

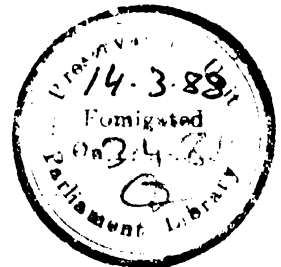
Tuesday, 5th March, 1940

THE COUNCIL OF STATE DEBATES

VOLUME I, 1940

(16th February to 10th April, 1940)

SEVENTH SESSION OF THE FOURTH COUNCIL OF STATE, 1940



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI
1940

CONTENTS.

	PAGES
Friday, 16th February, 1940—	
Members Sworn	1
Questions and Answers	1—4
Statements, etc., laid on the table	4—7
Governor General's Assent to Bills	7—8
Bills passed by the Legislative Assembly laid on the table	8
Messages from His Excellency the Governor General	8—9
Committee on Petitions	9
Presentation of the Railway Budget for 1940-41	9—17
Thursday, 22nd February, 1940—	
Short Notice Question and Answer	19—20
Motion for Adjournment <i>re</i> Unsatisfactory arrangements for admission of candidates to the Indian Audit and Accounts and Combined Services Examination—Disallowed	20—23
Death of Sir Nasarvanji Choksy	24—26
Registration (Emergency Powers) Bill—Considered and passed	26
Foreigners Bill—Considered and passed	26—27
Royal Indian Navy (Extension of Service) Bill—Considered and passed	27—28
Offences on Ships and Aircraft Bill—Considered and passed	28—29
Friday, 23rd February, 1940—	
Questions and Answers	31—33
General Discussion of the Railway Budget for 1940-41	33—77
Monday, 26th February, 1940—	
Questions and Answers	79—84
Bills passed by the Legislative Assembly laid on the table	85
Ruling <i>re</i> Right of reply in a Motion for Adjournment	85—90
Parsi Marriage and Divorce (Amendment) Bill—Motion to refer to Select Committee, adopted	90—91
Standing Committee on Pilgrimage to the Hejas	91
Thursday, 29th February, 1940—	
Parsi Marriage and Divorce (Amendment) Bill—Presentation of Report of Select Committee	93
Statements, etc., laid on the table	93
Presentation of the General Budget for 1940-41	93—104
Statement of Business	104
Monday, 4th March, 1940—	
Questions and Answers	105—126
Bills passed by the Legislative Assembly laid on the table	126
Standing Committee on Pilgrimage to the Hejas	126
Resolution <i>re</i> Price control policy—Withdrawn	126—138
Parsi Marriage and Divorce (Amendment) Bill—Considered and passed	139—140

	PAGES.
Tuesday, 5th March, 1940—	
Questions and Answers	141—142
Standing Committee for Roads, 1940-41	142
Standing Committee on Pilgrimage to the Hejas	143
Trade Marks Bill—Considered and passed	143—145
Indian Coinage (Amendment) Bill—Considered and passed	145—146
Factories (Amendment) Bill—Considered and passed, as amended	146—149
Reserve Bank of India (Closing of Annual Accounts) Bill—Considered and passed	149—150
Indian Emigration (Amendment) Bill—Considered and passed	150
Reserve Bank of India (Amendment) Bill—Considered and passed	150—151
Arbitration Bill—Considered and passed	151—153
Wednesday, 6th March, 1940—	
Questions and Answers	155—159
Statements, etc., laid on the table	159
General Discussion of the General Budget for 1940-41	159—220
Monday, 11th March, 1940—	
Questions and Answers	221—226
Bill passed by the Legislative Assembly laid on the table	226
Standing Committee for Roads, 1940-41	226
Resolution <i>re</i> Making India self-sufficient in respect of defence—Negatived	226—247
Resolution <i>re</i> Senior Government Inspectors of Railways—Adopted	247—248
Thursday, 14th March, 1940—	
Condemnation of the outrage committed at the East India Association meeting resulting in the death of Sir Michael O'Dwyer and the wounding of Lord Zetland, Lord Lamington and Sir Louis Dane	249—251
Questions and Answers	251—255
Resolution <i>re</i> Contracts for supplies of food, etc., on Railways—Withdrawn	255—270
Resolution <i>re</i> Raising of India to the status of a Self-governing Dominion—Withdrawn	270—272
Statement of Business	272—273
Monday, 18th March, 1940—	
Questions and Answers	275—277
Resolution <i>re</i> Birth control—Adopted	277—295
Delhi Masajid Bill—Introduced	295—296
Thursday, 21st March, 1940—	
Member Sworn	297
Statements, etc., laid on the table	297—300
Bill passed by the Legislative Assembly laid on the table	300
Standing Committee for the Department of Communications	300
Standing Committee for the Department of Commerce	301
Central Advisory Council for Railways	301
Standing Committee for the Labour Department	301
Standing Committee on Emigration	301
Coal Mines Safety (Stowing) Amendment Bill—Considered and passed	302
Income-tax Law Amendment Bill—Considered and passed	302—303
Reserve Bank of India (Second Amendment) Bill—Considered and passed	303—304
Statement of Business	304

