lays down that "individual rates of pay are not to be taken into consideration in determining seniority, but

the position is determined from the date of appointment or promotion to the class or grade and if this happens to be equal then from the date of appointment or promotion to the class or grade held before this"?

(e) Is it a fact that these *ex*-Inspectors of Crews, working as Travelling Ticket Examiners from the 1st June, 1931, were considered senior after the 1st June, 1931, to all the Travelling Ticket Inspectors of the Accounts Department, also working as Travelling Ticket Examiners in the same grades from the 1st June, 1931? If so, why?

(f) Is it a fact that all these old Travelling Ticket Inspectors of the Accounts Department (now working as Travelling Ticket Examiners in the Operating Department) on their being restored to their old substantive grades, have superseded in seniority all those *ex*-Inspectors of Crews who are still working as Travelling Ticket Examiners in the grade 70—5—95? If so, why?

**Mr. P. B. Rau:** I am obtaining information and will lay a reply on the table in due course.

### UNSTARRED QUESTIONS AND ANSWERS.

#### ALLEGED PREPONDERANCE OF BENGALIS IN CERTAIN BRANCHES OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

**356. Lieut. Nawab Muhammad Ibrahim Ali Khan:** (a) Is it not a fact that all the following officers of the Government of India Press, New Delhi, are Bengalis:

(i) Timekeeper (ii) General Storekeeper, (iii) Stationery, etc., etc., (iv) Head Reader, (v) Assistant Head Reader, (vi) Overseer, machinery and binding branch, (vii) Assistant Manager, (viii) Mono-mechanic, Lino-mechanic, First Head Assistant, Second Head Assistant and Third Head Assistant, Head Computer, Head Assistant Computer, and Cashier? If so, will Government be pleased to state the reason for giving all high posts to men of one community?

(b) Will Government be pleased to place on the table a list of the Bengali Muslims, Christians and up-country Hindus who have been promoted in the Reading Branch since 1927, with their qualifications?

(c) Will Government be pleased to state how many Bengalis, Muslims and Christians and up-country Hindus have been sent out to London for training?

**The Honourable Sir Frank Noyce:** (a) No. The following posts are held by Bengalis:

Assistant Manager, Overseer, Head Reader, Cashier (officiating), Head Computer, Time Keeper, Lino Mechanic, Mono Mechanic.

The incumbents of six of these posts were transferred from the Calcutta Press and one of the posts is held by a retrenched employee of that Press.

There are no such posts as Stationery Store Keeper, Assistant Head Reader, First, Second and Third Head Assistants and Head Assistant Computer.

(b) I do not think that any useful purpose would be served by placing a list on the table, but the list can be examined in my Department by any Member who so desires.

(d) Six Bengalis, one of whom is a Muslim.

**APPOINTMENT OF MUSLIMS, CHRISTIANS, ETC., IN THE CENTRAL  
PUBLICATION BRANCH.**

**357. Lieut. Nawab Muhammad Ibrahim Ali Khan:** Will Government be pleased to state how many Muslims, Christians, Bengalis and up-country Hindus have been appointed in the Central Publication Branch since its transfer to Delhi?

**The Honourable Sir Frank Noyce:** The attention of the Honourable Member is invited to the reply given by me today to part (b) of Sardar Sant Singh's starred question No. 1457.

**VACANCIES OF COMPOSITORS IN THE GOVERNMENT OF INDIA PRESS,  
NEW DELHI.**

**358. Lieut. Nawab Muhammad Ibrahim Ali Khan:** Will Government be pleased to state how many vacancies are there for compositors in the Composing Branch, Government of India Press, New Delhi? Will the Delhi retrenched and fluctuating compositors be taken in accordance with Government orders?

(b) Is it also proposed to take Bengalis from the Calcutta Press?

**The Honourable Sir Frank Noyce:** (a) There are two permanent and four temporary vacancies. Recruitment to these posts will be made according to Government orders.

(b) Certain men who have been employed on the temporary establishment for periods of 10 to 13 years and are now under reduction from the Calcutta Press are being given preference for employment over men with shorter periods of service employed intermittently on the fluctuating establishment of the Delhi Press.

**AMALGAMATION OF THE GOVERNMENT OF INDIA PRESSES, NEW DELHI  
AND CALCUTTA.**

**359. Lieut. Nawab Muhammad Ibrahim Ali Khan:** (a) Is it a fact that the Government of India Press, Calcutta, is going to be amalgamated with the Government of India Press, New Delhi?

(b) If the answer to part (a) be in the affirmative, will Government please furnish a list of the machines transferred from Calcutta to Delhi, and of the new appointments made?

(c) Will Government be pleased to state the reasons for the amalgamation and whether the Government of India Press, New Delhi, will be a first class press now?

(d) Are Government aware that by the amalgamation of the Calcutta Press with the Delhi Press the work in the Delhi Press has been doubled and the Manager and the Assistant Manager are pressing the staff only to show their faithfulness to Government?

**The Honourable Sir Frank Noyce:** (a) and (c). The attention of the Honourable Member is invited to the reply given by me to Mr. Bhuput Singh's unstarred question No. 122 on the 20th September, 1933. I am not sure what the Honourable Member means by a first class press, but the change should not affect the quality of the work done.

(b) The machines transferred from the Calcutta Press to the Government of India Press, New Delhi, are six Linotype machines, two Monotype Composition Casters, five Printing machines, one Guillotine, one Sewing machine, one Folding machine and one Iron Standing Press. It is also proposed to transfer one more Monotype keyboard from the Calcutta Press.

(d) The facts are not as stated by the Honourable Member.

#### FIXATION OF SENIORITY IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

360. **Lieut. Nawab Muhammad Ibrahim Ali Khan:** (a) Will Government be pleased to state what procedure has been observed in the Government of India Press, New Delhi, to fix the seniority of a man?

(b) Is it a fact that it all depends on the Manager's own will, who sometimes takes the seniority in service, and sometimes the seniority in pay and efficiency?

(c) Do Government propose to issue an order to the Manager of the Government of India Press, New Delhi, to observe one procedure of test in fixing the seniority of a man?

**The Honourable Sir Frank Noyce:** (a) Seniority is determined by length of service and date of appointment to a post, grade or class.

(b) and (c). No.

#### PROMOTION OF MUSLIMS AS ASSISTANTS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

361. **Lieut. Nawab Muhammad Ibrahim Ali Khan:** Will Government be pleased to state if it is a fact that the claims of upper scale Muslim clerks in the Government of India Press, New Delhi, to promotion to the grade of Assistants are ignored by the Manager?

**The Honourable Sir Frank Noyce:** No. Appointments to and promotions in the clerical establishment are made by, or with the approval of, the Controller of Printing and Stationery.

†362—363.

#### CONSOLIDATED ALLOWANCE OF THE TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

364. **Mr. M. Maswood Ahmad:** (a) Is it a fact that recently the grades have been restored and enhanced consolidated allowance has been fixed for the travelling ticket inspectors on the East Indian Railway at Rs. 35, Rs. 50 and Rs. 65 per mensem?

(b) Are Government aware that this decision has had a very depressing effect on the members of the late Crew System, as also on those old Ticket Collectors who are working as Travelling Ticket Examiners in the Moody-Ward System along with the Travelling Ticket Inspectors?

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†These questions were withdrawn by the questioner.

(c) Is it a fact that the nature of work of both the Travelling Ticket Inspectors and Travelling Ticket Examiners is identical and that both belong to the same system of checking?

(d) Is it also a fact that the majority of the members of the late Crew System possess higher educational qualifications than the majority of the Travelling Ticket Inspectors?

(e) Are Government aware that the present scale of consolidated allowances of the Travelling Ticket Examiners at Rs. 20 and Rs. 15 with the cut is hardly sufficient to cover their expenses while on the line?

(f) Is it a fact that a pointsman on Rs. 17, an Assistant Station Master on Rs. 51, and a Ticket Collector (grade III) on Rs. 52, while out of headquarters, get annas eight, rupee one and rupee one, respectively, per diem as daily allowance, while the Travelling Ticket Examiners on the East Indian Railway on Rs. 64 and Rs. 95 per mensem get only Rs. 7 and Rs. 10 per mensem as their running allowance?

(g) Are Government prepared to consider the advisability of granting the same consolidated allowances to the Travelling Ticket Examiners as have already been given to the Travelling Ticket Inspectors? If not, will they please state the reasons?

**Mr. P. E. Rau:** (a) Orders were issued in December, 1932, sanctioning consolidated travelling allowances to Travelling Ticket Examiners who, prior to the Crew System, held permanent posts of Travelling Ticket Inspectors in a substantive capacity and drew a mileage or running allowance. They were also allowed the option of retaining the scale of pay applicable to the permanent posts held by them in a substantive capacity prior to the introduction of the Moody-Ward scheme with the benefit of increments therein.

(b) Government have received certain memorials from certain staff.

(c) and (g). I have explained in reply to question No. 476 asked by Sardar Sant Singh on the 4th September, 1933, the reasons for Government deciding as an *ex-gratia* measure to grant a higher consolidated travelling allowance to persons holding posts of Travelling Ticket Examiners at present who, prior to the Crew System, had held permanent posts of Travelling Ticket Inspectors in a substantive capacity and drawn a mileage or running allowance.

(d) Government have no information.

(e) The rates mentioned are correct, but the rest is a matter of opinion.

(f) Government have no information.

#### CONSOLIDATED ALLOWANCE OF THE TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

**365. Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state what action has been taken on the representation of the new Travelling Ticket Examiners, taken over from the staff of the old Crew System of the East Indian Railway, submitted in April, 1933, regarding the grade and enhanced consolidated allowance sanctioned to the old Travelling Ticket Inspectors?

(b) If no action has yet been taken, why? If anything has already been decided, what is the result, and has the same yet been communicated to the appellants?

**Mr. P. R. Rau:** I would refer my Honourable friend to the reply I gave to his starred question No. 1385 on the 11th December, 1933.

**BASIS AND PURPOSE OF GRANTING THE CONSOLIDATED ALLOWANCE TO THE RUNNING STAFF OF THE RAILWAYS.**

**366. Mr. M. Maswood Ahmad:** (a) Will Government be pleased to state the basis and purpose of granting the consolidated allowance to the running staff of the Railways?

(b) Will Government be pleased to state why the new Travelling Ticket Examiners are deprived of this privilege?

**Mr. P. R. Rau:** I presume my Honourable friend is referring to the higher consolidated allowance to Travelling Ticket Examiners who, prior to the Crew System, held permanent posts as Travelling Ticket Inspectors in a substantive capacity and drew a mileage or running allowance. If so, I would refer him to my reply to his question No. 364.

**TRANSFER OF THE CIVIL ASSISTANT SURGEON, NEW DELHI COMBINED HOSPITAL.**

**367 Mr. Bhuput Sing:** (a) For how long has the present Civil Assistant Surgeon, New Delhi Combined Hospital, been holding this appointment and how long is he likely to continue here?

(b) Do Government propose to replace him by a suitable man in order to let the other gentlemen have a chance to work at the Government of India headquarters? If not, what are the reasons for allowing him to continue indefinitely?

(c) After how long is an Assistant Surgeon or a Sub-Assistant Surgeon required to be transferred ordinarily?

**Mr. G. S. Bajpai:** (a) and (b). The present Civil Assistant Surgeon has held the post since 15th April, 1926. He is to be transferred shortly.

(c) Ordinarily after five years.

**RECRUITMENT OF COMPOSITORS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

**368. Bhagat Chandi Mal Gola:** (a) Is it a fact that some compositors are being recruited in the Government of India Press, New Delhi?

(b) If so, is it a fact that the Manager of the Press is going to fill up these vacancies by recruits from Calcutta, in preference to men who have worked in the Press for long periods? If so, why?

(c) Is it a fact that the claims of the fluctuating compositors, who have worked for periods as long as six years are being entirely ignored by the Manager of the Press and that preference is being given to Calcutta men? If so, why?

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



(b) The Honourable Member's attention is invited to the answer given today to part (b) of Lieutenant Nawab Muhammad Ibrahim Ali Khan's starred question No. 358.

(c) No fluctuating compositors have been employed continuously for six years. They were formerly employed principally during the winter. Preference is being given to men with longer service.

### THE RESERVE BANK OF INDIA BILL.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of clause 45 of the Reserve Bank of India Bill. The next amendment is No. 315 in the name of Mr. Thampan.

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

"That in sub-clause (1) of clause 45 of the Bill, for the words 'five years' the words 'two years' be substituted."

Sir, you will find in clause 45, there are three stages in the term of agreement with the Imperial Bank. The first is fifteen years duration and then the period until a notice is given and after that another five years. Evidently this period of five years is required for making the necessary arrangement to wind up this department of the Imperial Bank. My amendment does not deal with the first two stages, either with the fifteen years contract on which the House has already given its verdict or the indefinite period before notice is given. When once notice is given, I do not understand why five years are necessary. I believe even now the notice required to be given to the Imperial Bank before determining their treasury work is one year and this is, for all practical purposes, sufficient. I have, however, provided for two years. Five years are unnecessarily long. I find my Honourable friend, Mr. Mudaliar, has given notice of an amendment putting down three years. I would request my Honourable friend to consider whether three years are necessary and support my amendment if he can. I think two years are ample, and I hope the House will accept my amendment. Sir, I move.

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

"That in sub-clause (1) of clause 45 of the Bill, for the words 'five years' the words 'two years' be substituted."

**The Honourable Sir George Schuster** (Finance Member): Sir, I would submit that the House really took a decision on this issue yesterday. The whole of the discussion yesterday, I think I am correct in saying, was on the basis that our proposals secured a minimum of 20 years for the duration of this agreement. Therefore, I would put it to you that the House really has already considered this issue. On the merits of the case, I must point out to my Honourable friend that a period of two years would really be quite inadequate. The arrangements involved are of a very complicated nature, they involve, as I have already pointed out, a large amount of staff and it is not fair to expect the Imperial Bank to

[Sir George Schuster.]

change its whole position within two years. From a practical point of view, it really would be quite impossible. On these grounds, I must oppose the amendment.

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

"That in sub-clause (1) of clause 45 of the Bill, for the words 'five years' the words 'two years' be substituted."

The motion was negatived.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I beg to move:

"That for sub-clause (2) of clause 45 of the Bill, the following sub-clauses be substituted:

"(4) The Bank may also enter into similar agreements with any scheduled bank for agency work on such terms and conditions as may be mutually agreed upon and such agreements shall be subject to the approval of the Governor General in Council and shall be expressed to come into force on the date on which each is executed and to remain in force for not more than ten years.

(3) The agreements referred to in sub-sections (1) and (2) shall, as soon as may be after they are made, be laid before the Central Legislature."

My object is that the agreement we have made with the Imperial Bank may not be restricted to that Bank, but the Reserve Bank may be at liberty to make similar arrangements with other scheduled banks, but all these agreements should require the approval of the Governor General in Council and this is quite in keeping with the recommendation of section 21 (4) where all the agreements made with the Reserve Bank require the approval of the Central Legislature. Here I say that they should require the approval of the Governor General in Council. Sir, I move.

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

"That for sub-clause (2) of clause 45 of the Bill, the following sub-clauses be substituted:

"(2) The Bank may also enter into similar agreements with any scheduled bank for agency work on such terms and conditions as may be mutually agreed upon and such agreements shall be subject to the approval of the Governor General in Council and shall be expressed to come into force on the date on which each is executed and to remain in force for not more than ten years.

(3) The agreements referred to in sub-sections (1) and (2) shall, as soon as may be after they are made, be laid before the Central Legislature."

**Mr. B. V. Jadhav** (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to support this amendment. The provincial banks have not been included in the list of scheduled banks, but I think, that before long after the starting of the Reserve Bank, some of the provincial co-operative banks will come under the scheduled banks. And, then, as these banks have got branches in smaller places, where neither the Imperial Bank nor any of the other exchange banks are expected to open branches, the branches of the provincial co-operative banks will have a very good opportunity if they are given agencies for those places. Therefore, such an authority to the Reserve Bank to make a contract with a

scheduled bank is very necessary and I, therefore, support this amendment.

**Diwan Bahadur A. Ramaswami Mudaliar** (Madras City: Non-Muhammadan Urban): Sir, I do not know whether there is not some slight confusion in this matter. As I understand the scheme of the Bill, the Reserve Bank is at liberty to enter into agreements with any scheduled bank regarding the agency terms apart from the branches of the Imperial Bank which exist at the time when the Reserve Bank comes into operation. There was a clause in the original Bill of 1927-28 in which it was stated that the Reserve Bank shall also accept such new branches of the Imperial Bank as may be opened as its agency offices. That was specifically removed both in the Select Committee on that Bill and in the present Bill. Therefore, I expect that the Reserve Bank, apart from its commitment to agencies of the Imperial Bank branches existing at the time when the Reserve Bank comes into operation, will be at perfect liberty to utilise the branches of any of the scheduled banks for its agency operations. In fact I should expect the Reserve Bank to adopt that course. The Reserve Bank must be in a position to establish itself as a fairly impartial authority with reference to all scheduled banks, and, therefore, it cannot restrict itself only to the Imperial Bank in case it wants an agency at a place where the Imperial Bank has not got at present a branch. The only two new points, that my friend has suggested, are, that the agency should be limited only to ten years with reference to any such scheduled banks, and that the terms of the agreement should be placed before the Governor General in Council for approval. I do not know really whether the latter condition is necessary. We must give the Reserve Bank some amount of discretion in these matters and when there is the obvious fact that the Reserve Bank has entered into an agreement with the Imperial Bank agencies on certain conditions. I take it that the Reserve Bank will follow similar conditions in case it enters into any agreement with any of the other scheduled banks. Nor is it necessary that such details should be brought before the Legislature for confirmation or approval. The Legislature can, I take it, have this information at any time if it so chooses and my friend does not require a positive approval of the Central Legislature with reference to the terms of the agreement. I think, Sir, that the position so explained makes it quite unnecessary that this amendment should be adopted.

**The Honourable Sir George Schuster:** Sir, I endorse everything that has been said by my Honourable friend who has just spoken. On the grounds which he has advanced, I consider that this amendment is unnecessary and, therefore, should be opposed.

**Dr. Ziauddin Ahmad:** Is it unnecessary because the provision already exists elsewhere?

**The Honourable Sir George Schuster:** I said I endorse everything that my Honourable friend said. The provision exists already in clause 6.

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

"That for sub-clause (2) of clause 45 of the Bill, the following sub-clauses be substituted:

[Mr. President.]

(2) The Bank may also enter into similar agreements with any scheduled bank for agency work on such terms and conditions as may be mutually agreed upon and such agreements shall be subject to the approval of the Governor General in Council and shall be expressed to come into force on the date on which each is executed and to remain in force for not more than ten years.

(3) The agreements referred to in sub-sections (1) and (2) shall, as soon as may be after they are made, be laid before the Central Legislature."

The motion was negatived.

Clause 45 was added to the Bill.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now come back to clause 33 and dispose of the amendments to sub-clause (4) of that clause. It is understood that Honourable Members do not wish now to move their amendments. (*Several Honourable Members:* "No.")

The question is:

"That clause 33, as amended, stand part of the Bill."

The motion was adopted.

Clause 33, as amended, was added to the Bill.

**Mr. President** (The Honourable Sir Shanmukham Chetty): On the Order Paper Honourable Members will observe an amendment, No. 320, standing in the name of Mr. Sitaramaraju. As this amendment seeks to incorporate new clauses and introduces an entirely new subject, the Chair proposes to take these amendments after all the clauses are disposed of.