Tuesday, 26th March, 1940—

Questions and Answers	305
Statements, etc., laid on the table	305
Standing Committee for the Department of Communications	306
Standing Committee for the Department of Commerce	306
Standing Advisory Council for Railways	306
Standing Committee for the Labour Department	307
Standing Committee on Emigration	307
Excess Profits Tax Bill—Motion to consider— <i>not concluded</i>	307—342

Wednesday, 27th March, 1940—

Question and Answer	343
Excess Profits Tax Bill—Considered and passed, as amended	344—361

Saturday, 30th March, 1940—

Bill passed by the Legislative Assembly laid on the table	363
Farewell speeches in connection with the retirement of Kunwar Sir Jagdish Prasad	363—373

Tuesday, 2nd April, 1940—

Members Sworn	375
Questions and Answers	375—381
Bill passed by the Legislative Assembly laid on the table	381
Indian Finance Bill—Motion to consider— <i>not concluded</i>	381—418

Wednesday, 3rd April, 1940—

Member Sworn	419
Statements, etc., laid on the table	419—421
Bills passed by the Legislative Assembly laid on the table	421
Message from the Legislative Assembly	421
Indian Finance Bill—Considered and passed	421—463
Statement of Business	463

Friday, 5th April, 1940—

Bills passed by the Legislative Assembly laid on the table	465
Messages from the Legislative Assembly	465
Standing Committee for the Department of Commerce	465
Central Advisory Council for Railways	465 & 498
National Service (European British Subjects) Bill—Considered and passed	466—497
Statement of Business	498

Monday, 8th April, 1940—

Questions and Answers	499—516
Bills passed by the Legislative Assembly laid on the table	515—516
Defence of India (Amendment) Bill—Considered and passed	516—522
Agricultural Produce Cess Bill—Considered and passed	522—540
Insurance (Amendment) Bill—Considered and passed	540—546
Indian Tariff (Amendment) Bill—Considered and passed	546—547
Indian Tariff (Second Amendment) Bill—Considered and passed	547—548
Statement of Business	548—549

	PAGES.
Wednesday, 10th April, 1940—	
Questions and Answers	551—556
Statements, etc., laid on the table	556—557
Congratulations to the Honourable Sir Girja Shankar Bajpai	557
Drugs Bill—Considered and passed	557—565
Indian Mines (Amendment) Bill—Considered and passed	565—566
Petroleum (Amendment) Bill—Considered and passed	566
Motor Vehicles (Amendment) Bill—Considered and passed	566—567

COUNCIL OF STATE.

Tuesday, 5th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

INTAKE OF BRITISH OFFICERS IN THE INDIAN ARMY.

35. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) What has been the annual intake of British Commissioned officers in the Indian section of the Army in India during the last five years?

(b) What will be their annual intake during the war and what proportion will they bear to the Indian officers recruited through the Indian Military Academy?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief):

(a)

1935	.	.	.	.	.	.	.	.	.	100
1936	.	.	.	.	.	.	.	.	.	172
1937	.	.	.	.	.	.	.	.	.	136
1938	.	.	.	.	.	.	.	.	.	124
1939	.	.	.	.	.	.	.	.	.	125

(b) The future intake of British officers and their ratio to Indian officers will depend on the degree of expansion of present numbers and on casualties.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Do Government propose to take more Indian officers than British officers, at any rate during the war?

THE HONOURABLE MR. A. DEC. WILLIAMS: There is no intention at present of increasing the proportion of Indian to British officers to that extent, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Do I understand that the existing proportion will continue?

THE HONOURABLE MR. A. DEC. WILLIAMS: I am not quite clear what the Honourable Member means by the existing proportion. Has he any figure in mind?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The Honourable Member since he is connected with the Defence Department should know what the existing proportion is. Everybody knows it.

**EMPLOYMENT OF INDIAN OFFICERS RECRUITED DURING THE WAR AS
COMPANY OFFICERS OR PLATOON COMMANDERS.**

36. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state whether the Indian Commissioned officers, who are recruited during the war, will be employed as company officers or as platoon commanders in the first instance ?

THE HONOURABLE MR. A. DE C. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : Platoon commanders.

**TOTAL AMOUNT STANDING TO THE CREDIT OF THE GENERAL PROVIDENT FUND
AND OTHER FUNDS.**

37. THE HONOURABLE MR. HOSSAIN IMAM : With reference to Resolution No. F.-30 (3)-R. II/39 of the 14th February, 1940, will Government state the total amount standing to the credit of each of the 14 funds mentioned on 31st March, 1939 ? Who are entitled to higher rates in these funds and what are the reasons for giving higher rates ? What is the amount of such exemptions and what are their special rates ?

THE HONOURABLE MR. C. E. JONES : I would refer the Honourable Member to pages 453—457 of the " Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the year 1938-39 " and to the final reply to Mr. Manu Subedar's question No. 1315 laid on the table of the Legislative Assembly on the 30th August, 1939, from which the amounts standing to the credit of the funds mentioned, the classes of officers entitled to higher rates, and the rates to which they are entitled, will be apparent. Broadly speaking, the reason for the guarantee of minimum rates, which apply only to subscribers of the General Provident Fund who were members of that Fund on the 1st April, 1938 and to a few old subscribers to certain Service Provident Funds now closed, was the desire to popularise subscription to the funds, which was optional. To ascertain the amounts in the various funds carrying interest at higher rates would involve an expenditure of time and labour not commensurate with the results likely to be achieved.

STANDING COMMITTEE FOR ROADS, 1940-41.

THE HONOURABLE MR. S. N. ROY (Communications Secretary) : Sir, I move :—

" That this Council do proceed to the election, in such manner as the Honourable the President may direct, of three Members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund during the financial year 1940-41."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : With reference to the Motion which has just been adopted by the Council, I have to announce that nominations to the Committee will be received by the Secretary up to 11 A.M. on the 11th March, 1940, and the date of election, if necessary, will be announced later on.

STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAS.

THE HONOURABLE THE PRESIDENT : With reference to the announcement made by me on the 4th March, regarding nominations to the Standing Committee on Pilgrimage to the Hejas, I have to inform the House that the Honourable Haji Syed Muhammad Husain has since withdrawn his candidature. As there now remain the following two candidates for two seats I declare them duly elected :—

1. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
2. The Honourable Khan Bahadur Mian Ali Baksh Muhammad Hussain.

TRADE MARKS BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :—

“ That the Bill to provide for the registration and more effective protection of Trade Marks, as passed by the Legislative Assembly, be taken into consideration. ”

In India, Sir, we have a noticeable and rather unusual position relating to the general economic life of the country in that we have side by side what survives of the old village economy, in which the maker of goods was in personal touch with the consumer, and also the development that has taken place particularly within the last century of large-scale industry, whether industries located in India or industries abroad the importation of the products of which have been facilitated by many developments of recent generations. Now, Sir, in the old village economy there was no necessity for anything of the nature of a Trade Mark, but once large-scale industry developed some substitute had to be found for that personal contact between maker and consumer which existed and exists in village life. That of course has been a process of development which has lasted through many centuries. But as the speed of industrial development accelerates so it becomes a more and more important consideration. The consumer cannot go to the maker of his goods and say, “ I want such and such a thing ”, but he can satisfy himself that he will get what he wants if he is in a position to buy the goods of a particular maker according to the standardisation that that particular maker uses. It is therefore wholly to the advantage of the consumer—except in the comparatively rare case where there is real fraud on the part of the manufacturer—that he should be helped to know that he is buying exactly the article that he has been led to expect to get either because of his past experience of it or because there has been some recommendation from others to him. It is the Trade Mark that performs this function. So in recent generations the importance of the Trade Mark has been more and more clearly perceived. And if of value to the consumer, it is also of no less, and probably of more, value to the producer, who is enabled thereby to ensure that the customer who wants to buy his goods will succeed in getting them and will, it may be hoped, to use the words of the advertisement, “ Refuse all substitutes ”. Consequently, to the producer or manufacturer the Trade Mark is really a valuable property. Now, like other properties, it is and has been for a very long time protected by what one might call the ordinary processes of the civil and criminal law. The infringement of a Trade Mark is an offence under the Indian Penal Code. It is also possible to establish a right to a Trade Mark under common law in the civil courts. Experience has been accumulating for many years to show that to rely upon these defences