The question is:

"That clause 46 stand part of the Bill."

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

"That clause 46 of the Bill be omitted."

The object of this clause is that if these shareholders bring in a sum of five crores, Government should in addition also present to them another sum of five crores in their reserve. This is a proposition which is quite unheard of. It was not the recommendation of the London Committee, it was not in the 1927 Bill and it is in no Constitution. Suddenly the Select Committee thought it fit that we should make a present of five crores to the shareholders, but if Government are prepared to make a present of these five crores to these shareholders, why not start a State Bank with this money? This proposition appears to me to be quite unreasonable. I call these shareholders *nimboo-nichors*, and, after squeezing the lime, they partake of the meal. But that is not enough. In this particular clause, we provide something further that a fee for grinding the teeth should also be paid to these *nimboo-nichors*. When they bring these five crores and bring these lemons and partake of the meal, because they have showed kindness in grinding the teeth which they necessarily do in eating, therefore something must be paid as a fee for their labour, some *dakshina* in the shape of a paltry sum of another five crores. That is the real issue in this particular clause and I cannot understand why this provision has quietly been inserted.

The other thing is that, out of these five crores, the shareholders will take one per cent every year. So this really means that we are giving another privilege of one per cent to these shareholders. We are already giving them much more than the bank rate of interest and now we are giving them another one per cent out of this amount. This award of five crores reminds me of a small story. One person said: "I will tell you a method for catching hold of a buck." "What is it", asked the other man. Then this person said: "Take a little wax and put it over the horns of the buck: when the wax melts in sunshine, the eyes will become covered with it and he will become blind, then you can go and catch the buck by its horns." Thereupon the other person told him: "Why could I not catch hold of the horns when I go to put the wax on his horn?" Then the first man said: "Yes, that is another method of catching hold of the buck." "Yes, and easier one" was the reply. I say, if you give five crores of rupees as a present to these shareholders, why not start the Bank straight off as a State Bank with these five crores? The idea that we want five crores from shareholders, because we needed them, then falls to the ground. We are not in need of money from outside to start the Bank, because we are giving a present of five crores ourselves to these shareholders.

Before I sit down, Sir,—I am not going to make any other long speech in the course of the day—I wish to refer to one or two matters of which I was accused yesterday and to which I had no opportunity to reply. One accusation came from Mr. Studd, that my amendments ought to have been moved in the Select Committee. I am not the only person responsible for all these amendments as the Honourable the Finance Member and you, Sir, are very well aware: they were originally moved by a person who himself was a member of the Joint Select Committee; evidently, therefore, a member of the Select Committee himself was dissatisfied and he moved all the amendments . . . . .

**Mr. E. Studd** (Bengal: European): What I said was, not that I thought that these things ought to have been moved in the Select Committee, but that, as they had been discussed in the Select Committee with the members of the Select Committee and the bankers, I thought that was the strongest argument for the House to accept it.

**Dr. Ziauddin Ahmad**: That is a different thing, whether the House should accept it or not; but the fact that these amendments were brought in by a member of the Select Committee and also by a person who was not a member of the Select Committee, signify their importance. My Honourable friend, the Finance Member, said that he ought to introduce a fourth stage, that members of the Select Committee ought to be examined by the Members: but in this case it was really moved by the members of the Select Committee. He cannot examine himself. I would just like to point out that if any person has a right in this House to import a little heat into the discussion, it is I, for this reason that I neither have breakfast, nor lunch, nor afternoon tea, because I am fasting on account of Ramzan; and the Honourable the Finance Member, who has his breakfast, lunch and tea, had no right to introduce any heat into the debate.

One more point to which I would like to draw attention is this: the Honourable the Finance Member, in the important discussion on the ratio, eulogised Mr. Sarma and Mr. Scott for delivering goods from the wholesale-

[Dr. Ziauddin Ahmad.]

merchant in Calcutta without examining the goods. I think probably he forgot that it applied more to himself than to Mr. Scott or Mr. Sarma, because he is really more responsible for bringing these goods in a wholesale form. When you, Sir, delivered your important speeches on the floor of the House, a similar eulogy was given that these things were borrowed from a paper called the *Indian Finance*. The *Indian Finance* is one of the most important papers, and, in the absence of any official information, as we have no recourse to official documents, it is the only paper on which our facts and figures can possibly be based. So this criticism amounts to nothing. I should like to point out one thing in this connection: when it is not convenient to reply to any argument, and it is intended to avert, then such expressions are used. But to avoid giving arguments in reply to arguments, and indulging in such remarks is a fallacy; and if my friend looks into Mill's Book on Logic and consults the chapter on Fallacy, he will find that this particular fallacy is called *argumentum ad hominem*: when you cannot meet the arguments of your opponents, tell them that they are delivering the goods of a firm which you have not particularly examined. You are committing a fallacy really of *argumentum ad hominem*.

One more word. I was really very delighted when the Honourable the Finance Member began to describe the rural life yesterday; it reminded me of a book written by a person on the sceneries of Kashmir and the man who wrote it had never been in India, but wrote it entirely in the British Museum. My friend has never probably been in a village, but he gave a very detailed description: probably he might not have committed so many mistakes had he consulted his Civilian colleagues on this particular point. For example, he said that the greatest burden of the real depression is taken up by moneylenders and not by agriculturists. Here are my agriculturist friends—three of them sitting at the . . . —I just draw their attention to the theory of the Honourable the Finance Member that the real depression is taken up by the moneylenders and not by the agriculturists. . . .

**Kunwar Hajee Ismail Ali Khan** (Meerut Division: Muhammadan Rural).

All three are not agriculturists: one of them is an army member! And I am not sitting in the back benches, but on the second benches.

**Dr. Ziauddin Ahmad:** The theory advanced is that the real depression is taken up by the moneylenders and not by the agriculturists. I am not myself a moneylender or an agriculturist. It is for the agriculturists to say whether they agree with the above theory. The fact is that the moneylender has forgone his interest: it is compounded; but, at the same time, the payment has been merely withheld: as soon as the depression is over, the money will be collected with compound interest. . . .

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): Mr. Abdul Aziz has advised repudiation of debts, and it has been in a way endorsed by the Finance Member.

**Dr. Ziauddin Ahmad:** That is a distinct question; but here the question is that the depression does not fall upon the agriculturist, but upon the moneylender. As regards prices of other articles, prices of all estates

move in harmony, there is a definite distinction between manufactured articles and estates, and our difficulty all the time is that these two do not move in sympathy. Sir, I move my original motion.

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

"That clause 46 of the Bill be omitted."

**Mr. Bhuput Sing** (Bihar and Orissa: Landholders): Sir, I think my esteemed friend, Dr. Ziauddin Ahmad, is under some confusion. The insertion of this clause was made in order that the total income from the Issue Department may go to the general revenues; otherwise, some part of that income will go to make up the reserve. How is the shareholder going to get the benefit of the Reserve? There is no chance of the Bank going into liquidation: but, supposing it goes into liquidation within a year, then the shareholders will get only one per cent over their share value. On the other hand, if the reserve is not provided for, the income from the Issue Department will also go to make up the reserve and, in that case also, if the Bank goes into liquidation, the shareholders will get one per cent over their share value. So there is no necessity for moving such an amendment. Sir, I oppose the amendment.

**Dr. Ziauddin Ahmad**: May I just put a question to the Honourable Member? Are you prepared to spend five crores at a time of depression like the present and when the budgetary position is so bad?

**Mr. Bhuput Sing**: There is no question of spending five crores. It is merely a question of transferring the securities to the Reserve Bank.

**The Honourable Sir George Suster**: Sir, I am grateful to my friend who has just spoken for explaining the real position. I think that the Honourable the Mover has hardly done justice to his case in this particular instance. The clause which he seeks to delete is a very important one, it is based on a well thought out plan which was fully explained in a memorandum put before the Select Committee, and the Select Committee have dealt with it fully in their Report. If my friend wishes to object to the scheme, I think he should have explained his reasons more fully. As the Honourable Member, who has just spoken, has pointed out, this provision really makes no difference to the shareholders as far as their share of profits is concerned. According to the original plan, a reserve of five crores had to be built up by taking substantial sums from the profits of the Issue Department year by year. We felt that that was really creating an embarrassment for the Central Government's revenues which had no logical justification, and we made this proposal as an alternative. What we are really doing is handing over a margin of securities in addition to those which form the reserves against the note issue, a margin of five crores, which will be available for making up any fall in the value of the securities that we are handing over. It is an entirely reasonable provision, and having regard to what are likely to be the budgetary requirements of the Central Budget in the next four or five years or five to ten years, I think that the new arrangement which we have proposed is a highly desirable one. My friend has criticised it on the ground that it was not recommended by the London Committee. Here, Sir, we have a real home made product.

[Sir George Schuster.]

This proposal was made in India, worked out by brains in India, and I think on that ground my friend, above all, should support it. Sir, I must oppose this amendment.

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

"That clause 46 of the Bill be omitted."

The motion was negatived.

Clause 46 was added to the Bill.

Clause 47 was added to the Bill.

Clauses 48 and 49 were added to the Bill.

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

"That clause 50 stand part of the Bill."

**Mr. K. P. Thampan:** Sir, I beg to move:

"That in sub-clause (1) of clause 50 of the Bill, after the word 'auditors', in line 1, the words 'of whom one at least shall be an Indian' be inserted."

Sir, clause 50 provides for the appointment of two auditors, and my desire is that of the two auditors, one at least should be an Indian. Of course, my friend, Mr. James, will twit me with attempting to introducing racial discrimination again, and on that ground the Finance Member also may oppose this amendment. But, Sir, my hope and desire is that both the auditors should be Indians, but the chances are, if no definite provision is made, we shall not have even one Indian, and, therefore, I desire to specifically provide that of the two at least one should be an Indian. I prescribe the minimum so as not to prevent both the auditors being appointed from the Indian community. The proposal, if adopted, will create greater confidence in the minds of Indians, and I, therefore, desire that it should be statutorily provided that one at least shall be an Indian.

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

"That in sub-clause (1) of clause 50 of the Bill, after the word 'auditors', in line 1, the words 'of whom one at least shall be an Indian' be inserted."

**The Honourable Sir George Schuster:** Sir, on the grounds which I have so often explained to the House in connection with other amendments, I must oppose this amendment.

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

"That in sub-clause (1) of clause 50 of the Bill, after the word 'auditors', in line 1, the words 'of whom one at least shall be an Indian' be inserted."

The motion was negatived.



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

"That in sub-clause (1) of clause 50 of the Bill, for the words 'Any auditor shall be eligible for re-election on quitting office' the words 'No auditor or all the partners of the same firm of auditors shall be eligible for re-election more than thrice' be substituted."

The intention of this motion is that the partners of the same firm should not continue to remain as auditors year after year, that is to say, there should not become a kind of perpetual concern of one particular firm, as we have seen in the case of some banks in this country. We must try and avoid that auditors should not hold office for life, as the Directors would be, under the present scheme, and they can only be removed by an act of God. Therefore, the idea is simply this, that after some years, fresh blood must come in. If you get a new auditor, he will bring with him new ideas, new schemes and new principles, but, after a certain number of years, all his ideas are exhausted or worn out, and he cannot think of new schemes or new ideas. This is the principle we always adopt in educational institutions; the same person is not appointed to examine accounts after a certain number of years, because his ideas are all worn out after a certain number of years.

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

"That in sub-clause (1) of clause 50 of the Bill, for the words 'Any auditor shall be eligible for re-election on quitting office' the words 'No auditor or all the partners of the same firm of auditors shall be eligible for re-election more than thrice' be substituted."

**Diwan Bahadur A. Ramaswami Mudaliar:** Sir, sub-clause (1) of clause 50 refers to the election of auditors at a general meeting of the shareholders. It does not refer even to the first appointment. I do not see why the discretion of the shareholders at a general meeting should be curtailed either by prescribing that a certain number of Indians should be elected or that an auditor should not be elected for more than a particular number of occasions. The House has already had under consideration a similar proposal with reference to the election of Directors, and the House rejected it. On that analogy, I think it will be best to leave the choice of auditors to the general meeting of the shareholders, and I do not think any of the apprehensions that have been expressed, either by my friend, Mr. Thampan, on his last amendment or by my friend, Dr. Ziauddin, will really have much force. I think, Sir, this is a case in which the shareholders in a general meeting should have absolute discretion to manage this affair in their own way. The power of electing an auditor is a very real power in the hands of the shareholders, and when Honourable Members have been suggesting that the shareholders have not got sufficient powers under this Act, I think this is a specific power that has been given in the Bill, and I think this power must be retained for the shareholders to decide at their annual general meeting.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, so far we have seen that the powers of the shareholders under this Act are very very limited. In companies, of which I have some experience, I have always found in the rules as well as in the Articles of Association that the shareholders have a right to nominate their own auditors. So I don't see any reason why we should depart from that principle which has been already in existence for a long time. I think my friend,

[Mr. Muhammad Azhar Ali.]

Dr. Ziauddin Ahmad, who has moved this amendment, should rather see that the right of electing auditors at least which has been given to the shareholders is not in any way curtailed. When the ordinary companies have such rights, I do not see any reason why the Reserve Bank should not have such a right.

**The Honourable Sir George Schuster:** I must thank my Honourable friend, Mr. Ramaswami Mudaliar, for having saved me the trouble of dealing with my Honourable friend, the learned Doctor's arguments. On the grounds that have already been advanced, I must oppose this amendment.

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

"That in sub-clause (1) of clause 50 of the Bill, for the words 'Any auditor shall be eligible for re-election on quitting office' the words 'No auditor or all the partners of the same firm of auditors shall be eligible for re-election more than thrice' be substituted."

The motion was negatived.

Clause 50 was added to the Bill.

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

"That clause 51 stand part of the Bill."

**Dr. Ziauddin Ahmad:** I beg to move:

"That for clause 51 of the Bill, the following be substituted:

"51. Without prejudice to anything contained in section 50, the Governor General in Council and the Central Legislature may at any time appoint the Auditor General or such qualified auditors, with other persons if necessary as they may think fit to examine the affairs and audit the accounts of the Bank and to make report to the Governor General in Council and the Central Legislature as the case may be."

The object of this motion is that we have got no provision for a really good supervision of the Bank. In the case of companies, the Registrar has got very wide powers, and he can practically examine the whole of the accounts. In the case of the Reserve Bank, there is no authority which can examine the whole thing very thoroughly, and in this amendment it is provided that, if things go wrong, then the Central Legislature should have the power to have the accounts of the Reserve Bank audited.

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

"That for clause 51 of the Bill, the following be substituted:

"51. Without prejudice to anything contained in section 50, the Governor General in Council and the Central Legislature may at any time appoint the Auditor General or such qualified auditors, with other persons if necessary as they may think fit to examine the affairs and audit the accounts of the Bank and to make report to the Governor General in Council and the Central Legislature as the case may be."

**The Honourable Sir George Schuster:** I must oppose this amendment. Under clauses 50 and 51, the provision for audit is very full and I am at a loss to understand what my Honourable friend means by saying that in

the case of the Reserve Bank the possibilities of control are less than they are in the case of an ordinary joint stock company. I think they are perfectly adequate, and on this ground I oppose the amendment.

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

"That for clause 51 of the Bill, the following be substituted:

'51. Without prejudice to anything contained in section 50, the Governor General in Council and the Central Legislature may at any time appoint the Auditor General or such qualified auditors, with other persons if necessary as they may think fit to examine the affairs and audit the accounts of the Bank and to make report to the Governor General in Council and the Central Legislature as the case may be.'

The motion was negatived.

Clause 51 was added to the Bill.

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

"That clause 52 stand part of the Bill."

**Dr. Ziauddin Ahmad**: I move:

"That in sub-clause (1) of clause 52 of the Bill, for the word 'annual' in the second line, the words 'half-yearly' be substituted."

This is a very small amendment. Half-yearly balance sheets are made out in the case of the Imperial Bank and other banks, and I submit that it will be convenient if we have such half-yearly balance sheets also for the Reserve Bank. Sir, I move.

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

"That in sub-clause (1) of clause 52 of the Bill, for the word 'annual' in the second line, the words 'half-yearly' be substituted."

**The Honourable Sir George Schuster**: Sir, I consider that my Honourable friend's proposal is unnecessary and I oppose it.

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

"That in sub-clause (1) of clause 52 of the Bill, for the word 'annual' in the second line, the words 'half-yearly' be substituted."

The motion was negatived.

Clause 52 was added to the Bill.

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

"That clause 53 stand part of the Bill."

**Dr. Ziauddin Ahmad**: I move:

"That in sub-clause (1) of clause 53 of the Bill, after the words 'Governor General in Council', where they occur for the first time, the words 'not later than three days after the close of the account it relates' be inserted."

[Dr. Ziauddin Ahmad.]

The intention is that this thing should be published at regular intervals as is done now by the Government. That is my intention, and I move.

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

"That in sub-clause (1) of clause 53 of the Bill, after the words 'Governor General in Council', where they occur for the first time, the words 'not later than three days after the close of the account it relates' be inserted."

**The Honourable Sir George Schuster**: I must oppose this amendment. It might prove impracticable at seasons of the year when there are holidays and I think it is unnecessary. I oppose the amendment.

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

"That in sub-clause (1) of clause 53 of the Bill, after the words 'Governor General in Council', where they occur for the first time, the words 'not later than three days after the close of the account it relates' be inserted."

The motion was negatived.

**Dr. Ziauddin Ahmad**: I move:

"That for sub-clause (2) of clause 53 of the Bill, the following be substituted:  
(2) (a) At each General Meeting the Central Board shall lay before the meeting a Statement of the Income and Expenditure and a Balance-sheet, containing the particulars of the assets and liabilities of the Bank, made up to a date not more than two months before the meeting.

(b) Every such statement and balance-sheet shall be accompanied by a Report of the Central Board on the working of the Bank throughout the year and as to the state and condition of the Bank, and as to the amount (if any) which has been paid or which will be paid out of the profits by way of dividend to the shareholders, and the amounts (if any) which under the Act go to credit of the fund for strengthening the gold reserves of the Bank and to the Reserve Funds, according to the provision in that behalf contained in the Act; and the Statement, Report and Balance-sheet shall be signed by the Governor, Deputy Governors, three Directors and countersigned by the Chief Accountant of the Bank.

(c) A printed copy of the Report, accompanied by the audited Balance-sheet and Statement of Accounts shall, at least fourteen days previous to the general meeting, be delivered or sent by post to the registered address of every shareholder.

(d) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a duly certified and audited copy of the Statement of Income and Expenditure and Balance Sheet together with the copy of the Report referred to in sub-clauses above and the Governor General in Council shall cause such Statement of Income and Expenditure and Balance Sheet and the Report to be published in the Gazette of India and copy of these documents shall be laid before the Central Legislature for discussion on a day to be specially reserved for this purpose by the Governor General in Council."

Sir, in moving this amendment, I have got several objects in view. In the first place, there is no provision in this Bill that a copy of the balance sheet will be sent to the shareholders. In every bank, including the Imperial Bank, there is a provision that a copy of the balance sheet should be sent to the shareholders. Here, in the case of the Reserve Bank, the shareholders will be left to read the Government publications and purchase the Gazette. It is not fair. I submit that the shareholders should receive a copy of the balance sheet direct. My second point is that all these provisions are taken from the South African Act. It is on page 14, section 95.