[Sir Alan Lloyd.]

is insufficient protection for the manufacturer, the owner of the Trade Mark, and these devices have to be supplemented, if Trade Mark owners are to be properly protected, by a system of registration of Trade Marks.

The question of introducing such a system has been ventilated in this country for a great many years, from almost immediately after the Act for the protection and registration of Trade Marks in the United Kingdom was passed by Parliament, and that was as long ago as 1875. Until recently there has, however, been difficulty felt in coming to a conclusion that the time had really arrived for the establishment of such a Register in India. Now, Sir, it is commonly agreed that the time has arrived, if we are not already rather on the late side. It is in order to give effect to this decision, which I put forward not as a decision of Government but as a decision of the whole commercial community in India, that the present Bill has been presented. The provisions of the Bill have been the subject of the most careful and detailed study in consultation with commercial opinion. The procedure adopted has been, if a little slow, certainly very sure in securing that no points of view were left without being taken into account. When the first decision was reached by Government that they would propound proposals of this kind a Memorandum was circulated for the opinion of commercial bodies. The opinions received were examined by a special officer and he framed a report and drafted a Bill in the light of those opinions. The draft Bill was again circulated to all commercial bodies and subjected to further scrutiny by them. Finally, another draft Bill was prepared which was introduced in the Legislature in the last autumn session and was referred to a Select Committee which met in February last. In the interval the Bill was again reviewed by various commercial organisations and their criticisms were further considered by the Select Committee which carried out a few amendments in the Bill. Finally, Sir, in the other place one more important amendment which had not been embodied in the Select Committee's report was made providing for the submission of appeals against orders of the Deputy Registrar in Bombay to the Bombay High Court, whereas appeals from the Registrar in Calcutta lie to the High Court in Calcutta. With this history of the detailed examination of the provisions of the Bill behind us I do not think that the House will ask me at this stage to make any elaborate analysis of the provisions of this Bill. I am sure that all Members of this House who have taken an interest in the subject have kept themselves fully informed of the developments. Without more ado, therefore, I will ask the House to agree to my Motion that the Bill be taken into consideration.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadian) : Sir, I welcome this measure and thank the Government for bringing this Bill forward before the Central Legislature. There has been a lot of unpleasantness and litigation on Trade Marks. Various Chambers which at present exist in the country had not had the full list of the Trade Marks and the result was that litigation began on a large scale. Being a member of several Chambers of Commerce I had that experience because the information as regards Trade Marks was not in possession of every Chamber. Certain Chambers used to register Trade Marks but they had no information as regards registration of Trade Marks in other Chamber bodies. I hope, Sir, that in the rules which are subsequently to be made Government will see that a list of Trade Marks is supplied to every Chamber, so that unnecessary unpleasantness and litigation may not arise. I support the Motion.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadian) : Sir, I have great pleasure in welcoming this Bill and I congratulate most heartily the Government on behalf of the business community. This Bill will help a great deal and avoid the disputes and trouble which used to take place. On behalf of the business community of India I accord my full support.

THE HONOURABLE THE PRESIDENT: Motion made :

“ That the Bill to provide for the registration and more effective protection of Trade Marks, as passed by the Legislative Assembly, be taken into consideration.”

Question put and Motion adopted.

Clauses 2 to 20 were added to the Bill.

Clauses 21 to 40 were added to the Bill.

Clauses 41 to 60 were added to the Bill.