So this is not a new thing. Such provisions exist elsewhere. In the United States Act, there is a similar provision on page 132 of the book that my friend, Mr. Mudaliar, has got. The constitution of Australia also makes a similar provision. This is not introducing political influence of the kind which the Finance Member wishes to avoid. It already exists in every constitution. The balance sheet is laid before the Legislature and the Legislature is given an opportunity to discuss this particular question. These are the two objects I have in view in making this motion.

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

"That for sub-clause (2) of clause 53 of the Bill, the following be substituted:

(2) (a) At each General Meeting the Central Board shall lay before the meeting a Statement of the Income and Expenditure and a Balance-sheet, containing the particulars of the assets and liabilities of the Bank, made up to a date not more than two months before the meeting.

(b) Every such statement and balance-sheet shall be accompanied by a Report of the Central Board on the working of the Bank throughout the year and as to the state and condition of the Bank, and as to the amount (if any) which has been paid or which will be paid out of the profits by way of dividend to the shareholders, and the amounts (if any) which under the Act go to credit of the fund for strengthening the gold reserves of the Bank and to the Reserve Funds, according to the provision in that behalf contained in the Act; and the Statement, Report and Balance-sheet shall be signed by the Governor, Deputy Governors, three Directors and countersigned by the Chief Accountant of the Bank.

(c) A printed copy of the Report, accompanied by the audited Balance-sheet and Statement of Accounts shall, at least fourteen days previous to the general meeting, be delivered or sent by post to the registered address of every shareholder.

(d) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a duly certified and audited copy of the Statement of Income and Expenditure and Balance Sheet together with the copy of the Report referred to in sub-clauses above and the Governor General in Council shall cause such Statement of Income and Expenditure and Balance Sheet and the Report to be published in the Gazette of India, and copy of these documents shall be laid before the Central Legislature for discussion on a day to be specially reserved for this purpose by the Governor General in Council."

**The Honourable Sir George Schuster:** Sir, I am grateful to my Honourable friend for the story which he has told us just now, because it gives me an opportunity of illustrating the position. I think this is one of the cases where we propose to catch the fox by the simple method of catching hold of its tail, and my Honourable friend proposes the rather more elaborate method of pouring wax on his head, so that he cannot see where he is going and then catching him. (Laughter.) I think it is quite unnecessary to put in a very verbose provision of this kind. The points referred to will naturally be in the reports. We have already provided by an amendment to clause 14 that the shareholders shall be entitled to discuss at the annual meetings the report of the Central Board on the working of the Bank throughout the year and the Auditor's report on the annual balance sheet and accounts. All these matters must be put before them if they are to be discussed. Then, as regards what is said at the end of this amendment, it seems to us unnecessary to make any provision of this kind. If the Legislature wishes to discuss any report of the Bank, they surely will not be denied the opportunity. They will have ample opportunity. I think the proposal is unnecessarily elaborate. All the matters are covered, and I must oppose it.

**Dr. Ziauddin Ahmad:** Will the Honourable Member accept the other alternative provided in amendment No. 333? If he does, then I will withdraw this.

**The Honourable Sir George Schuster:** I must oppose 333 also. I think it is unnecessary for us to provide now that a special day shall be reserved for a discussion of these matters. If the Legislature wants an opportunity for discussion, that opportunity will not be denied to them.

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

"That for sub-clause (2) of clause 53 of the Bill, the following be substituted:

'(2) (a) At each General Meeting the Central Board shall lay before the meeting a Statement of the Income and Expenditure and a Balance-sheet, containing the particulars of the assets and liabilities of the Bank, made up to a date not more than two months before the meeting.

(b) Every such statement and balance sheet shall be accompanied by a Report of the Central Board on the working of the Bank throughout the year and as to the state and condition of the Bank, and as to the amount (if any) which has been paid or which will be paid out of the profits by way of dividend to the shareholders, and the amounts (if any) which under the Act go to credit of the fund for strengthening the gold reserves of the Bank and to the Reserve Funds, according to the provision in that behalf contained in the Act; and the Statement, Report and Balance-sheet shall be signed by the Governor, Deputy Governors, three Directors and countersigned by the Chief Accountant of the Bank.

(c) A printed copy of the Report, accompanied by the audited Balance-sheet and Statement of Accounts shall, at least fourteen days previous to the general meeting, be delivered or sent by post to the registered address of every shareholder.

(d) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a duly certified and audited copy of the Statement of Income and Expenditure and Balance Sheet together with the copy of the Report referred to in sub-clauses above and the Governor General in Council shall cause such Statement of Income and Expenditure and Balance Sheet and the Report to be published in the Gazette of India and copy of these documents shall be laid before the Central Legislature for discussion on a day to be specially reserved for this purpose by the Governor General in Council'."

The motion was negatived.

**Dr. Ziauddin Ahmad:** Sir, I move:

"That after sub-clause (3) of clause 53 of the Bill, the following new sub-clauses be inserted:

'(4) The Bank shall also prepare every year a report on the operations of the Note Issue Department on the lines of the report heretofore issued by the Controller of Currency and publish the same for general information.

(5) The Governor General in Council shall be entitled to require of the Bank any information touching the affairs of the Bank and the production of any books, accounts, returns and documents of the Bank'."

There are two objects I have in mind. The Controller of Currency publishes every year a very useful report and, I am afraid, that as soon as the Reserve Bank is established, the publication of this useful book may be stopped, and my intention is that the publication of this report, which contains lot of useful information, ought to continue and, in the absence of even this book, the public will have no alternative but to fall back upon the goods exported from a wholesale firm in Calcutta. My second point is this and it is a rather important point. The Finance Member may just consider this question. The Governor General in Council shall be entitled to require of the Bank any information touching the affairs of the Bank.

In the absence of a provision of this kind, the Reserve Bank may refuse to show any books to any auditor whom the Government of India may appoint. In case the affairs of the Bank are not going straight, a provision of this kind will be very useful. The Bank cannot say it is confidential, and so on. I hope that the Finance Member will consider this point.

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

"That after sub-clause (3) of clause 53 of the Bill, the following new sub-clauses be inserted:

(4) The Bank shall also prepare every year a report on the operations of the Note Issue Department on the lines of the report heretofore issued by the Controller of Currency and publish the same for general information.

(5) The Governor General in Council shall be entitled to require of the Bank any information touching the affairs of the Bank and the production of any books, accounts, returns and documents of the Bank."

**The Honourable Sir George Schuster:** This is probably the most harmless of my Honourable friend's long list of amendments. But, on the whole I think it is unnecessary and in any case I do not think it is quite suitable as it stands. As regards sub-clause (4) which he proposes, it would not be reasonable to expect the Bank to prepare a report exactly on the lines of the present report issued by the Controller of the Currency. Much of the matter in the currency report dealing with Government finance will have to be dealt with in a Government report and not in that of the Board of the Bank. I have little doubt that when the Bank is set up, it will publish information at least as full as that which is now available and I trust a good deal fuller. I should hope that the Bank would issue a sort of monthly bulletin on the lines issued by the Federal Reserve Bank of New York or possibly on the lines of the bulletin issued by the Bank of England. It will certainly be our intention to provide that statistical information shall, in the future, be made available to the public in a much fuller form than it is available at present and we have a good many proposals under consideration for that purpose. It does not seem to be necessary to provide in the Statute for such a statement. In any case, the form suggested by my Honourable friend, I think is unsuitable! As regards the proposed sub-clause (5), we consider that to be unnecessary, because the Governor General will have a representative on the Board, and, through the medium of that officer, he will be able to get all the information which he requires. This is one of the purposes of having a Government representative on the Board. Therefore, although this amendment is comparatively innocuous, I think it is unnecessary, and I am afraid I must oppose it.

**Dr. Ziauddin Ahmad:** May I ask one question? Is any person appointed by the Governor General entitled to examine all the papers and all the books?

**The Honourable Sir George Schuster:** Yes, Sir. Any member of the Board is surely entitled to examine everything. Nothing can be kept from an actual member of the Board and the Government officer on the Board will have all those powers.

**Dr. Ziauddin Ahmad:** And if the Governor General wishes to appoint any other person besides that officer, then he will not be able to examine things in that way?

**The Honourable Sir George Schuster:** This is the provision by which we seek to create a liaison between the Government and the Bank. I cannot understand why we should now contemplate the possibility of that officer being incompetent and having to be supplemented by the appointment of another officer.

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

"That after sub-clause (3) of clause 53 of the Bill, the following new sub-clauses be inserted:

(4) The Bank shall also prepare every year a report on the operations of the Note Issue Department on the lines of the report heretofore issued by the Controller of Currency and publish the same for general information.

(5) The Governor General in Council shall be entitled to require of the Bank any information touching the affairs of the Bank and the production of any books, accounts returns and documents of the Bank."

The motion was negatived.

Clause 53 was added to the Bill.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair proposes to hold in abeyance clause 54 until after disposing of the amendments of Mr. Sitaramaraju relating to rural credit.

The question is:

"That Clause 55 stand part of the Bill."

**Dr. Ziauddin Ahmad.**

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

"That in sub-clause (3) of clause 55 of the Bill, after the words 'under section 9 or section 14' the words 'or be entitled to payment of any dividend' be inserted."

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

"That in sub-clause (3) of clause 55 of the Bill, after the words 'under section 9 or section 14' the words 'or be entitled to payment of any dividend' be inserted."

**Mr. Bhuput Singh:** Sir, I have to ask one question with regard to sub-clause (4). Supposing a person who is a member of a Hindu joint family, holds some shares, but he is not legally the sole owner of those shares, will he be liable to prosecution if he makes a declaration to the effect "I am the owner"? I just want an explanation from the Honourable the Finance Member.

**The Honourable Sir George Schuster:** Sir, we are jumping rather rapidly through this Bill and it is sometimes difficult to keep pace with all the



amendments. The amendment which I have to deal with now is amendment No. 344. My Honourable friend, Dr. Ziauddin Ahmad, gave no explanation of it. Well, Sir, we consider this to be an entirely unsuitable proposal; it goes beyond the scope of the clause which deals with voting rights. It is quite unreasonable to suggest that any man should be deprived of his dividend merely because he fails to answer a letter. On these grounds, I must oppose my Honourable friend's amendment. As to the question asked by my Honourable friend, Mr. Bhuput Singh, I am afraid I did not catch it exactly. Will the Honourable Member kindly repeat it?

**Mr. Bhuput Singh:** Sir, in sub-clause (4), there is a provision that "whoever makes a false statement in any declaration furnished by him under sub-section (1) shall be deemed to have committed the offence of giving false evidence." Now, a member of a Hindu joint family may hold some shares without being the sole proprietor of those shares. All other members of the family have got a lien on those shares jointly. So I want to know whether that person who makes that declaration that "I am the holder" will be liable to prosecution or not.

**The Honourable Sir Brojendra Mitter (Law Member):** Sir, I do not think he will be liable to prosecution, if one member of a joint Hindu family declares that he is the owner of the shares as *karta* or as a member of the joint Hindu family. It would be a perfectly valid declaration.

**An Honourable Member:** But if he fails to say in what capacity he is holding it?

**The Honourable Sir Brojendra Mitter:** Nevertheless, he is a holder who has got an interest in the shares and he will not be liable to prosecution.

**Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban):** I have to ask one question, Sir, Clause 55 (4) was inserted with the object of preventing shareholders from transferring their shares to somebody else in order to get an extra vote and of preventing a *benami* transaction. That was the object. Now, if a manager of a joint Hindu family holds shares *bona fide*, it does not matter whether he has got others who are also interested in those shares. If he transfers part of the shareholding to some other member of the joint family in order to give that other member of the joint family a vote, then I do not think he could come within the scope of section 55 (4); but if he alone legally can hold shares in joint family, and if he then transfers some shares simply for the purpose of voting or just before the annual general meeting, then the question would become a little bit doubtful.

**Diwan Bahadur A. Ramaswami Mudaliar:** My Honourable friend wants to know what would happen if the manager of a joint Hindu family, who holds, say, twenty shares, transfers those shares to three members of the joint family each of whom has a right unitedly to all the twenty shares. In that case will those three members be liable to this penalty?

**The Honourable Sir Brojendra Mitter:** I do not think so. A member of a Hindu joint family can hold separate property. It is not that every bit of property is joint. Supposing in the case of the three shares which

[Sir Brojendra Mitter.]

are transferred by the manager of the joint Hindu family to some other members of the family, then the other members of the family will have a separate interest in those shares. No question of prosecution arises.

**Mr. Bhuput Sing:** But the question asked by Mr. Mudaliar deals with the point very clearly: will those three persons be entitled to vote?

**The Honourable Sir Brojendra Mitter:** Yes, if they have the requisite number of shares to be able to vote, but they will vote in their own right and not *qua* members of a joint family.

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

"That in sub-clause (3) of clause 55 of the Bill, after the words 'under section 9 or section 14' the words 'or be entitled to payment of any dividend' be inserted."

The motion was negatived.

**Mr. V. K. Aravamudha Ayangar (Government of India: Nominated Official):** Sir, I rise to move.

"That after sub-clause (4) of clause 55 of the Bill, the following sub-clause be inserted:

"(4A) Nothing contained in any declaration furnished under sub-section (1) shall operate to affect the Bank with notice of any trust, and no notice of any trust expressed implied or constructive shall be entered on the register or be receivable by the Bank."

Sir, a similar provision exists in the Indian Companies Act, but, under clause 56 of this Bill, nothing in the Indian Companies Act shall apply to this Bank. It is necessary to prevent the Bank being saddled with notices of trust. Sir, I move.

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

"That after sub-clause (4) of clause 55 of the Bill, the following sub-clause be inserted:

"(4A) Nothing contained in any declaration furnished under sub-section (1) shall operate to affect the Bank with notice of any trust, and no notice of any trust expressed implied or constructive shall be entered on the register or be receivable by the Bank."

**Dr. Ziauddin Ahmad:** Sir, I rise to support this motion. I did not exactly follow the speech of my Honourable friend. He delivered it in a manner as if it was written by somebody else, but from his ability I have no reason to suppose so. But, in spite of that fact, I did follow his arguments, and on the merit of the case, I support the motion.

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

"That after sub-clause (4) of clause 55 of the Bill, the following sub-clause be inserted:

"(4A) Nothing contained in any declaration furnished under sub-section (1) shall operate to affect the Bank with notice of any trust, and no notice of any trust expressed implied or constructive shall be entered on the register or be receivable by the Bank."

The motion was adopted.

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

"That clause 55, as amended, stand part of the Bill."

The motion was adopted.

Clause 55, as amended, was added to the Bill.

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

"That clause 56 stand part of the Bill."

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

"That in sub-clause (1) of clause 56 of the Bill, for the words 'save by order of the Governor General in Council and in such manner as he may direct' the words 'except on the authority of an Act of the Indian Legislature and in such manner as the Legislature may direct' be substituted."

The object of this amendment is that it is this Legislature which is creating the Reserve Bank and, in case the Bank goes into liquidation, the Central Legislature ought to know how matters stand. Here we find that in case of liquidation the whole thing is left to the Governor General in Council. I want that in this case at least the Central Legislature should not be overlooked. After all, the Reserve Bank is the creation of the Central Legislature and, if it goes out of existence, then we ought to know how the thing stands. Therefore, in this particular case, instead of the Governor General in Council, we should add the Central Legislature as well.

Sir, I move.

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

"That in sub-clause (1) of clause 56 of the Bill, for the words 'save by order of the Governor General in Council and in such manner as he may direct' the words 'except on the authority of an Act of the Indian Legislature and in such manner as the Legislature may direct' be substituted."

**Mr. K. C. Neogy**: Sir, I want to say just a few words on this particular clause. As worded, this clause leaves the entire discretion with regard to sending the Bank into liquidation to the Governor General in Council. We have no indication as to the circumstances in which the Governor General may decide to take this extreme action. Honourable Members are aware of the provisions in the Indian Companies Act for winding up a company, but I do realise that here we are not dealing with an ordinary limited liability company. Still I should like to know from the Honourable the Finance Member as to what circumstances, in his opinion would justify a bank to be sent into liquidation. That is one point. The next point that I seek to place before the House is that this clause seems to assume that, when such liquidation takes place, the liabilities of the Bank will never exceed the assets. That, I take it, is the underlying assumption at least of sub-clause (2). I quite realise that if the Governor General in Council is going to be vested with the discretion of sending the Bank into liquidation, he will certainly take that action before

[Mr. K. C. Neogy.]

things go very wrong with the Bank. But this leads me to another point. As far as I have been able to see, there is no provision in this Bill which limits the liability of the shareholders to the amount of their respective shares. Now, Sir, the distinction between limited and unlimited liability with regard to companies is very well known and the Honourable the Finance Member will remember that, in sub-section (4) of section 3 of the Imperial Bank of India Act, the liability of the shareholders of the Bank is definitely limited to the amount not fully paid up <sup>as</sup> shares. In the absence of any such specific provision, I should like to know whether the liability of the shareholders cannot be said to be absolutely unlimited. That is to say, for any debt or any transaction of this Bank the shareholders may individually be responsible even beyond the extent of the amount of their respective shares. Sir, it may be said that such a contingency is very remote and, therefore, we can dismiss it from our consideration, but we are legislating in regard to a very important institution and nothing should be left to chance or undefined. I should very much like to have the assistance of the Honourable the Finance Member as also the Law Member in understanding this particular position.

**Sir Cowasji Jehangir:** Is it your point that it is not a limited company?

**Mr. K. C. Neogy:** That is one of the points.

**The Honourable Sir Brojendra Mitter:** Sir, I could not follow the question which my Honourable friend, Mr. Neogy, put. Does he mean liability to outsiders?

**Mr. K. C. Neogy:** Yes, in the first instance.

**The Honourable Sir Brojendra Mitter:** If that be so, there is no difficulty. By this measure you are incorporating the Bank; the Bank becomes a legal person. So far as the outside world is concerned, the legal person alone is liable to it and the shareholders do not come in the picture at all. The rights and liabilities of the shareholders are with reference to the Bank itself; with regard to the outside world, the shareholders do not exist. They cannot be liable for any transaction of the Bank with outsiders.

**Mr. K. C. Neogy:** May I just interrupt my Honourable friend? That was exactly the position of the Imperial Bank, because the Imperial Bank was incorporated under an Act of the Legislature and yet it was found necessary to have a specific provision to the effect that the liability of the shareholders shall be limited to the amount of the unpaid capital.

**The Honourable Sir Brojendra Mitter:** That is a liability to the Imperial Bank itself, but in so far as the outside world is concerned, a transaction of the Bank is not a transaction of any shareholder. There cannot be any question of liability between the outside world and a shareholder. The shareholder does not exist. He exists only in relation to the Bank itself; and, in the case of fully paid up shares, the question does not arise. What my Honourable friend quoted from the Imperial Bank of India Act with regard to the liability that is limited extends to the unpaid amount, which is a liability to the Bank itself.

**The Honourable Sir George Schuster:** Just amplifying what has been said by my Honourable friend, the Law Member, in answer to Mr. Neogy; a provision of that kind was necessary in the case of the Imperial Bank, because the shares were being issued not fully paid. In the present Bill, if my Honourable friend will look at clause 4, it is laid down that the shares shall be fully paid from the beginning. We do not contemplate that any shares that are not fully paid should be in existence. Therefore, as my Honourable friend, the Law Member, has pointed out, there can be no liability on the shareholders as such. They have a completely separate existence to the Bank. That, Sir, I think, disposes of that point.