Clauses 61 to 85 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD: Sir, I move :

“ That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

INDIAN COINAGE (AMENDMENT) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :

“ That the Bill further to amend the Indian Coinage Act, 1906, as passed by the Legislative Assembly, be taken into consideration.”

The object of this Bill, Sir, is to authorise Government to issue silver quarter rupees in future with a silver content of one-half and an alloy content of one-half as against the existing fineness of eleven-twelfths silver and one-twelfth alloy. The reason for the change is obvious, namely, economy in the use of silver for currency purposes. At a time such as the present the demand for silver for bullion purposes is heavy and uncertain and, although we started the present war with abnormally high stocks, the recent run on silver for bullion purposes gave us an indication supporting the experience of the last war of the extent to which demand for silver for bullion purposes might arise. I might straightaway remove any misapprehensions as to there being any serious doubt as to the adequacy of our stocks. We still have ample stocks ; but at a time like this it is obviously the part of prudence and of wisdom to economise and conserve the use of silver for currency purposes as far as possible. The desirability of so doing is accentuated by the fact that at a time such as the present of increasing trade activity and rising prices there is a considerably increased demand for the use of silver coin, and of small coin in particular, and at present both our mints are turning out small coins and quarter rupees in particular as fast as they possibly can ; and it must be obvious that to turn out quarter rupees with the fineness of 50 per cent. silver is unnecessarily extravagant in the use of silver. Honourable Members will remember that for some years we had a nickel quarter rupee. The minting of this nickel quarter rupee was discontinued in 1925 mainly for the reason that as it was so easily susceptible of counterfeiting the coin proved unpopular. But the plain fact remains that all our silver currency is token currency ;

[Mr. C. E. Jones.]

the quarter rupee in particular is a token coin and so the reduction of the silver content is by no means a revolutionary proposal. Honourable Members may also be aware of the fact that the silver coinage in England has been 50 per cent. silver and 50 per cent. alloy since the year 1920 and the experience of 20 years of continuous use of silver coinage of this fineness has shown that there need be no apprehensions as to the coin not standing up to use. The English silver currency has lost nothing by the reduction of its silver content and there is no reason to suppose that conditions will be different here. The weight, the size, the shape of the coin will be in all respects the same as now, but for the purpose of economising for currency purposes the use of silver, this Bill provides merely for the reduction of the silver content to one-half. I do not think I need say anything more. The proposal is a simple one. It has been accepted by the Legislative Assembly and I anticipate that it will not be objected to in this Council.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I have not been able to quite understand why the proportion of silver in the quarter rupee coin has been reduced to 50 per cent. and 50 per cent. alloy has been mixed with it. I shall therefore be obliged if the Honourable Member will give me the reasons.

THE HONOURABLE THE PRESIDENT : The Honourable Member has just given reasons.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Those reasons are not convincing enough.

THE HONOURABLE THE PRESIDENT : Have you got anything more to say ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : No, Sir.

THE HONOURABLE THE PRESIDENT : Motion made :

" That the Bill further to amend the Indian Coinage Act, 1906, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

FACTORIES (AMENDMENT) BILL.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary) : Sir, I move :

" That the Bill further to amend the Factories Act, 1934, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

With the passage of years, the Central Government has, with the support of Provincial Governments, been building up a code of law regulating the employment of children in factories. In this field of humanitarian endeavour we are every year and in every way getting better and better. The prohibition of the employment of children below the age of 12 goes as far back as 1881 when the first Factories Act was passed. From seven the prohibited age was gradually increased to 12 in 1922 and this limit was incorporated in the Consolidating Act of 1934. After an interval of four years, in 1938 we made a further advance. The Employment of Children Act prohibited the employment of children under 15 in any occupation connected with the transport of goods or mail by railway or the handling of goods within the limits of any port. In the next year, 1939, the Employment of Children (Amendment) Act prohibited the employment of children under 12 in workshops, that is, industrial premises employing less than 20 workers, if employed on certain named processes considered injurious to children. And now it is proposed in the Bill which is before the House to apply the provisions of the Factories Act dealing with health and safety to power factories employing from 10 to 20 persons, if any of these persons is under 17. Provincial Governments are given power to extend these provisions by notification to power factories employing less than 10 persons if any one of these persons is under 17. In the Bill as submitted to the Assembly it was left to the discretion of the Inspector to call for particulars concerning a small factory from its occupier. It was suggested in the course of discussion in the other place that it would be a desirable advance if every occupier of a small factory was made to furnish the requisite particulars without being first required by the Inspector to do so. This suggestion was accepted by Government. It does not enlarge the scope of the Bill but is designed to speed up the process of inspection. Government do not claim that the Bill which is now before this House is the last word on the subject of the legislative protection of non-adult labour. It is, like its predecessors, a cautious advance on what has gone before and, as such, I commend the measure for the acceptance of the House.