As regards the actual amendment, it is a very important provision and it would certainly upset the scheme entirely if my Honourable friend's amendment were accepted. In any case, I submit that, in its present form, the amendment is hardly correct, because if the Legislature had to come in at all, then obviously the Legislature can pass an amending Act without any provision of this kind. My Honourable friend, Mr. Neogy, asked what circumstances were contemplated for the extreme course of putting the Bank into liquidation. What we have chiefly in mind are the circumstances contemplated under clause 30 which has already been passed by the Assembly. I do not think I can answer my Honourable friend beyond that, but on general grounds I must oppose the amendment.

**Mr. Bhuput Singh:** So far as the liabilities of the shareholders to outsider are concerned, I am satisfied; but I want to know whether the liabilities of the shareholders are limited as regards the liability of the Issue Department of the Bank and whether they are liable to pay more than the value of the paid-up shares.

**The Honourable Sir George Schuster:** No, Sir. They cannot be liable having taken up their shares and having performed the only function which they have to perform. They hold shares and the Bank is a separate entity from the shareholders and the shareholders cannot be brought in in any way.

**Sardar Sant Singh (West Punjab: Sikh):** In view of the provisions in sub-clause (2) "in such event the Reserve Fund and surplus assets, if any, of the Bank. . .", what will happen if the Reserve Bank has exceeded assets and the Bank's liability exceed the Reserve Fund as well as the surplus assets? Will the creditor have some remedy? Will the Government come to the help of the Bank and pay that portion of the liability that exceeds the assets from the taxpayer's money or the shareholders will be brought in to contribute their quota towards those excess liabilities?

**The Honourable Sir Brojendra Mitter:** The shareholders' liability is limited to the value of the shares, and since these shares are to be fully paid up, there is no question of the shareholders incurring any liability under the scheme.

**Sardar Sant Singh:** My question is, supposing the liabilities of the Bank at the time of liquidation, exceed the total amount of reserve as well as the assets available, the creditor will have to realise the debts, may I know from what sources they will be paid?

**The Honourable Sir Brojendra Mitter:** If the liabilities are more than the assets, then the creditors will be paid *pro rata*. Sub-clause (1) provides that that liquidation may be made by order of the Governor General in Council and in such manner as he may direct. Whether Government will pay the amount of deficiency or not, that is not provided here; but so far as the shareholders are concerned, there is no question of any liability.

**Sardar Sant Singh:** I will try to explain it in more detail. The position is this. The position of the Government is that the shareholders are only liable to the extent of the share that they are holding in the Bank and they do not come in at the time of the liquidation. That is accepted. The other position is, supposing the liabilities of the Bank exceed the total amount of the reserve fund as well as the assets available at the time of liquidation, then, if the liabilities exceed, there are bound to be certain creditors and those creditors must be paid, but the Bank is unable to meet these debts from the reserve fund as well as the assets, because they are less than the total number of liabilities. What I want to know is the position of the creditors, wherefrom will the creditors receive their amount outstanding against the Bank?

**Mr. President (The Honourable Sir Shanmukham Chetty):** The Bank will stand to the creditor in the same position as an insolvent debtor stands to his creditors and the creditors will get *pro rata* whatever assets are available.

**The Honourable Sir George Schuster:** May I also add a practical point to that. The contingency which my Honourable friend has contemplated is one which I should like to impress upon the House we really ought not to contemplate. I should be very sorry if these questions and answers were reported in the press and any impression was in the public mind that we have seriously to contemplate the ~~con~~ of the Central Bank of the country going into liquidation and ~~be~~ so, there is to meet its liabilities. It will be so closely connected with the Government, it will be so essentially a public institution that in any crisis of that kind we must assume that the Government of the future will step in in some way or other and deal with the position. I think it is undesirable that the contingency which my Honourable friend has in mind should be regarded as a likely contingency.

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

"That in sub-clause (1) of clause 56 of the Bill, for the words 'save by order of the Governor General in Council and in such manner as he may direct' the words 'except on the authority of an Act of the Indian Legislature and in such manner as the Legislature may direct' be substituted."

The motion was negatived.

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

"That for sub-clause (2) of clause 56 of the Bill, the following be substituted:

"(2) In such event the Reserve Fund and surplus assets, if any, of the Bank shall be divided between the Governor General in Council and the shareholders in such proportion as the Governor General in Council and Indian Legislature may determine to be fair and equitable."

According to the existing provision, the shareholders will be entitled to get 25 per cent. of the reserve deposits that we are presenting to them in the shape of five crores of rupees. The original provision is that they would be entitled to 25 per cent. My amendment is that this money really belongs to the taxpayers. It is not the shareholders' money. We have really to keep them in order to stabilise the Bank and they are not entitled to it, because we have helped them out of the taxpayers' money to stabilise them. I say that the proportion ought to be decided by the Legislature and should not be left by law at one-fourth.

**Mr. Bhuput Sing:** The proviso makes it clear that:

"Provided that the total amount payable to any shareholder under this section shall not exceed the paid-up value of the share held by him by more than one per cent for each year after the commencement of this Act subject to a maximum of twenty-five per cent."

**Dr. Ziauddin Ahmad:** After 25 years it will be 25 per cent which I do not think necessary.

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

"That for sub-clause (2) of clause 56 of the Bill, the following be substituted:

'(2) In such event the Reserve Fund and surplus assets, if any, of the Bank shall be divided between the Governor General in Council and the shareholders in such proportion as the Governor General in Council and Indian Legislature may determine to be fair and equitable'."

**The Honourable Sir George Schuster:** I quite agree with my Honourable friend who has moved the amendment that the Legislature should have some say in deciding what is fair and equitable, and that is exactly the question which we are putting to the Legislature under this proposal. We are asking the Legislature to decide that these proposals are fair and equitable. My Honourable friend seems to have so little confidence in the Legislature, of which he himself is a Member, that he wishes to leave the question for the Federal Legislature of the future. I submit we are entitled to take upon ourselves the responsibility of deciding what is fair and equitable here and now and that this proposal is fair and equitable. On these grounds, I oppose the amendment.

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

"That for sub-clause (2) of clause 56 of the Bill, the following be substituted:

'(2) In such event the Reserve Fund and surplus assets, if any, of the Bank shall be divided between the Governor General in Council and the shareholders in such proportion as the Governor General in Council and Indian Legislature may determine to be fair and equitable'."

The motion was negatived.

Clause 56 was added to the Bill.

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

"That clause 57 stand part of the Bill."

**Dr. Ziauddin Ahmad:** Sir, I move:

"That for sub-clauses (1) and (2) of clause 57 of the Bill, the following be substituted:

'Governor General in Council may, from time to time, make regulations not inconsistent with this Act, to provide for matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act. Any regulations made thereunder shall be laid before both the Central Legislatures and shall be published in the Government of India Gazette and no such regulations shall be altered except with three months' previous notice given and published in the Government of India Gazette and the approval of the Central Legislature.

Provided, however, the Central Board, with the previous sanction of the Governor General in Council, may make rules not inconsistent with this Act or the Regulations made thereunder for any of the following purposes:

- (a) the good government and conduct of the business of the Bank;
- (b) the appointment, pay, pension and conditions of service of officers and employees; and
- (c) any other matter necessary or convenient to be provided for carrying on its business."

The intention of my motion is this. In clauses 56 and 57, we give a series of subjects on which regulations will be framed. These subjects are of two classes, one which deals with every-day administration of the Bank and the others are on the question of principle. Therefore, I should like that the regulation making power should not be left to the Central Legislature and the Governor General in Council in case where principles are involved. But it should be left to the Central Board in case of those regulations where the day-to-day administration is concerned. For example, looking into sub-clause (2), you find that (a) to (d) and (m) to (q) deal with the principle, and I only wish that the regulation making power should be vested in ordinary affairs to the Central Board subject to the approval of the Governor General in Council; but, in case of principles, the Legislature should not be entirely overlooked, because, after all, we are really the guardians of the policy of the Bank. Sir, I move.

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

"That for sub-clauses (1) and (2) of clause 57 of the Bill, the following be substituted:

'Governor General in Council may, from time to time, make regulations not inconsistent with this Act, to provide for matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act. Any regulations made thereunder shall be laid before both the Central Legislatures and shall be published in the Government of India Gazette and no such regulations shall be altered except with three months' previous notice given and published in the Government of India Gazette and the approval of the Central Legislature.

Provided however the Central Board, with the previous sanction of the Governor General in Council, may make rules not inconsistent with this Act or the Regulations made thereunder for any of the following purposes:

- (a) the good government and conduct of the business of the Bank;
- (b) the appointment, pay, pension and conditions of service of officers and employees; and
- (c) any other matter necessary or convenient to be provided for carrying on its business."

**The Honourable Sir George Schuster:** Sir, I must oppose my Honourable friend's amendment. I might support that part of it which proposes



to substitute the words "not inconsistent with" for "consistent with" as they stand in the Bill, but otherwise I think my Honourable friend's amendment is unnecessary and wrongly conceived. We do not think that it is necessary or at all desirable that all these regulations should be approved by the Central Legislature. We have provided for publication. If they are published, they will be open to discussion in the Legislature and that seems to us to be sufficient. They are matters which should be left to the Central Board to regulate, and the Legislature is not really a suitable body for dealing with matters of this kind. On these grounds, I oppose the amendment.

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

"That for sub-clauses (1) and (2) of clause 57 of the Bill, the following be substituted:

'Governor General in Council may, from time to time, make regulations not inconsistent with this Act, to provide for matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act. Any regulations made thereunder shall be laid before both the Central Legislatures and shall be published in the Government of India Gazette and no such regulations shall be altered except with three months' previous notice given and published in the Government of India Gazette and the approval of the Central Legislature.

Provided, however, the Central Board, with the previous sanction of the Governor General in Council, may make rules not inconsistent with this Act or the Regulations made thereunder for any of the following purposes:

- (a) the good government and conduct of the business of the Bank;
- (b) the appointment, pay, pension and conditions of service of officers and employees; and
- (c) any other matter necessary or convenient to be provided for carrying on its business."

The motion was negatived.

**Raja Bahadur G. Krishnamachariar** (Tanjore ~~and~~ Trichinopoly: Non-Muhammadan Rural): Sir, I beg to move:

"That to sub-clause (1) of clause 57 of the Bill, the following proviso be added:

'Provided that such regulations do not come into force unless they have been laid on the table of both Legislatures for two months and no motion made for their amendment. If any such amendment is made and carried, the regulations shall be amended accordingly and such amended regulations shall come into force'."

I have taken this amendment not word for word, but adapted it from certain Statutes that have recently been passed in Parliament, and for this reason. There is a book to which I had referred sometime ago, called "The New Despotism" by the Lord Chief Justice of England. Parliament in England not having the time to look into all these legislative enactments is supposed to enact the principle and leave the framing of the rules to the administrative departments. The result is that, when the rules are framed, they generally go against the principles laid down, and once they are allowed to come into force without being revised by the authority which laid down the principles, the result is that there is no way of getting over it except by going to the Courts and fighting the matter out; and very probably the Courts in certain cases will have no jurisdiction to go into it. The result is that whereas this Legislature lays down certain principles, the Central Board or whoever it may be, which has the rule making authority, go and frame rules. They do it honestly I admit, but, in view of their own interests, they frame rules which, as a

[Raja Bahadur G. Krishnamachariar.]

matter of fact, militate against the principle laid down by the Legislature. And once they do it and if it comes into force without reference to the authority that lays down the principle, it is not quite fair to the original authority to do so; and the Lord Chief Justice of England has written a whole book protesting against it. We are supposed to be under a rule of law, but, as a matter of fact, the rule of law only extends to laying down principles and leaving the rest to the administrative departments; and administrative departments throughout the world consider their own convenience irrespective of the rules that they make being consistent or inconsistent. The most flagrant instance was this; there was a set of rules made by an administrative department and the Legal Department objected to the rules as being inconsistent with the principles laid down by the Legislature. The reply was that if the rules were inconsistent with the principles, they should go and alter the principles; but the rules will remain in force. That, Sir, is the position taken up and that is what the Lord Chief Justice pointed out. And it is dangerous, it is inadvisable, it is undesirable to vest the administrative departments with the power of making rules; and this provision has been taken from an Act of Parliament, and I submit there ought to be no objection,—I hope there will not be,—to accept this amendment.

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

“That to sub-clause (1) of clause 57 of the Bill, the following proviso be added:

‘Provided that such regulations do not come into force unless they have been laid on the table of both Legislatures for two months and no motion made for their amendment. If any such amendment is made and carried, the regulations shall be amended accordingly and such amended regulations shall come into force.’”

**The Honourable Sir George Schuster:** Sir, there may be very good grounds for my Honourable friend's proposal, but I submit that it would lead to great practical inconvenience. It might be necessary to make regulations at any time, designed to come into immediate effect. If the Legislature were not sitting, it would be necessary to delay until it sat and then to delay another two months. I would suggest to my Honourable friend that strongly as he feels his grounds, this way of meeting his point is likely, as I said, to lead to very practical inconvenience. I am afraid I must adhere to the attitude I have taken up with reference to the last amendment, namely, that we consider that the publication of these regulations and the opening of the door to subsequent criticism is really all that is required.

**Raja Bahadur G. Krishnamachariar:** If I criticise and nothing comes out of it, what is the result?

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

“That to sub-clause (1) of clause 57 of the Bill, the following proviso be added:

‘Provided that such regulations do not come into force unless they have been laid on the table of both Legislatures for two months and no motion made for their amendment. If any such amendment is made and carried, the regulations shall be amended accordingly and such amended regulations shall come into force.’”

The motion was negatived.

**Mr. Muhammad Anwar-ul-Azim** (Chittagong Division: Muhammadan Rural): Sir, I beg to move:

"That in sub-clause (2) (a) of clause 57 of the Bill, the words 'if the Central Board thinks fit' be omitted."

Personally I think it will not be right on our part to leave any discretion in these matters to any subordinate agencies which are created by the Statute of this House. You will remember, Sir, that the other day in this very connection I had to bring in a motion for adjournment, because an Act was passed by this Legislature where it was particularly mentioned that the election with regard to a particular committee at a particular place will take place according to the method of the single transferable vote, but that Statutory obligation was not observed by a certain body in this country. So my apprehensions are that, unless and until these methods of election are made obligatory on these subordinate bodies, the real result will not be achieved.

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

"That in sub-clause (2) (a) of clause 57 of the Bill, the words 'if the Central Board thinks fit' be omitted."

**Dr. Ziauddin Ahmad:** Sir, on a previous amendment, I pointed out that sub-clauses in this clause were of two kinds—principles and administrative details—I said that we wanted different agencies for framing the regulations under these two heads, and I quoted, though I did not read out, certain books that this important question of election could not be left to the Central Board. It is quite possible that they may make regulations in a manner which would be exceedingly useful to the sitting Directors and may be prejudicial to a person who may be a candidate afterwards. I suggest that the proper agency for framing these rules is the Governor General in Council with the approval of the Central Legislature. For instance, in the election of the Legislature, if you leave the power of framing rules to the Legislature, if you give the power to the elected Members to frame rules for their own election, it is likely that we will frame rules to suit the convenience of ourselves who are sitting Members. I never heard that the rules of election for a particular body are made by that body itself. It ought to be made by some higher authority if that higher authority is available: and, in this case, the Central Legislature is the highest authority and is the only proper authority with whose consent the Governor General in Council ought to frame rules regulating the election of Directors to the Central Board. With these words, I support the motion.

**Mr. Bhupat Singh:** Sir, I oppose the motion. Why should we have so much suspicion of the Central Board? Of course, at first it will be nominated, but, after a period, it will be elected; I do not think we should have any suspicion from the very beginning that the Central Board will not look to the interests of all the communities concerned. It is only proper that we should have some faith and confidence in the Central Board, and, further, over the Central Board there is the power of the Governor General in Council on all matters including this thing on which

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they would have the same power over the making of rules, etc. So I oppose the motion.

**The Honourable Sir George Schuster:** Sir, as far as we are concerned, we are quite prepared to accept my Honourable friend's amendment. His object, as I understand it, is to make it clear that the principle of proportional representation by means of the single transferable vote shall in fact always be followed. That, as a matter of fact, has always been our intention, and I myself in the course of the discussion on an earlier clause in the Bill referred to this clause as evidence of our intention. I must confess that it is one of the details that I had not got in mind at the time, but actually this is only discretionary in this clause, and we certainly contemplated that the principle of proportional representation should always be followed. Therefore, we on the Government side are prepared to accept this amendment. I think that is all that I need say.

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

"That in sub-clause (2) (a) of clause 57 of the Bill, the words 'if the Central Board thinks fit' be omitted."

The motion was adopted.

**Mr. Muhammad Anwar-ul-Azim:** Mr. President, I move:

"That to part (j) of sub-clause (2) of clause 57 of the Bill, the following proviso be added:

"That the officers and staff of the Bank should be taken from all classes of people according to the rules framed by the Government of India in this behalf'."

I can assure you, Sir, that it is farthest from my thoughts to bring in any contentious matter. But it seems, Mr. President, that there are lurking suspicions as a result of past experience in the many parts of the House, whether the Bank will deal squarely with all, for after the first term of four or five years, when there is full-fledged Swaraj in the Bank, these lurking suspicions must be dispelled as a result of just action. It is not for the purpose of carrying this amendment, but only for bringing to the notice of the Government of India that this suspicion does exist and, for want of finding a more vocal exponent, that it has fallen to my lot to move it here. If it was my contention that I wanted a particular slice ear-marked for my people, of course that would have come with proper wordings; but, sitting on this side of the House, we who have all very liberal ideas about these things—I am certain, the House will not mistake me or think that I am camouflaging the real issue. If the Government are really serious in regard to giving this Reserve Bank a chance, I think the administration of the Bank should be above suspicion, and, with that object in view, even if the Government of India by executive orders give some sort of indication to the controllers of this Bank, my purpose will be served and that is that all classes of people should come in right proportion.

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

"That to part (j) of sub-clause (2) of clause 57 of the Bill, the following proviso be added:

"That the officers and staff of the Bank should be taken from all classes of people according to the rules framed by the Government of India in this behalf'."

**Masri Muhammad Shafee Dsoodi** (Tirhut Division: Muhammadan) Sir, this is a matter which, I think, does not require any discussion. Every one will agree that when a new venture is started, it must guide itself by past experience. We have seen the preponderance of one community over the other working havoc in some departments. The amendment proposes that the officers and staff of the Bank should be taken from all classes of the people according to rules framed by the Government in this behalf. It seems to be quite an inoffensive amendment and it appears to me that it should not evoke any objection from any part of the House. It interests all and all should accept it.

**Mr. N. M. Joshi** (Nominated Non-Official): Mr. President, it is true that the staff of this Bank should be drawn from all classes of people in the country; but, at the same time, I wish to draw the attention of Government to the fact that at present the Currency Offices at various places have got a large staff and it is essential that this staff should be provided for in the Reserve Bank, and I would like the Honourable the Finance Member to state very clearly whether he is going to provide for this staff now in the various Currency Offices . . . .

**The Honourable Sir George Schuster:** I have already made a statement to that effect in the course of an earlier discussion.

**Mr. N. M. Joshi:** I am very grateful to the Honourable the Finance Member for his statement and I shall say no more except that I am very sorry I was not here when that statement was made.

**The Honourable Sir George Schuster:** Sir, we have, throughout the discussions on this measure, and also in framing it, deliberately kept any sort of communal consideration outside, and we do feel that it is undesirable that provisions of this kind should be put into a Statute of this nature. We have no reason to suppose or to anticipate that the Central Board will disregard public feeling in this matter, but of course their first duty will be to provide an efficient staff. The actual proposal in this amendment seems hardly suitable. What I mean by that is, it does not come in very well into the clause to which it is attached. It is a sub-clause dealing with the manner in which the business of the Central Board shall be transacted and the procedure to be followed at meetings . . . . .

**An Honourable Member:** The amendment moved is :

"That to part (j) of sub-clause (2) of clause 57 of the Bill, . . ."

**The Honourable Sir George Schuster:** I must apologise. I did not hear that. But in any case I suggest that it is such a vague clause as to have very little meaning and I hope that my friend who moved it will not press it.

**Mr. Muhammad Anwar-ul-Azim:** I don't press it, Sir, if all interests are seen to.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Does the Honourable Member wish to withdraw?

**Mr. Muhammad Anwar-ul-Azim:** Yes, Sir.

The amendment was, by leave of the Assembly, withdrawn

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

"That clause 57, as amended, stand part of the Bill."

The motion was adopted.

Clause 57, as amended, was added to the Bill.

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

"That clause 58 stand part of the Bill."

Does the Honourable Member, Dr. Ziauddin Ahmad, propose to move his amendment No. 359?

**Dr. Ziauddin Ahmad**: Yes, Sir; but if you permit me, I would not like to read the two pages . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): Does he propose to move it at all?

**Dr. Ziauddin Ahmad**: Yes, Sir.

**Mr. President** (The Honourable Sir Shanmukham Chetty): All right, but does the Honourable Member realise that, while he has been fighting for the depreciation of the rupee, in this amendment he seeks to appreciate the rupee? He fixes the value of the gold sovereign at Rs. 15 which means 1s. 4d. gold, which means probably 1s. 12d. (?) sterling, and the whole amendment is based on that scheme.

**Mr. H. P. Mody** (Bombay Millowners' Association: Indian Commerce): We can devalue it later.

**Dr. Ziauddin Ahmad**: I realised that those figures were put in on the assumption that one rupee is equal to 1s. 6d. and I have changed the figures in consequence of our passing clauses 40 and 41.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair regrets it cannot allow this amendment. The whole scheme is based on the basis of 1s. 4d. gold for the rupee, and the Honourable Member cannot move it. If he persists in moving it, the Chair will have to rule the amendment out of order, since already, under clauses 40 and 41 the value of the rupee has been fixed by this House at 1s. 4d. sterling.

**Dr. Ziauddin Ahmad**: What about the other?

**Mr. President** (The Honourable Sir Shanmukham Chetty): The whole of it appears to be out of order. It is for the Doctor to say which part of his amendment is in order. The Chair realises the handicap of the Doctor, because the amendment was framed by somebody else. The

whole of this amendment under the two heads "Gold Coinage and Mint" and "Coinage of Bullion" provides for the free coinage of gold at a particular figure, and the figure chosen by the author of this amendment is 1s. 4d. gold. The whole scheme is based upon it.

**Dr. Ziauddin Ahmad:** There is no doubt that the whole amendment was not framed by me, but it is not a fact that the whole scheme was framed for me by somebody else. I have taken somebody else's amendment to move. The point I want to make is this. There was a discussion about the change in the Coinage Act and we were promised in the year 1927 that the alterations in the Coinage Act would be taken along with the Reserve Bank Bill, and this particular thing was entirely ignored by the Select Committee and the House. This is really the point which I want to make today . . . .

**The Honourable Sir George Schuster:** May I raise another point of order, Sir? My friend said that there was a promise that this Coinage Act would be reconsidered when the Reserve Bank Bill was introduced. I do not know to what promise my friend refers; but, at any rate, if there was a promise, that promise has been broken. It has not been fulfilled. There is nothing about this in the Reserve Bank Bill, and, therefore, I submit that the whole of this amendment is quite outside the scope of the Bill. It is a coinage measure in which the Reserve Bank is not mentioned at all. It is, therefore, out of order.

**Dr. Ziauddin Ahmad:** May I just raise another point of order? I should first move the amendment and then the question can be raised. I have not moved any amendment yet.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair, of its own accord, raised a point. So far as the Chair has been able to understand this very complicated amendment, it is out of order in view of the decision taken on clauses 40 and 41. Apart from that, it goes clearly against the intention of the Honourable Member with regard to the value of the rupee. The Chair would like the Honourable Member to point out which part of the amendment will not come under the mischief of this. The Honourable Member should think over the matter during the luncheon interval.

**Mr. B. Sitaramaraju** (Ganjam cum Vizagapatam: Non-Muhammadan Rural): Sir, before you adjourn the House, in view of the rapid progress we have made, may we request you to kindly give us a longer time for Lunch?

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House now stands adjourned till a quarter past Two.

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

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

**Dr. Ziauddin Ahmad:** The intention of this amendment No 359 is not in any way against clauses 40 and 41. The intention of this amendment is to introduce a gold mint in this country. At present there is no gold mint in this country and no gold coinage, and the intention is to introduce gold coinage in India. The figures given in sub-clause (2) of this amendment may be changed. They were originally given on the basis of 1s. 4d. for a rupee and they may be changed into 8'47512, and in sub-clause (3), for Rs. 15, Rs. 13-5-4 may be substituted. The original clause 58 says:

"Gold coins, coined at His Majesty's Royal Mint in England or at any mint established in pursuance of a Proclamation of His Majesty as a branch of His Majesty's Royal Mint, shall not be legal tender in British India . . . ."

That is the original provision and the object of my amendment is to prepare the way for introducing gold currency in this country. Since gold is being exported in large quantities, the object of the amendment is that we ought to check the export of gold and mint a portion of the gold in a particular form. That is, new coins are introduced under this amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair cannot allow these elaborate changes in the amendment to be made at this stage. The amendment is out of order, and in any case provision for the free coinage of gold and the establishment of mint are clearly outside the scope of the Bill which establishes a Reserve Bank for India. The amendment is, therefore, not in order.

**Mr. Vidya Sagar Pandya** (Madras: Indian Commerce): May I . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member cannot question what the Chair has said.

**Mr. Vidya Sagar Pandya:** I do not question what you have said in any way, but I wish to say that, when the Currency Bill was introduced in 1927, a similar amendment was proposed, and Sir Basil Blackett, the then Finance Member, at that time wrote three letters, one of which was to myself. It was contended that, if we did not raise the point at that time, we would be debarred from raising it at the time of the consideration of the Reserve Bank of India Bill, and he wrote a letter to say that he would see that no obstacles were placed in the way of our bringing any amendment for a change in the Coinage Act, and on the floor of the House. The then Finance Member to the Government of India gave assurance thrice to that effect.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Order, order. This House is concerned only with the measure that is before the House, and not with what Sir Basil Blackett or what anybody else might have said before. We are concerned only with the Bill as it is before the House.

**Mr. Vidya Sagar Pandya:** Is this the value of the promises given by the Government . . . . .

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair is not in a position to help the Honourable Member on that point. So-



far as the Chair is concerned, it can decide the admissibility of an amendment only on the basis of the scope of the Bill that is actually before the House and not on the basis of what might have transpired between Honourable Members and Government on a previous occasion.

The question is:

"That clause 58 stand part of the Bill."

The motion was adopted.

Clause 58 was added to the Bill.

Clause 59 was added to the Bill.

**Mr. V. K. Aravamudha Ayangar:** I move.

"That after clause 59 of the Bill, the following new clause be inserted:

'59A. In sub-section (3) of section 11 of the Indian Companies Act, 1913, after <sup>Amendment of section 11 of Act VII of 1913.</sup> ~~VII of~~ 1913, the word 'Royal' the words 'Reserve Bank' shall be inserted'."

The object of this amendment is to prevent the name of the Bank being misused so as to deceive the public. Sir, I move.

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

"That after clause 59 of the Bill, the following new clause be inserted:

'59A. In sub-section (3) of section 11 of the Indian Companies Act, 1913, after <sup>Amendment of section 11 of Act VII of 1913.</sup> ~~VII of~~ 1913, the word 'Royal' the words 'Reserve Bank' shall be inserted'."

The motion was adopted.

New clause 59A was added to the Bill.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The House will now take up the new clauses that have been kept pending. Amendment No. 312 in the name of Dr. Ziauddin Ahmad.

**Dr. Ziauddin Ahmad:** Sir, I move:

"That after clause 44 of the Bill, the following new clause be inserted and subsequent clauses be re-numbered accordingly:

'45. The Bank shall not purchase shares of any bank outside the United Kingdom without the permission of the Governor General in Council'."

**The Honourable Sir George Schuster:** On a point of order. Sir, I submit that the issue raised by this new clause has already been decided upon by the House. The House, by a large majority, authorised the Bank to hold certain kinds of shares, that is to say, it was to the effect:

"or any international bank formed by such banks and the investing of the funds of the Bank in the shares of any such international bank."

No limitation was put on that as is suggested by this new clause of my Honourable friend, and the House has accepted it. I submit that my Honourable friend's present amendment attempts at least to limit the scope of this earlier decision of the House.

**Dr. Ziauddin Ahmad:** That particular clause which we passed said what the Bank could do, it was a sort of permissible clause, and here I lay down the procedure how that power should be exercised. In that particular clause, which we have passed, the procedure has not been laid down, and the procedure is that, if they want to purchase such shares, the permission of the Governor General in Council is necessary.

**Mr. President** (The Honourable Sir Shanmukham Chetty): But the Honourable Member seeks to limit the power given to the Bank by a previous clause which this House has adopted. The House has given an unconditional power, and the Honourable Member cannot now try and impose a condition on that power which has already been given.

**Dr. Ziauddin Ahmad:** It was only a permissible power.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Has the Honourable Member anything to say that his amendment is in order?

**Dr. Ziauddin Ahmad:** That clause which we have passed is only a permissible clause that the Bank will have power to purchase these shares, but this clause of mine lays down that that power should be exercised under certain conditions.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Unconditional power has already been granted and, therefore, this amendment will not be in order.

For the convenience of the House and in order to save time, the Chair would suggest that Mr. Sitaramaraju might first move only his new clause 45:

"There shall be established a Rural Credit Department of the Bank which shall be kept distinct from the other departments of the Bank."

If he gets the verdict of the House in his favour, he can then move his whole scheme, and if the House negatives it, then the whole scheme automatically goes out.

**The Honourable Sir George Schnuster.** May I tell my Honourable friend before he moves it, that he has another amendment down. I should like to know whether he really intends to move this very complicated amendment in preference to the simpler amendment later on.

**Mr. B. Sitaramaraju:** I should like to explain my position to the Honourable the Finance Member. In the first amendment, what I actually propose is a little scheme of my own for service to rural credit. In the second amendment, which is No 335, I propose:

"The Bank shall, at the earliest possible date and in any case within two years from the date on which this Act comes into force, establish a Rural Credit Department of the Bank as a distinct department of the Bank, on such terms and conditions regarding the financing and the method of working of the Department as the Bank and the Governor General in Council may agree upon."

The second amendment would give a latitude to the Government to bring in a scheme within a period of two years, while the first amendment

which I move would be the first of a series of amendments which are in themselves a complete scheme.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member might move 335 as an alternative amendment, if his present amendment is negatived.

**The Honourable Sir George Schnster**: I understood your suggestion was that the House should take a general decision on the principle of setting up a Rural Credit Department. That principle is raised in both these amendments. I submit that if my Honourable friend adopts the alternative of moving this complicated amendment No. 320 first, it is impossible to discuss the general principles, because the objections would have to be objections taken to the manner in which he proposes to carry it out. It is very difficult to discuss the general principle, apart from the particular method proposed by my Honourable friend.

**Mr. President** (The Honourable Sir Shanmukham Chetty): What would the Honourable Member suggest?

**The Honourable Sir George Schuster**: I am hoping that my Honourable friend would agree not to move this long and complicated amendment, but would concentrate on amendment No. 335.

**Mr. B. Sitaramaraju**: My idea was to place the whole of this scheme for consideration, but I see the point in the remarks of the Honourable the Finance Member. He says that if we were to discuss this amendment, the arguments that are likely to be advanced upon it may have an effect upon the other one.

**Mr. President** (The Honourable Sir Shanmukham Chetty): In any case, if the Honourable Member would be satisfied with this position that the Bank would be under an obligation to open a Rural Credit Department within two years from the commencement of this Act, then naturally the scheme would be worked out later on. That would not stand in the way.

**Mr. B. Sitaramaraju**: On reconsideration of the matter, I shall move amendment No. 335.

Sir, I move:

"That after clause 53 of the Bill, the following new clause be inserted and the existing clause 54 be re-numbered as 54A:

"54. The Bank shall, at the earliest possible date and in any case within two years from the date on which this Act comes into force, establish a Rural Credit Department of the Bank as a distinct department of the Bank, on such terms and conditions regarding the financing and the method of working of the Department as the Bank and the Governor General in Council may agree upon."

The original provision in the Bill was this:

"The Bank shall, at the earliest practicable date and in any case within three years from the date on which this Chapter comes into force, make to the Governor General in Council a report, with proposals, if it thinks fit, for legislation on the following matters, namely, etc."

[Mr. B. Sitaramaraju.]

The second is:

"The establishment of a Rural Credit Department of the Bank or the creation of other machinery for effecting a closer connection between agricultural enterprise and the operations of the Bank."

**The Honourable Sir George Schuster:** I should like to explain one small verbal point. My Honourable friend has used the expression "the date on which this Act comes into force". As a matter of fact, different parts of the Act might come into force on different dates. In clause 54, the phrase used is "in any case within three years from the date on which this Chapter comes into force". I hope my Honourable friend will appreciate that point. It is very difficult to say what the date will be when the Act comes into force.

**Mr. B. Sitaramaraju:** I mean the latest date. If there is any change to be made in that direction, I am prepared to accept it and further say that the Governor General in Council will have the final voice.

**The Honourable Sir Brojendra Mitter:** If the Honourable Member will look at clause 1, it says:

"This section shall come into force at once and the remaining provisions of this Act shall come into force on such date or dates as the Governor General in Council may, by notification in the Gazette of India, appoint."

Different Chapters may come into force on different dates. The amendment will have to be altered to indicate "when the whole Act becomes operative" or "this Chapter" whichever is suitable to my Honourable friend.

**Mr. President (The Honourable Sir Shanmukham Chetty):** The simplest thing to say will be "this Chapter".

**Mr. B. Sitaramaraju:** I am prepared to amend it in that direction. I may also suggest to the Honourable the Law Member that I am prepared to leave the final word with the Governor General in Council in this matter. In moving this amendment, it is not necessary for me to cover the ground I have already covered on an earlier occasion. Since I moved the amendment for the creation of a Rural Credit Department on the first day, I had fortunately received sympathy from various quarters of this House. Even my Honourable friend, Mr. James, was pleased to shed copious tears of sympathy. Sir, the Honourable the Finance Member was pleased also on the first day to say that he sympathised with the object I had in view. Sir, sympathy has been accumulating for over a century, but I must venture to submit that that has not led us to a well cultivated field, a busy cottage or an enlightened fireside. Sir, I hope the sympathy so profusely expressed may now enable Honourable Members of the House to dispassionately consider the very modest suggestion I have in view, namely, the creation of a Rural Credit Department. In view of the fact that the Central Banking Inquiry Committee made a very strong recommendation on this point, I think that that recommendation would be considered to furnish adequate support to the view I have taken.

Their recommendations are in the majority report at page 121 and they write about certain recommendations which :

"are intended to cover the period before the establishment of the Reserve Bank . . . But when this latter institution is established, we intend that provisions should be made in the Reserve Bank itself for linking up the co-operative banks with the Central Bank of the country and for making the provisions for agricultural finance."

Sir, the other day, on the 2nd of December, I read, of all papers, in the *Statesman*, from the pen of a gentleman who belongs to the country of my Honourable friend, Mr. James, a letter, I am referring to Sir Daniel Hamilton, and I shall read a passage therefrom. It says :

"Does this imply"

—meaning thereby the concensus of opinion which prevails in this House about the desirability of starting a Rural Credit Department—

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

Sir, I am not prepared to go so far as that. We do want a Reserve Bank; we do want that Bank to be useful and I cannot subscribe to the fate which was assigned to it by Sir Daniel Hamilton that it should go to the waste paper basket; even the waste paper basket is today full with many reports of Royal Commissions. We do want that this Reserve Bank should indeed yet prove of some use to the country. When we take into consideration the fact that a measure, intended to secure monetary stability, has postponed consideration of suitable monetary standard pending world recovery. when we note the fact that we denied yesterday a suitable ratio, if we also deny any services being rendered in the direction of rural credit, then I venture to submit that this Reserve Bank Bill will not be of much use.

Sir, I have listened with great respect to the remarks of the Honourable the Finance Member in this regard, but I would like to say that if he has taken the trouble to consider the very modest proposal that I have now moved, he would agree that I would not be putting the Government in a position of any embarrassment; on the other hand, I think I would be asking them to do what is only right and proper. Sir, although the Honourable the Finance Member on the last occasion had tried to answer me with regard to the one central idea underlying the proposals I then made, I must say his answer was not satisfactory. I said that "here we are establishing a central institution which is intended to afford facilities as a Central Bank. We are leaving out of account more than 65 per cent. of the people, to whom credit facilities have to be given, and I say, that by so doing, you are only concentrating your attention upon the satisfaction of the needs of a minority of interests only. Are you justified in leaving a large class of my countrymen unprovided by services of this kind?" Sir, that was the central idea of the whole scheme I then propounded and for which, I am sorry to say, I did not receive any satisfactory answer. Sir, the mere transference of currency and credit to the unified control of a Central Bank is not enough: a Bank which is to be a national institution, I consider, should be something more than what is now made to be under the provisions of this Bill. We consider that the possibilities of a Reserve Bank are much wider than that, and towards that end we ask that necessary steps should be taken.

[Mr. B. Sitaramaraju.]

Sir, it is unnecessary for me to point out the important role which agriculture plays in the country. I have already said that the internal economy of the country consists in agriculture, and that if we really want to do any good service by a measure of this kind, we cannot possibly ignore that internal economy of the country. Sir, it is said in one of the official documents that agriculture is not a measure of concern only to private individuals, but is the basis of national life itself, calling for the far sighted national policies and proving for national security and prosperity. Sir, that being the case, let me examine the subject with that outlook. Sir, the other day when I first moved my amendment that there should be established, under the shadow of this Bank, a Rural Credit Department on the analogy of Australia, some criticism was levelled against it by the Finance Member on the ground that Australian Standards are different. But all I said was that on the same analogy of Australia, where a department like this had been opened under the Reserve Bank, I suggested that we too should open such a Department under this Reserve Bank. I asked for that far and no further. It was not my intention to import into this Bill foreign provisions wholesale like boots and shoes to fit as they may, but only so far as they are useful and no further. All that I do want is to point out that from the moment the Registrars' Conference sat, from the time the Royal Agricultural Commission sat, from the time the Banking Inquiry Committee, both Provincial and Central, was held, it must be admitted that the question of agricultural finance came into active consideration. Sir, it was discussed and examined exhaustively and voluminous records have grown on the interests of agriculture and on the ways and means to improve the indebtedness of agriculturists. Sir, we know even from the records and from the opinions, gathered by the Provincial Banking Inquiry Committees, that the rural indebtedness of this country is somewhere about Rs. 900 crores. Out of this Rs. 900 crores, about Rs. 400 crores are in respect of short term and about Rs. 500 crores in respect of long term. I do admit, even Rs. 500 crores of hereditary debt is a big sum.

Sir, my Honourable friend, the Finance Member, while speaking of the heavy indebtedness of the cultivator, said that it was so heavy that whatever little Government might do will not come up to relieve him. Now, Sir, under the provisions of this Bill or under the proposals which I thought it best to suggest, I have never said Government could find that sum to relieve that debt immediately. I suggested that a separate Department might be opened under the Reserve Bank with two branches, one for short term, the other for long term. The first co-ordinate under this as an apex institution at the centre and the other for the issue of land mortgage debentures on the guarantee of Provincial Governments, to give relief to the poor agriculturist wanting cheap credit facilities. But the way in which the question of rural indebtedness has been dealt with by the Honourable the Finance Member and the gloomy picture that he tried to paint of the impossibility of relief that can be afforded for the absolute hopelessness of the peasantry reminds me of a story of an Irish Doctor. The Irish Doctor was asked one day to examine a wounded man. The Doctor examined the wounded man and found that he had three wounds over his body. He said that there was one wound which would prove fatal, but he would recover from the other two wounds. Sir, if this heavy indebtedness is impossible to be alleviated, then the patient is destined to die whether you encourage co-operative credit institutions

or establish land mortgage banks. What good will they do then, if he were to sink under the load of debt? That does not afford us any consolation. On the other hand, we think it possible to relieve him and that it is high time that means should be devised forthwith to help the poor cultivator. After all, Sir, the very words in which I have moved my amendment show that I do not wish to embarrass the Government by asking for the impossible. Do Government feel or do they not that there is a need for affording relief to these people? If they do feel that it is necessary to afford, under the shadow of this Reserve Bank, some sort of relief for these people, then the form in which and the conditions under which and the methods by which that relief can be given is still left under my amendment to the Government itself. I venture to submit, Sir, that if they have got the will to do it, certainly it can be done under the provisions of the Bill. But if they have not got the will to do it, no amount of arguments that I can possibly bring forward will be able to convince them of the possibility of doing so. Sir, if I have persisted in bringing forward this matter again before the House, it is because that once you give up this matter now, there will be no other chance of this matter being taken up in the same way as it can be done now. If the Reserve Bank were to keep a separate department, it would have provided for as an apex institution of that Bank for the purpose of co-ordinating these various activities. With reference to the example of Australia to which reference was made by me and reply was given by the Honourable the Finance Member, I wish to point out that I have never for a moment suggested that Australia has not a very small population to deal with. I admit, India is a very big continent and the rural population is such that it is very difficult to establish a direct contact with it. If I had suggested that we should establish a direct contact with the rural population and do away with the intermediate organisations, that argument certainly would hold good. But I have never suggested that. On the other hand, it is my desire that the provincial organisation should be strengthened; but, at the same time, there must be an apex institution at the top. It may be said that an apex institution of this kind can be organised separately also. But we know that it is far cheaper and much more effective to have an apex branch under the Reserve Bank than to have a separate institution. With regard to the other objection, namely, the want of banking knowledge of our people, I may say that whatever may be the experience of my Honourable friend, the Finance Member, with regard to the Australian people, the co-operative banks have amply demonstrated the fact that, given the necessary conditions and facilities, our people can easily take advantage of them and show a great banking aptitude. Sir, the success with which the co-operative movement has spread all over the country is a proof positive that banking institutions are not such an impossible institution as not to be understood by the people of this country. If banking knowledge has not been extensive, the fault is of the Government for not providing for its growth. Government create a situation and complain about it. It is not fair. The Government of India should not complain about the want of banking instincts unless and until they have given the people of this country proper facilities and tested their capacity by establishing such institutions. Of course, if you find that the institutions that you have established have not been taken advantage of and the people have not learnt to profit by them, you will have a right to complain. But so long as you do not establish such institutions, it is no good saying that the cultivators are not likely to take advantage of them.

[Mr. B. Sitaramaraju.]

In conclusion, I wish to say that by dropping my original amendment, I have modified my proposals and I am only proposing a modest amendment now, an amendment which gives complete discretion to the Government to do what they think best in the matter. All that I ask in this amendment is that Government should commit themselves to open a Rural Credit Department. Once more I would repeat that if they do not do that, they will be leaving a large class of people unprovided for. That is not justifiable and that is the ground on which I take my stand. With these words, Sir, I move my amendment.

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

"That after clause 53 of the Bill, the following new clause be inserted and the existing clause 54 be re-numbered as 64A:

"54. The Bank shall at the earliest possible date and in any case within two years from the date on which this Chapter comes into force, establish a Rural Credit Department of the Bank as a distinct department of the Bank, on such terms and conditions regarding the financing and the method of working of the Department as the Bank and the Governor General in Council may agree upon."

**Rao Bahaḍur B. L. Patil** (Bombay Southern Division: Non-Muhammadan Rural): Sir, it might be argued that the Reserve Bank Bill has nothing to do with the financing of agriculture or the agricultural industry. It might also be argued that the very scope and object of this Bill are far away from the kind of work that this amendment seeks the Reserve Bank to do. Sir, if I have answered this objection, I think, in my humble opinion, I have done my duty. It is the primary duty of any State as a State to look after the development of agriculture and the relief of indebtedness of the agriculturists in the country. If this proposition is once conceded, I am sure that I am in a position to prove that Government have been so far negligent in this matter and have done absolutely nothing so far as these poor class of agriculturists in India are concerned. It is only the repeated famines that first opened the eyes of Government. Then, Sir, fifty years ago, Government appointed what we know as the Famine Commission. Before that Commission, several schemes for financing the agriculturists and for removing the indebtedness of the agriculturists were mooted, but they were all rejected. Anyhow, the verdict of that Commission was that the agriculturists of this country are so foolish and so stupid that their case is hopeless and irredeemable. It was said that the agriculturist had to thank himself for this. Thereafter, the Government in a half-hearted manner put on the Statute-book of this country two Acts; one was called the Agriculturists Loans Act and the other the Land Improvement Act. It is an admitted fact that these two Acts have remained dead-letters in many of the provinces and, in those provinces where they have been worked out to some extent, they were not in a position to give substantial relief for the classes in whose interest they were enacted. I am not stating this on my own authority. I draw my support from what has been said in the report of the Royal Commission on Agriculture. On the recommendation of the Bombay Government, the Government of India recommended to the Secretary of State that a State Agricultural Bank should be started in this country to finance the agriculturists directly and to look to the relief of the indebtedness of that class. Sir, that was hanging fire for several years in the office of the Secretary of State—for nearly five years or eight years, and ultimately the proposals both of the Provincial Government and of the Government of India were turned down.



After that, we heard nothing. Even Sir William Wedderburn put before the English public as well as the Indian public that if at all anything is most essential for the welfare of the country as a whole, it was the relief in the finance that was required by the agriculturists of the country. Sir, this Government is very slow to understand the difficulties of the dumb masses.

Then, before I go to mention in what respect this rural credit department can serve the agriculturists, I should like to place before 3 P.M. this House one finding of the Royal Commission on Agriculture. I think I have made it clear to this House that Government have not done anything substantial to help the agriculturists so far. The report of the Royal Commission states:

"The obvious alternative to a system of loans from the State is the Land Mortgage Bank under the Co-operative Act."

That is exactly the way in which this amendment seeks that help should be taken to the doors of the agriculturists. Relying upon that finding of the Royal Commission, I should like to state to the House that, if such a department is opened under the auspices of this Bank, I am sure that the agriculturists can be benefited in a number of ways. What is needed for the agriculturists is two kinds of loan; firstly, what we call the short-term loan and the other is the long-term loan. By the short-term loan we can satisfy the needs for current purposes and also we can encourage cottage industries. By advancing long-term loans also, we can help him in many ways. In the first place, he will get facilities for effecting permanent improvements in agriculture and, in the second place, he will be in a position to redeem his lands mortgaged to the creditors. It is also possible for him to develop some of the industries on which agriculture depends. This is a point on which I should like to dilate a little. Many Honourable Members may not be in a position to understand what are the industries on which agriculture depends. I might mention cattle breeding as one of such industries. Horticulture is another. The manufacture of agricultural implements is a third sort of industries and, on all these agriculture itself depends, and, in order to establish and develop these industries, it is necessary that agriculture must be financed by the State. Then it is also possible to encourage the industries which encourage agriculture though they themselves are not agricultural occupations yet, by providing finance we can see that the industries which encourage agriculture can be developed. Among such are dairy farming, poultry farming, sugar manufacture, and so on. I do not like to tire out the patience of the House by enumerating the various kinds of occupations which would be encouraged by the help of finance. All that I want to emphasise is that, if the agriculturist is ignorant and helpless, he can be made to improve his position if proper finance is available to him in times of need. What the land mortgage banks can do and what they have done so far are matters which are not known to the country as a whole. Many Honourable Members may doubt the usefulness or the utility of these banks. I have heard some Honourable Members say that co-operative societies have largely contributed to the increase of the indebtedness rather than to diminish it. Sir, it is not the fault of the system, it is the fault of the persons who run the societies. Therefore, we cannot blame the very system of advancing long term loans through the land mortgage banks. Unfortunately, in this country, there are very few land mortgage banks to convince people of their utility. Of course, my friends, who come from Madras, know how very useful they have been

[**Rao Bahadur B. L. Patil.**]

in that part of the country, but those who have been working them today are convinced that, unless there is sufficient finance, it is not possible to make them a success. At least, in my province, the work has been handicapped for want of finance. Several promises were made by the Local Government, but, on account of its own difficulties, the Local Government is not in a position to assist the land mortgage bank which is operating in my part of the country. Sir, I am of opinion that, instead of allowing these land mortgage banks to be at the mercy of the Provincial Governments, it is high time that we should establish in this country a source of finance which will be certain and on which we can confidently rely. That is exactly the reason why, though this Rural Credit Department is not quite relevant to the Reserve Bank Bill, we seek to embody it in this Bill. Sir, I think, as was said by the Honourable the Mover, that full scope is given to Government to formulate a scheme which will be in a position to satisfy both sides. Under these circumstances, I hope Government will not object to incorporate this amendment in the Bill. Sir, I support the amendment.

**Maulvi Muhammad Shafee Daoodi:** Sir, the amendment places before the Honourable Members of this House, in my opinion, one of the most vital needs of a vast majority of the population of this country. I have been thinking from the very beginning when this Reserve Bank Bill was brought before us as to what measure of relief it is going to give to the great rural population of India. I was told that it was a Bank that did not give any relief to that population; it is an institution which is meant for the rich and for the capitalists. So I ceased to have any enthusiasm about this Bank, because I feel that the one need of India at present is how to utilise the awakening which I find in the rural population of the country at the present moment. The whole population is up and doing; they feel that they have none to look after their interests and, therefore, they are exasperated. I find that there are people who want to take advantage of the situation and will certainly take advantage of it if the Government and the Legislature of this country are not going to look to the matter very seriously. Very serious consideration should be paid to this awakening among the rural population and, so far as my limited knowledge of banking goes, I think one of the most suitable occasions for providing relief to the rural population is afforded in this Bill. That is the reason why I thought I should speak one or two words in connection with this question and I have taken this opportunity of laying my views before the House. I am not competent to say whether this Rural Credit Department would be of immense value to these people, but I do feel that the rural population is very much handicapped on account of want of money, and we find that they run from door to door for help to enable them to improve their lot. Therefore, I find that none but a Bank of the nature we are establishing would be a proper institution which could give them that relief. That is my sole justification for making a few observations on this question. As I cannot tell the House how it can be established, I would not say anything more, but remain content with these few remarks that I have made.

**Mr. G. Morgan (Bengal: European):** Sir, with regard to the establishment of a Rural Credit Department under the Reserve Bank, I am rather like my Honourable friend who has just sat down. I could not tell the

House how it should be done, but I feel that something in the way of extending facilities for finance to the agricultural population is necessary. The basis of all the speeches that have been made in this House, with regard to this subject, is to devise some scheme by which funds may be available to the agriculturist.

Now, Sir, I had the honour of giving evidence before the Agricultural Commission the whole of one morning and I found that the financial part of the investigation seemed to fade away, and never seemed to get fixed in their minds at all. No one seemed to know what to do and I could never get anything definite out of any of the members of the Commission. They went off into side lines and the financial part, which I consider really should have been the basis of their investigation, seemed to be so difficult that they were unable to say anything definite on the subject. But there is one point with regard to the setting up of this rural credit establishment; how would that affect the system at present of co-operative societies? I have had to do with co-operative societies in Bengal ever since they started, and I have seen the very bad times they have gone through. A great number of societies have faded away, including some of the Central Banks; and, I think, if you look at the Calcutta Gazette, you will find that the Registrar of Co-operative Societies closes down,—I do not know how many,—but it occupies two or three pages of the Gazette every week.

**Mr. B. V. Jadhav:** Is there any epidemic among those societies?

**Mr. G. Morgan:** Must be—an epidemic of “want of funds”. The question is, would those societies have to cease to exist if an organisation of rural credit was set up? Otherwise I do not see myself how this rural credit organisation would function. The Reserve Bank has got, on its scheduled list, co-operative societies, and if the co-operative societies were really functioning as they are intended to function, that is, to bring money and relief into the hands of the agriculturists, the apex, i.e., the Provincial Banks and the Central Banks or a Society, where there is no Bank, would be in a position to deal with the Reserve Bank and get the funds necessary to finance the co-operative society. If the co-operative societies are not going to function, then, how is the rural credit organisation going to function? How is the rural credit organisation going to get down to the man we want to get down to? It is not as easy as it seems on paper. I could make out a lovely scheme, but it would never work. I could write it down on paper, but I am perfectly certain that, as far as getting funds into the hands of the agriculturist was concerned, it would never benefit him at all. At the same time, there is no doubt that, whether we have got to reorganise the Co-operative Societies Act, or whether we have got rural credit organisation, in order to make those facilities available to the people for whom the co-operative societies were started, is a matter which will require immediate investigation. This amendment unfortunately puts in a time limit of two years. I am perfectly certain that a new Bank, starting as the Reserve Bank will start, will not be in a position within two years to carry out the complete investigation necessary to set up an establishment of this description: nor am I competent to say whether an organisation of this description should be part of the Reserve Bank. That I do not know. If it is possible, if it can be, then it may be a very excellent institution; but I oppose this amendment, because my Honourable friend has limited it to two years. I am perfectly certain that the new Reserve Bank will not be in a position to work out a rural credit establishment or set it up.....

**Mr. B. Sitaramaraju:** After the Act coming into force.

**Mr. G. Morgan:** Then you are looking about five years after, I suppose: I am absolutely in favour of some organisation being set up to investigate as to how far the co-operative societies are dealing with the subject and whether they are really the useful societies that they are supposed to be and whether the relief gets down to the agriculturist.....

**Mr. B. Sitaramaraju:** Are you quite sure, the question was not examined before?

**Mr. G. Morgan:** The question may have been examined, but the result is as we know it today, and my Honourable friend's amendment shows that he is not satisfied with the result today. We have every sympathy with the establishment of an organisation to bring relief to the agriculturist, but, with regard to this amendment, I certainly could not support it, because of the two years limit which is put in. I have simply said these few words in order to emphasise that the matter is of the utmost importance, and for 10 or 15 years it has been talked about and we have had very little result from all the talk. The time has now come for real direct action, and I trust the Government, or the Reserve Bank will, if it is possible to have a department of this description as soon as it is set up, immediately investigate the possibility of establishing a Rural Credit Department.

**Mr. B. V. Jadhav:** Sir, I rise to give a halting support to this amendment. The condition of the agriculturist has been engaging the attention of all persons in this House and very earnest speeches have been delivered in the course of the debate on this Bill also. When one considers about agriculturists, we have to bear in mind the two principal divisions among them. One is the big zamindar who owns the land and the other section is those who cultivate the land by the sweat of their brow. Their interests are not common. One may run counter against that of the other. My Honourable friend, the Raja Bahadur, who represents the first class, that is the landholders class.....

**Raja Bahadur G. Krishnamachariar:** And I am a cultivator, if you please. I do not plough, but I do cultivate myself: I am both.

**Mr. B. V. Jadhav:** My Honourable friend, the Raja Bahadur, who belongs to the first class of landholders, and now he says that he is also a cultivator, . . . . .

**Raja Bahadur G. Krishnamachariar:** I have always said that; I did not say it now: that is what I have said from the beginning.

**Mr. B. V. Jadhav:** I know that he is a cultivator too: he perhaps cultivates his garden for his pleasure and not to earn his living. If he goes to his field, he goes in a motor car.

**Raja Bahadur G. Krishnamachariar:** Is that the grievance?

**Mr. B. V. Jadhav:** It is not a grievance at all. So, the grievances of the one class are not the grievances of the other class. Very big finance from an agricultural bank or a scheduled bank or the Reserve Bank will be a useful thing in case of this class no doubt: when they have got big estates, they require big finance to cultivate it and to raise crops which

will bring in thousands and lakhs of rupees. But, for the poor cultivator, the tenant of some big zamindar, much finance is an evil. The co-operative societies have been established during the last 25 years and they have tried to reach this small class of peasant cultivators; and now we see what the result has been. My friend, Mr. Morgan from Bengal, has just told us that every week the Calcutta Gazette publishes a long list of co-operative societies that are taken into liquidation. The tale in my province, the Bombay Presidency, is equally harrowing. The co-operative societies in these hard times are not doing well. The cultivator, who borrowed from the co-operative society sums of money for the cultivation of his land, finds that after the sale of his crop and after paying the land revenue, which he must pay to the benign British Government, very little is left to pay off even the interest on the loans he had taken from the co-operative society. much less is he able to pay the instalment that was promised by him. So in this way the debts to the co-operative societies have been piling up. The village co-operative society on this account cannot pay to the Central Bank and that too finds that arrears are piling up by leaps and bounds. It also cannot pay its instalment to the Provincial Bank, and the Provincial Bank in this way comes into difficulties.

Sir, the real difficulty of the cultivator has been that the present low level of the prices of agricultural products takes away all the profits from the land. He cannot pay any instalment to the co-operative society, and so no co-operative society will advance him money. He is at a standstill. The co-operative society stagnates, it cannot pay its debts; it has to be put into liquidation, and that is the sum and substance of what my friend, Mr. Morgan, says. In the case of the land mortgage banks too, Sir, the same tale is repeated. The agriculturist or the cultivator, who borrowed Rs. 5,000 or Rs. 10,000 to pay off his old debt, now finds that he cannot pay his instalment, he cannot pay even the interest on that loan. As a matter of fact, Sir, we find that these land mortgage banks were very profitable to the *sahucars*, because they realise their debts, but the cultivators or agriculturists, whose lands are nominally free from mortgage debts, are the worse off for the liquidation of those debts. In this way, if credit is to be provided to the agriculturists, then his difficulties will grow, at all events his difficulties will not diminish. The present day condition of the landlords too is not very happy. Only yesterday I read in a paper that in Bengal, where they enjoy permanent settlement, no less than 850 freeholds were put to auction by Government, because there the zamindars are owners and they failed to pay the *kist*. If that sort of thing goes on at a rapid rate, then it shows that neither the condition of the landlords nor the condition of the cultivators is very happy, and, therefore, something ought to be done to improve this condition instead of trying to insert this provision to extend facile credit for the relief of the agriculturist. In my part of the country, Sir, there are no big zamindars. We are peasant proprietors, but the benign British Government gave the powers of mortgage and sale to the holder of the land, and that, instead of proving his salvation, has proved his ruin. The cultivator, who was the owner of his soil, finds that his land has risen in value and, therefore, any *sahucar* will lend him two or three hundred rupees or a thousand rupees, and, whenever he is in trouble or difficulty, he borrows perhaps much more than is really needed by him; and then he finds that his troubles begin to multiply.....

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Sir Leslie Hudson, one of the Panel of Chairmen.]

He has to pay a very heavy interest, and then sometimes there is famine or scarcity, and then the interest charges multiply, and ultimately the land passes into the ownership of the monied classes. The province of the Punjab in this respect, I find, is better provided. They have restricted alienation and, therefore, the credit of the landowner is also restricted. So there the cultivator cannot run into very heavy debts, and the debt charges are not so heavy as they are in my part of the country.....

**Mr. Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): How much have you to pay? In the Punjab, there are hundred crores debt.....

**Mr. B. V. Jadhav:** That is not a thing on which you can feel proud.

**Mr. Muhammad Yamin Khan:** I don't say it is a matter of pride.

**Mr. B. V. Jadhav:** But, then, how is all this heavy debt to be liquidated? If you start the land mortgage banks and pay off this debt, then the *sahucar* will be very happy; but, what of those who have ultimately to pay? They will not be able to pay, and then there will be many difficulties. The day before yesterday, Sir, we read in a paper about some tenants refusing to pay their rents to the landlords. The landlords got their decrees. They found that it was very difficult to execute those decrees, and then ultimately Government had to send their police and their officers to help the landlords to oust the tenants from their homes. It is a very hard thing indeed, no doubt, but I cannot blame the Government. They have to execute the decrees of the Courts, and the Courts have to weigh the evidence that is brought before them. There are rent notes which the landlords place before the Courts and the Courts have to pass the decrees, and the Government have to execute those decrees. But, then, what is the result? The poor people are driven out of their houses. What little they have is taken away and sold, and these people are reduced to virtual starvation. In that way, these people have to break the law somewhere, with the result that the respect for law and order is diminishing. Government will have ultimately to see that something should be done to remedy this sort of thing.

Sir, the land question is a very important question, but I am afraid that it will not be solved by this method of providing cheap facile credit. The disease is somewhere else. The disease is in the economic condition of the country, nay, of the whole world, and, unless a suitable remedy is found for that disease, there is no chance of any improvement in the condition of the ryot. The establishment of rural credit and things like that might afford some relief somewhere, but it will not eradicate the disease altogether. Something radical has to be done and Government ought to do it as early as possible. Government have been sleeping over this matter. Government do not take any steps to raise the food values, and, as long as that is not done, the condition of the cultivators as well as the landlords will remain as bad as it is. The condition of the ryots is bad enough, but I think the condition of the landlord has become worse and worse. He is not getting his rents and he is obliged to pay the land revenue to Government from out of his own pockets. He will, poor fellow, do it as long as he has any means, but when he is impoverished, then Government will have to sell away his land as they have been doing in Bengal and

other places. More and more people will come under that condition and there will be very few persons who will be able to purchase. This problem is getting worse and worse day by day. Government are, I think, not making any move in the matter. They are following the *laissez faire* policy. They expect that something good will turn up and matters will mend themselves. I do not think so. America is in the same plight, and America has been trying her very best to ameliorate the situation. Their methods may be wrong, they may commit an error and the condition may not improve as they expect, but, at all events, they are making an honest effort. But I see that Government here are not making any effort at all. The only effort that has been made so far came from my Honourable friend from the Punjab yesterday when he said that all the debts of the agriculturists should be cancelled. If that comes about, there is no necessity of these land mortgage banks, the solution of the problem will become very easy, and if all the debts are got rid of, the class to which I belong will be the happiest.

**Raja Bahadur G. Krishnamachariar:** I congratulate my Honourable friend, Mr. Jadhav, on the very able speech that he has made in support of his halting support to this amendment, but before I proceed further, I must protest against one thing. He said that cheap credit is dangerous to the ryot,—*facile credit*, I believe, he said.

Five years ago, there was a resettlement in my district of Tanjore. There are certain principles laid down for fixing up the re-settlement rates, my friend, the Settlement Officer, was not able to dovetail any of his conclusions into those principles laid down by the Madras Government. So he started by saying that too much money in the hands of the ryot is a very dangerous thing and it is just as well that it goes into the pockets of the Government. I am not exaggerating although it was not stated in so many words, this was his conclusion, and I submit that that was the chief ground upon which he raised the rates by 18½ and 25 per cent. He had a little mercy. He said he would not put an all round rate of 25 per cent, he included lands which were never under double crop cultivation and added to them 25 per cent. He included lands which were never cultivated continuously under single crop cultivation and added 18½ per cent. Upon that conclusion we protested to the Government of Madras, and the Madras Government, when they gave us a very good reply, said, after all, the ryot is so imprudent that it is just as well that not much money is left in his hands—courteous terms, sweet words, but the same conclusion that the Settlement Officer arrived at. I believe my Honourable friend, Mr. Jadhav, was for some time in chains under a bureaucratic red tape system. I do not know how long it takes for you to shed the contagion of the red tape, somebody said five years in an earlier part of this discussion. I do not remember whether five years have passed since my Honourable friend had been in the meshes of that red tape. Probably, it has not, otherwise I would not have heard the unfortunate remark that he made that if we had cheap credit it is bad for us. No, Sir. It is not so. As a matter of fact, we want money from morning till evening. Government knew that. (*An Honourable Member:* "As pleaders make it.") I am coming to pleaders and agriculturists immediately. I was on this question of money being made to us easily available, and I shall recite very shortly the attempts made by the Government to provide us with money. You know there is a system called the *takkavi* system. The *takkavi* system is a system by which we are supposed to be provided with money whenever we want it. I will tell you exactly in as few words as possible of the way in which we are treated. Suppose

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I want Rs. 100. My application first goes to the *Karnam*, that is to say, the *Patwari* as they call him in this part of the country. Then it goes to the Revenue Inspector, then it goes to the *Tahsildar*, then it goes to the Deputy Collector. All these gentlemen only rely upon the *Patwari's* report, they do not know anything about it. They eventually say, this man is not worth Rs. 100, we will pay only Rs. 75. But God be blessed for small mercies. We heard, the other day the Finance Member, in detailing his budget, said there is a little item of Rs. 17 odd for bribing lower officials. (Laughter.)

**The Honourable Sir George Schuster:** Only four rupees. (Laughter.)

**Raja Bahadur G. Krishnamachariar:** That man is lucky. If you want to see my accounts, it comes very nearly to 12 per cent every year all told. I won't say to whom it has been paid, but it certainly amounts to a very high figure.

**Mr. B. V. Jadhav:** Do you think that the hands through which the money passes are sticky?

**Raja Bahadur G. Krishnamachariar:** Sometimes it is so sticky that it does not go beyond. I tell you, I am not exaggerating, I am speaking the most solemn truth when I say that about Rs. 40 or 45 reaches my hands out of the Rs. 75. I am quite satisfied with the Rs. 40, because something is better than nothing. So I take it home. I utilise it not for land purposes alone, I quite admit that, because I am hungry and I have got first to eat and enable myself to live so that I might utilise this money. Then I do apply to the land. The land is cultivated, the harvest time comes. There was a cyclone in Madras the other day. I had a letter this morning to say that a portion of my lands, about 300 to 350 acres, are submerged, that trees standing on the ridges have all fallen down, and as regards the crops,—you might easily imagine what it is going to be when the harvest time comes within the next month. But the Government—I do not blame the Government at all, Sir Gurudas Banerjee said that the ryots required to be protected not against the English official, but against the Indian official—he said that in the course of his evidence before the first Public Service Commission—they come and give a report today that the crop is very good, that is to say, 14 annas in the rupee. That report goes to the Secretary of State, but when the time comes for repaying it, I am supposed to repay Rs. 75. With the greatest difficulty I am able to get some postponement of the demand. That is the sort of credit that was provided for me, and if that is the sort of credit that my Honourable friend, Mr. Jadhav, was thinking of, I do not want that credit. As a matter of fact, we do want money and I am not sure whether the rural credit system will provide for it. If it does, I shall be glad, for I have been pestering the Finance Member in time and out of time, whether it was relevant or not relevant, that I want some facilities for financing the agricultural operations. Sir, my Honourable friend started with saying that I was not an agriculturist and that the interests of the agriculturists and the landlord conflicted. I am not aware of the circumstances in Bengal, nor where the permanent settlement is in force. As one of the peasant proprietors, to which my friend



Mr. Jadhav, or his province belongs, I do not suppose he is an agriculturist himself, I submit that there is absolutely no conflict of interest between us who own the *patta* of the land and the man who actually cultivates it, because he has got to cultivate on account of certain immemorial customs and superstitions if you like to call it. What is the conflict of interest? He has got to plough the field and cultivate it and when the time for harvest comes, he takes his share and I take my share. This is all, and between us there is very little left, for the Government have to get their revenue.

**Khan Bahadur Mian Abdul Aziz** (Punjab: Nominated Official): What happens when a cash rent has to be paid by the tenant to the owner, and land revenue is suspended or remitted? Is the rent suspended or remitted by the owner?

**Rao Bahadur B. L. Patil**: If it is remitted to the extent of the assessment, it is remitted even in the case of a tenant.

**Sardar Sant Singh**: I would remind my friend of sections 34 and 35 of the Tenancy Act of the Punjab.

**Khan Bahadur Mian Abdul Aziz**: I know that. I am talking of Bombay and Madras.

**Raja Bahadur G. Krishnaswami Aiyar**: There is no such thing as cash paying tenant in our part of the country. In the Madras Presidency, where the ryotwari system is in force, there is no such thing as cash paying tenant or grain paying tenant. Either I cultivate my lands myself through labour or I lease it to a lessee who agrees to pay me so much and he in turn has got to employ that very labour that has been with me in order to cultivate the lands. Therefore, the question of cash rent does not arise in the case of ryotwari lands. I am talking chiefly of the ryotwari holder under the Government.

With regard to this question of indebtedness, a good deal has been said about it. There is one little thing that has been entirely lost sight of in the course of the evidence before the Royal Commission on Agriculture. One of the Members of the Madras Board of Revenue was examined. I believe it was the Settlement Department Commissioner. He pointed out that, out of about 560 thousand pattadars, 85 per cent pay from one rupee to ten rupees as land revenue to Government. Now, according to Lord Curzon, the great statesman of stately periods, a sample of which my Honourable friend, Mr. James, read the other day, in the Resolution that he passed in reply to the late Mr. Romesh Chander Dutt's indictment against the settlement policy, he pointed out that the Government were entitled to 50 per cent of the net produce of the land, and the entire calculation even for the qualification of being an elector to the Legislative Council and Assembly is based upon that assumption. I shall go a bit further. I will take it that what the man has got to pay as land revenue is only one-third of his produce. Don't go to the lowest limit, one rupee, but take the highest limit, Rs. 10. The annual income of this man is Rs. 30, out of which Rs. 10 goes, and he is left with Rs. 20. That is all he has got for all his labour throughout the year and this is the plight of the landless tenant. What are you going to do? I entirely agree with my friend Mr. Jadhav, that the question is not merely one of supplying him with funds

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that he wants to cultivate the land. The question is to raise his economic prosperity. Within the last few years we have heard a great deal of rural uplift. I do not know, if any of my Honourable friends have been in villages since this system came into existence. I tell you what happens. There is the Deputy Collector. There are some honorary workers in this rural uplift department. They all come to my village. The old village drum is beaten. Plenty of garlands and plenty of fruits are brought and probably there is some little feast for these gentlemen. Then one man stands up and harangues that we must live in better houses, remove the squalor, drink clean water and all that sort of thing, which we all knew about, and then, in the evening, they go away and write a report to say that so many villages were visited and people instructed to do so and so. We knew all these things. We never wanted any of these rural uplift workers to tell us that we must drink clean water. We do not want to drink dirty water, but where is the pure water? Have you dug any well? No. Why? Because the Government have no money—perennially chronic want of money is pleaded when I go and ask for relief. You want state-ly houses. You want buildings for the housing of important officials in the Presidency towns. You find the money provided for. God knows how the money comes. I see the houses rising. I go there and say that a group of villages is in trouble. I want some money. Then the order is something like this: The Right Honourable the Governor in Council finds that there is no money. The application is rejected. That is the endorsement. Where there is a will, there is a way. The entire money belongs to me and to nobody else. They must provide me with some money before they utilise this money for some thing else. The great Law-giver, Manu, divided the population into four classes. The first and the foremost is the producing class. The next is the official. I do not mean any disrespect to my friends on the Treasury Benches. He put the officials, the lawyers and that class of people as parasites on society. The third constitutes the beggar class which does not do anything and it is worse than a parasite, and the fourth class comes in between the producer and the parasite. (An Honourable Member: "What about law and order.") Well, law and order came into existence only the other day. Somebody in Bengal takes to throwing bombs and then comes the question of law and order. Before that, we never heard of that. I have lived 62 years in this world and it is within only the last few years that law and order is looming so large. Why is it? As Bacon said, find out and probably you will find something deeper, what my friend, Sir Tej Bahadur Sapru, called the call of hunger. That is the whole trouble. What do the Government do to tackle this question? I will tell you what happened in Madras. I am acquainted with Madras so much that I am citing my examples from there. There was a hue and cry in the Madras Legislative Council that the East and West Godavari districts, where the new resettlement scheme was proposed, could not really pay this enhanced assessment. After two or three years of trouble, the Madras Government agreed to institute an Inquiry Committee. Now, that Committee, after a great deal of trouble and technical opposition, were able to sit and make an enquiry. They made a report which, however, the Government did not expect. They found that the Committee were of opinion that the people both in the East and the West Godavari districts could not really pay the enhanced assessment. And so far—and I have been a close follower of these things—we have not heard that the Madras Government have taken any action upon it. My Honourable friend, Mr.

Mudaliar, will probably enlighten us if they have. The fact of the matter is that, immediately after this report was submitted, the Budget discussions came on. Some gentleman wanted to reduce some demand of the Honourable the Finance Member of Madras and said: "I have got in my hand the Economic Inquiry Committee's Report which says that the people cannot pay this assessment and, therefore, you better reduce that assessment". The reply was: "Well, if I do that, then every district will come up and say, 'we cannot pay the assessment'. How shall I then run this Government? Therefore, all such requests are impossible". That, Sir, is the way they have been going on. For every statement I make on the floor of this House on this point, if it is challenged by anybody I am quite prepared to produce chapter and verse by means of certified copies.

Sir, I was talking of the injunctions of the great Manu. Now, let us turn to what a great Muhammadan Emperor did. We have all heard of Chenghiz Khan. He had a grandson, I believe, by name Uluq Khan.

**Mr. Muhammad Yamin Khan:** Chenghiz Khan was not a Muhammadan. "Khan" means only the ruler or the head of a clan.

**Raja Bahadur G. Krishnamachariar:** Well, if Khan means a chief, then "Yamin Khan" means he is also going to be a chief, or in fact he is a chief. Now, this Uluq Khan issued a ukase which, I would be sorry if the British Government also adopted it, said that "the agriculturists and the artisans are the only two useful members of society, so preserve them. The priests, the lawyers, the doctors and all the people go, and drown them in the Tigris." (Hear, hear.) So if you take ancient history—and you cannot build modern history except upon the basis of ancient history—you will find that both Hindu and Muhammadan statesmen were perfectly agreed in regard to the great desideratum of protecting the agriculturist. Sir, while I greatly support this scheme, I am not sure myself that this scheme is going to usher in the millenium. As my friend from the Punjab pointed out the other day. . . .

**Mr. B. Sitaramaraju:** May I just point out to the Honourable Member that I am not moving the amendment relating to the scheme now, I am moving the other amendment.

**Raja Bahadur G. Krishnamachariar:** I know. But you insist that the Government should establish a Rural Credit Department, in order to do what? To supply credit. Money is wanted—I do not say that in order to secure facilities for agricultural operations and the other things and also for the payment of the Government *kist*, which is inexorable, money is not wanted,—but I say that money alone is not sufficient for the reasons stated by my Honourable friend from the Punjab the other day. Most of these people, whether they grow their produce or whether they take it from the nearest grower, do not pay any money at all. Most of the agriculturists grow what they want, and their wants are few, as Goldsmith said:

"Man wants but little here below,  
Nor wants that little long."

Unfortunately, Sir, we have been taught to want more. The result is that we want for the other things that we desire, money. That is where the trouble comes. As a matter of fact, the real agriculturist in the

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villages, the man who actually cultivates the land, has no money, and he does not want any credit from any bank: all that he wants is facilities for living the simple life that he and his ancestors have been accustomed to, under at least tolerable surroundings. How you can ensure that except by raising his economic level, it is impossible to say. Sir, I know the Honourable the Finance Member is very keenly interested in this. I hope I am not betraying a secret, but I may say that although he has been so very busily engaged and I am not sure that he had many peaceful nights on his bed, he yet gave me very nearly an hour's time in order to find out what the real difficulties are of the agriculturists, and he had the other day a sheaf of papers containing the budgets of so many families. Well, the cry is the same. "Raise their economic level", and, in order to do that, "appoint a Committee". Sir, I have got a suspicion of these Committees. As some cynics said, these Committees are "an indirect way of finding out what every body already knew". Do not appoint men like, at any rate, some members of the Royal Agricultural Commission who, when they were not able to account for the want of prosperity in the country, fired off a statement nonchalantly that the ryot is so improvident that, whatever you do, he will insist on sinking down and down. Sir, there is a Tamil proverb which says that the horse not only threw you down, but dug a hole in order to bury you. You have done nothing, and you say that the whole of it is on account of improvidence. Sir, improvidence, if it means anything, presupposes the possession and the wasting of money. But where is the money? I have told you that about 85 per cent of the landholders have got only this glorious sum of Rs. 20 per annum whereupon to live, to feed himself, his wife, his children and other dependants. That is their life. Sir, it is unkind, it is uncharitable, that the ryot should be accused of improvidence, because he patronises your own Abkari Department. You had better go round to any village during the harvest time. Formerly there used to be fried grains kept and sold to the villagers. Now, in every village within fifty yards of such a place you will find two or three pots full of this liquid, and whatever I give in grain, he takes, goes to the shop, sells it, takes a drink and he is quite satisfied. Now, he does that only once in a way and this brings to my mind the case of a man who was once prosecuted for being drunken and disorderly. I was in Court and the man was asked: "*Kiu Piya*"? "Toddy? Four annas". Then another man was asked: "What did you drink?" "Liquor? Eight annas". Then this man turned to the Magistrate and said: "Don't you drink occasionally? Why should I be fined and why should you not be fined?" That is the position. A man occasionally treats himself to drink, he cannot afford to do it every day, and that is what is supposed to be improvidence. So I say, do not appoint these gentlemen who do not understand us, and I say it deliberately that they do not understand us. Sir, the Royal Commission on Agriculture came down to Madras and I sent an invitation to the Marquess of Linlithgow to visit my village. I said that if only they came in their special train to the nearest railway station, all of them should be my guests. I said I would provide them with motor cars, dinners, suppers, etc. I said all I wanted was that they should go to my villages in order to see their actual condition and that they should not rely on reports or appoint gentlemen who work and collect evidence only at headquarters, but never visit these villages. These men peep out of their saloons or carriages, and find plenty of grass growing, and believe that is to be crops. I gave them a challenge; I asked them to come knowing

full well that it would cost me about Rs. 5,000. I did not mind this for I should have done great service to my country if these people had come there and seen with their own eyes what the condition of the ryot was. I invited them to three places. Eight days later I received a nice and courteous letter from the Marquess of Lingshgow signed by his Secretary in which he said: "We regret very much that our programme had already been fixed and we cannot afford the time to do it, but we are quite sure that the evidence produced by us is quite sufficient to give us all the information that we want." Sir, I have no time, otherwise I could repeat the names of witnesses who were called before this Commission. You will be surprised to know that not even three men were invited who were actually doing the work of agriculture. The people they examined were the arm-chair politicians who are always finding out what can and what cannot be done like the Potentate referred to by my Honourable friend, Dr. Ziauddin Ahmad, who, when he was told that there was famine raging in the country, said: "What, can't they even get *khichuri* for their meal?" Please do not appoint men of this sort. We want men who are interested in agriculture and whose daily work is in the fields, and not these politicians, because they cannot give you any information. We want men who understand agriculture and who can dovetail agricultural theories into economic theories and who can find out the cause of our economic depression. Do give us facilities to place all that we know before them, come to a conclusion and then determine what to do and, along with that, provide facilities through this Rural Credit Bank. I quite agree with my Honourable friend, Mr. Morgan, that it is a difficult subject.

**Sir Cowasji Jehangir:** Do you want another Royal Commission?

**Raja Bahadur G. Krishnamachariar:** For God's sake save me from Royal Commissions. I want a quiet inquiry by men who have no preconceived notions of these things and who understand these things. If they have got sufficient material, they can come to their conclusions. I do not want a Committee at all, but some sort of an inquiry if you have got the result in your hand in order to determine what is the cause of this economic depression. My friend, Sir Cowasji Jehangir, sitting in Bombay and having been born with a golden spoon in his mouth, does not understand our difficulties. But I am being ground down . . .

**Sir Cowasji Jehangir:** You are being ground down in a Rolls Royce car.

**Raja Bahadur G. Krishnamachariar:** But this car is lent by friends like yourself. Well, Sir, that is my argument. I do support my Honourable friend's amendment, but that alone would not suffice for our purpose. You must find out what is the cause of the depression. Sir, I have got a great suspicion about the raising of prices. No one is going to benefit by it. Of course, we may get a little more money in order to pay the land tax easily. But let me tell the House that the raising of the price is not by itself going to help us very much. All these remedies that are suggested do not touch the real question and I want that that real question should be investigated.

**Hon. Captain Rao Bahadur Chaudhri Lal Chand** (Nominated Non-Official): Sir, by the word "rural" I presume the Honourable the Mover

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of the amendment means "agricultural" and that he does not mean to include money-lenders or village *sahucars* in his scheme.

**Mr. B. Sitaramaraju:** Certainly not.

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

**Hon. Captain Rao Bahadur Chaudhri Lal Chand:** As I belong to a community which is both rural and agricultural, I think I shall be failing in my duty if I were not to say a few words on this most important amendment. During the course of the last four weeks, so much sympathy has been expressed by Honourable Members from all parts of the House for the agriculturists that I think it my duty on behalf of this class, to express our gratitude for the attention Honourable Members have given to the poor agriculturist.

Sir, the object underlying this motion is a very laudable one. It has been pointed out more than once, that the agriculturist is in a very pitiable condition. The plight of the agriculturist was very lucidly described by my friend, Khan Bahadur Mian Abdul Aziz, the other day. The picture that he drew and the description that he gave is beyond improvement, but I wish to point out that he too was a little behind time in his description of the poverty and indebtedness of the zamindar. He pointed out that the zamindar or the agriculturist owed a debt of 900 crores. The inquiry, by which this figure was arrived at, was made about a couple of years ago and, as the agriculturist is paying 25 per cent. interest, the debt must have gone up to something like 1,500 crores, and we should not think of finding 900 crores only, but something more than that. He also pointed out that, in a sugar factory in my district, agriculturists had to part with their sugarcane at the handsome amount of four annas per maund last year. I think if he were to inquire about this year's figures he would find that they are getting even less than that this year. The picture can well be described by quoting the illustration of two brothers, one of whom has sugarcane crop and the other has not. The brother who has the sugarcane crop takes 28 maunds of sugarcane in his cart to the factory, and the other brother, who has no sugarcane crop, takes 28 maunds of dry fuel wood to sell in the same place. The brother who takes the sugarcane gets seven rupees only, while the other fellow gets Rs. 14. That is the value of our crop. (*Bhai Parma Nand*: "Which factory was that"?) It is the sugar factory at Sonepat. It has been leased out to a private firm on conditions perhaps well known to the Honourable Member.

With your permission, Sir, I will cite one more example to give an idea of their helplessness. There was a decree of Rs. 3,000 against an agriculturist. He owned 300 bighas of irrigated land. He was arrested and was brought to the Court. In execution of this decree, he was asked to show cause why he should not be sent to the civil jail. The statement that he made was very straightforward. He said "I have to pay this money. I have got 300 bighas of land, and leaving a small portion for myself and my family to live upon, I am prepared to give away the whole of it to the decreeholder on such terms as are allowed by the Land Alienation Act, that is for 20 years. I have got four houses, let me have

two houses, one for myself and the other for my cattle and give away two houses outright to the decreeholder". He had some buffaloes and cows, and he said: "Leave my bullocks alone to me and give everything else to the decreeholder". After he had made this statement, the decreeholder was asked to state whether he was going to accept his terms. The decreeholder said: "These were the very terms which he was offering in the village. I do not accept the offer. I want him to be sent to jail". The result was that a man of eighty years was sent to jail where he remained for a couple of months and then came out only to die after a week or so.

**An Honourable Member:** A man of eighty years will never be sent to jail.

**Hon. Captain Rao Bahadur Chaudhri Lal Chand:** It is on record and I can give my Honourable friend a certified copy. Sir, conditions are most deplorable. My Honourable friend asks for a rural credit scheme. Rural is alright, but what about credit? When a man is so much indebted, how can you say that he has any credit at all? When you approach the Honourable the Finance Member for such a man, he naturally, as a financier, will say: "I cannot provide for beggars or insolvents". Sir, there was a time when the Honourable the Finance Member could be approached for relief. Now, his condition is, as was described by a Persian poet:

*"Cho ab az sar guzasht, cheh yak nezâ cheh yak dast."*

A man was in the mid-stream and water had gone over his head. It was said, when water had gone over his head, that it did not matter to him whether it was one foot or 100 feet over his head. He is gone. So, his condition is most deplorable and these remedies will not help him. I am prepared to submit certain remedies and hope that the Government of India will be prepared to consider those remedies for the help of these poor agriculturists as was pointed out by the Honourable the Finance Member. I propose to lay certain definite schemes in March next if Government would consider them. Probably my Honourable friend, the Raja Bahadur, who calls himself an agriculturist and whose interests he has at heart, will not be frightened when I say that one of the remedies is the expropriation law, whereby the big zamindars should be deprived of their surplus holdings and the poor farmer of the Punjab or other places, who is wasting his labour on uneconomic holdings, should be given away the surplus land. There may be other methods. You may call it Bolshevism or anything you like, but the condition of the agriculturist is such, as was pointed out by Mr. Abdul Aziz the other day, that he should not pay his debt. What is the use of all these rural schemes on paper when the agriculturist has his debt going up everyday. We should not approach the Honourable the Finance Member for any relief to him. He cannot turn the poor into rich. The proper Department to be approached now under these conditions is the Home Department. The Honourable Sir Harry Haig should be asked to allow the suspension of the criminal laws for two days. I am not suggesting any scheme as was put forward by the Honourable Mr. James which would take five years. It will take only 48 hours, i.e., only two days' time. The Jat's lathi will disburden our millionaire friends of their surplus wealth, including the money which they have deposited in foreign Banks in the pious hope that, with the change of ratio, they will bring back the money to India with profit.

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As regards the sympathy of the Honourable the Finance Member, we are grateful to him for the practical sympathy which he showed to one amendment. It was pointed out from this side that unless the Central Banks are put in direct contact with the Reserve Bank, it will be difficult for the ordinary villager to approach the Reserve Bank, and, as we have seen, the Honourable the Finance Member readily agreed and anybody can now approach the Reserve Bank through the District Central Banks. I do not know what is at the back of the mind of the Mover of this amendment, but he does not want that, in case of rural credit, the Reserve Bank should deal with individuals. If the Reserve Bank is to deal with registered societies only, then there is provision that the Reserve Bank will deal with district co-operative central banks and that will be helpful to the peasant. I do not say that the disease, that has been diagnosed, does not require any remedy further than this. I say, a very drastic remedy is required, but I do not think it is for a layman like the Honourable the Mover of the amendment to put forward a scheme in this Bill which will give relief to the agriculturist in this disease of his. He has pointed out to the Government the necessity of giving relief to the agriculturist, and he has put his case very ably and it is for Government now to find out ways and means unless they are prepared to face lawlessness. I hope my Honourable friend will not press his amendment further. He has done a real service to the country by drawing attention in this way.

**Diwan Bahadur A. Ramaswami Mudaliar:** Sir, I wish, if I can, to bring the attention of the House back to the real question at issue. I am afraid, during the last two hours we have discussed various things, but not the motion of my Honourable friend, Mr. Raju. We are all expressing sympathy on behalf of the agriculturist, and none more loudly or more eloquently than those who feel that they have some claim to speak on behalf of the agriculturist. If there is any doubt on the part of Honourable Members on the Treasury Benches, let me say that most of us, whatever our temporary avocations may be, are agriculturists. (Hear, hear.) I may be an advocate today, but everyone with whom I am connected socially and otherwise is an agriculturist. I go back to the village, all my relations are in the village, my home life is intimately associated with the village, my entire family existence is connected with agriculture. If any one were to arrogate to himself that, because he drives a pair of bullocks, he is an agriculturist and nobody else can be, I think it is a wrong claim. On behalf of the agriculturist so much sympathy has been shown, but the only two suggestions that have been put forward, one from the official side and the other from a doughty champion of agriculturists from the non-official side, are, first, that all debts should be repudiated and, secondly, that the criminal laws of the country should be suspended for forty-eight hours. I congratulate the Honourable the Finance Member on the official advice that was tendered to him yesterday and on the non-official advice that has been tendered to him today. I do not know how far he will be happy in dealing with these two suggestions, but I hope that, when he gets up, he will give his frank views on these two brilliant suggestions that have been made for the relief of the agriculturist at this critical juncture. I cannot command the imagination to soar to such giddy heights as my Honourable friend, Mr. Abdul Aziz, or my Honourable friend, Captain Lal Chand.



Sir, I said I would bring back the House to the amendment with which we have to deal. My Honourable friend, Mr. Raju, suggests that:

"The Bank shall at the earliest possible date and in any case within two years from the date on which this Act comes into force, establish a Rural Credit Department of the Bank."

I thought my friend, Mr. Morgan, threw some doubts on the wisdom of this step. If he refers to the Bill as placed before this House, he will see that the principle of this amendment has already been accepted by the Joint Select Committee and by the Honourable the Finance Member. Let me read clause 54 which deals with this question:

The Bank shall, at the earliest practicable date and in any case within three years from the date on which this Chapter comes into force, make to the Governor General in Council a report, with proposals, if it thinks fit, for legislation, on the following matters, namely:

(a) the extension of the provisions of this Act relating to scheduled banks to persons and firms, not being scheduled banks, engaged in British India in the business of banking, and

(b) the establishment of a Rural Credit Department of the Bank etc."

I want to ask the Honourable the Finance Member and the other members of the Joint Select Committee, whether in the Bill they were inserting this clause as a mere pious hope, whether they did not contemplate at some date the establishment of a Rural Credit Department, or whether they were expressing their view that it may not be possible to have such a department at all. And, if so, if any member of the Joint Select Committee gets up and says that they were merely suggesting that there might be an examination and report and that they were not committed to anything further than that, I think it is a travesty of all proceedings relating to legislation to seriously put forward a clause like that. I cannot believe that any member of the Joint Select Committee would have committed himself to this clause unless he visualised that within a short period a Rural Credit Department will be an accomplished factor so far as the Reserve Bank is concerned. You cannot go behind that.

**Mr. G. Morgan:** It says, "or the creation of other machinery".

**Diwan Bahadur A. Ramaswami Mudaliar:** Yes, the creation of other machinery which will have the same objective in view.

**Mr. G. Morgan:** Yes, quite.

**Diwan Bahadur A. Ramaswami Mudaliar:** The Rural Credit Department can be correlated to any machinery. My Honourable friend, therefore, wisely did not press the detailed scheme that he had given notice of in another amendment. He has merely said that a Rural Credit Department should be established within two years after the coming into operation of this Reserve Bank. Whatever machinery you may suggest for the object in view, it can be correlated with the Rural Credit Department. The machinery that is there suggested is a machinery which will have something to do with the Reserve Bank; otherwise the Reserve Bank will not be called upon to report on that. Whatever machinery is suggested, whether you accept the phrase "Rural Credit Department" or whether you contemplate some other machinery, I take it that the

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members of the Joint Select Committee were thinking that that machinery or that department would be a part and parcel of the functions of the Reserve Bank. Therefore, Sir, whatever it may be, it is the Reserve Bank that has to set that machinery into operation, and, if it comes forward with proposals for legislation, this clause says, the Government of the day will be prepared to consider them. Now, my Honourable friend, by this amendment merely seeks to ensure that within two years, after the coming into operation of the Reserve Bank, this machinery will be set up and this Rural Credit Department will be opened. He has not tried to tie down the hands either of the Bank or of the Government of India to any particular manner in which this Department shall operate. He has not suggested what funds should be placed at the disposal of the Department; he has not suggested how those funds should be utilised. These are matters which from now on there will be three years' time for the Government to consider and at least two years for the Reserve Bank to consider; and within that period they can well come to an understanding on the subject. I frankly acknowledge that the creation of a Rural Credit Department like this with the functions that we have in view is a break from the traditional functions of Central Banks; there is no doubt about that. But conditions in each country require special application of the principles of the Reserve Bank; and I believe my friend was quite right in suggesting that in Australia, where conditions are very similar to those in India, they have established this Rural Credit Department and have made an innovation in the principles under which Central Banks work. My Honourable friend, Captain Lal Chand, was in some confusion over this idea of a Rural Credit Department. The essential idea of the work of this Rural Credit Department is to see that the indebtedness of the agriculturist, the land-owner, the man on the land, is reduced somehow or other; that, at any rate, the oppressive character of the debt that he now bears will be relieved to some extent. Let me immediately state that I do not expect the Rural Credit Department to wipe out the 900 crores of debt or the 1,500 crores of debt which the agriculturists have. The resources at the disposal of the Rural Credit Department are bound to be very small; it may be three crores or it may be five crores at the most. I do not for a moment visualise that this Rural Credit Department can command sufficient credit, can command sufficient funds, to wipe out agricultural debt altogether. But that is not our position. In no country in the world where similar functions are taken up, either by the Rural Credit Department of the Reserve Bank or by special State Banks instituted for the purpose, is it the case of the authorities who organise these things that the entire burden will be wiped out. What happens is this. Loans and credit are based on competitive terms; and if the Rural Credit Department comes forward and with a well organised scheme tries to reduce indebtedness in some areas, the level of interest will immediately come down; and that is the important factor with reference to the working of the Rural Credit Department. We have not suggested that the Rural Credit Department can or will wipe away this whole debt, and I can show to my Honourable friend, the Finance Member, that in other countries, where similar organisations have been established, that is the function which has been satisfactorily carried out by this Department. I admit that there is no analogous provision except in Australia with reference to the Reserve Bank working out these functions through a

Rural Credit Department. But take the instance of the provincial mortgage institutions in Austria or similar banks in Italy or America or in some other countries. What has happened is that through a system of credit given by these mortgage banks the rate of interest all over the country has been reduced and it has, therefore, been, indirectly at any rate, helpful in reducing the indebtedness of the peasantry of the land. Sir, we want to correlate the activities of the Reserve Bank through the Rural Credit Department with the land mortgage banks that may be established in various provinces. It is true that, under the provisions of the Bill, the co-operative system has come into organic relation with the Reserve Bank, but the Reserve Bank can only deal with short term credit, so far as the co-operative system is concerned. With the land mortgage bank the terms will be different and the basis will be different.

My Honourable friend, Mr. Morgan, told us the story of how the co-operative credit system was an utter failure in Bengal. I wonder whether Bengal can produce anything successfully except Law Members of the Government of India. (Loud Laughter.) At any rate, their only successful industry is the production of very excellent Law Members for the Government of India; and I should like to take this opportunity of congratulating my friend, Sir Nripendra Nath Sircar, and the authorities who have chosen him on the very excellent appointment which they have just now announced with reference to the future Law Membership of the Government of India. Sir, my Honourable friend, Mr. Morgan, suggested that the co-operative system in the Bengal Presidency was very defective. That is not our experience of co-operative systems in different parts of this country. I do not think that either in Madras or in Bombay or in the Punjab the same charge can be made as my friend, Mr. Morgan, chose to make about the co-operative system in Bengal. I do not know why it is, but, as I said, various departments have come under similar strictures so far as the Bengal Government is concerned. I think it was only a couple of years ago that the jail administration came in for a very large amount of criticism; but we should not be obsessed by the fact that in Bengal there are no proper co-operative societies or that there is no possibility of land mortgage banks. After all, this amendment does not compel the Reserve Bank to come into organic connection with every land mortgage bank in every Presidency. It will have some tests, it will have some consideration, as to the status of the land mortgage bank, its efficacy, the way in which it works and whether the Reserve Bank should come into contact with it or whether it should leave it alone. There is no provision making it compulsory for the Reserve Bank to come into correlation with a land mortgage bank or co-operative society whether it functions satisfactorily or not. As a matter of fact, we have asked the Reserve Bank to come into correlation with co-operative societies in an earlier portion of this Bill and that can only be done if the Bengal societies come up to a certain level of financial and administrative efficiency; and, therefore, there is no point in suggesting that in some provinces these do not function satisfactorily. I take it that the land mortgage banks will be asked by the Central Bank to apply certain definite principles with reference to the way in which they take mortgage on lands: I can well understand a land mortgage bank being asked to give credits on land mortgaged only on the basis, for instance, of amortisation; that is to say, that the interest merely should not be paid, but that, by a system of equated payments, the whole of the debt taken by the proprietor on the mortgaged land should be paid up in a period of years.

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That is how it has been done elsewhere, and if it is done, there will be a certain amount of liquefiable, if I might use the word, debentures or liquefiable assets in the hands of the land mortgage bank, which in its turn may come into correlation with the Reserve Bank finances. That is how I expect the scheme would work, but I am not here to develop these details; if time permitted and if we were discussing the actual scheme itself in connection with this Bill, we can do that and we can lay down certain principles with regard to the method according to which this Rural Credit Department can work. But I am not called upon to do that as I said; and I do venture to think that this is one of the important functions of the Central Bank, which alone can help the agriculturist and remove some amount of the burden of indebtedness which is now oppressing the agriculturist. What is it that he is now suffering from? Honourable Members with an intimate knowledge of agriculture have suggested various things; but the thing that he is most suffering from in these times of depreciated prices is the fact that the interest that he has to pay on his mortgage swallows up every little production that he can make out of the land. The prices have fallen down; there is not that margin between the prices that he can get for his products and his own comfortable existence, that he can pay out the interest. It is true that, for the time being, the moneylender is lying low: even that he is not doing if we can believe the story that has just been related by my Honourable friend, Mr. Lal Chand. Therefore, it seems to me that the only way of redeeming the agriculturist is by placing at his disposal some system of cheap credit; and I venture to think that, by the establishment of this Rural Credit Department, you would have taken some little step, though not the final step, to try and bring within his grasp this system of credit. Sir, I support the amendment.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 21st December, 1933.