Sir, I move.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, I welcome this Bill. I believe that this Bill will meet a great desideratum which is now felt in regard to the safety of children employed in the smaller factories to which the Indian Factories Act does not extend. The desirability for this legislation was suggested by the Royal Commission on Labour and all that could be said by way of criticism of this Bill is that this Bill does not come a day too soon, that it is a measure which ought to have been taken up by the Government some years ago at least. However, I am glad that the Honourable the Commerce Member, who is now in charge of this Portfolio, is one who takes a very keen interest in seeing that all loopholes are plugged. He has thus taken steps now to see that where they are really needed these conditions are applied, and I congratulate him over the step he has taken to provide for the safety of children in small factories.

With these words, Sir, I support the Bill.

THE HONOURABLE THE PRESIDENT : Motion made :

" That the Bill further to amend the Factories Act, 1934, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

THE HONOURABLE THE PRESIDENT: Honourable Mr. Lal, I would advise you to take up your three amendments to clause 2 separately.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official): Very well, Sir. Sir, I move:

"That in clause 2 of the Bill, proposed sections 59B and 59C be omitted."

Sir, this amendment is consequential on the amendments accepted in the other House.

One of the amendments there accepted was that sub-section (1) of section 9 should be included among the provisions made applicable to small factories wherein any non-adult worker is employed. Now, sub-section (1) of section 9 is in substantially the same terms as part (b) of the proposed section 59B set out in clause 2 of this Bill and, therefore, part (b) has become redundant.

Another amendment accepted in the other House omitted the words "at any time after the expiry of thirty days from the receipt of a notice under section 59B in respect thereof" which originally occurred in the proposed section 59D. The result of the omission of these words is that the application of the provisions of the Factory Act mentioned in the proposed section 59D to small factories employing non-adult labour will be automatic and will no longer be dependent upon the service of a notice under the proposed section 59B. The issue of notice under section 59B would, therefore, be meaningless and the amendment accordingly aims at the elimination of the proposed section 59B.

The elimination of the proposed section 59B involves also the elimination of the proposed section 59C.

Sir, I move.

The Motion was adopted.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:

"That in clause 2 of the Bill in proposed section 59E, the words and figures 'of section 9 and ' be omitted."

Sir, I have already explained that this amendment is consequential.

The Motion was adopted.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:

"That in clause 2 of the Bill, proposed sections 59D and 59E be renumbered as 59B and 59C respectively."

Sir, this is only a drafting amendment.

The Motion was adopted.

Clause 2, as amended, was added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:

"That clause 3 of the Bill be omitted."

Sir, this is also a drafting amendment.

The Motion was adopted.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. S. A. HYDARI : Sir, I move :

“ That the Bill, as passed by the Legislative Assembly and as amended by the Council of State, be passed.”

The Motion was adopted.

RESERVE BANK OF INDIA (CLOSING OF ANNUAL ACCOUNTS) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :

“ That the Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed, as passed by the Legislative Assembly, be taken into consideration.”

The object of this Bill, Sir, is merely to enable the Reserve Bank of India to close its accounts on the 30th of June instead of the 31st of December. No amendment of the Reserve Bank of India Act is intended or will follow. The object is to enable the Bank, notwithstanding the existing provisions of the Reserve Bank of India Act, to close its accounts for the half year on one occasion ending the 30th June so that, thereafter, its annual accounts may be closed on that date. The Bill merely provides that on this one occasion—non-recurring—the change over may be made, and thereafter conditions will operate as usual. The reasons for which the Bank desires the change are given in the Statement of Objects and Reasons which I might perhaps summarise and just elaborate a little. The present date of closing the accounts—31st December—happens to coincide firstly with a number of holidays, the Christmas and New Year holidays ; it happens to coincide also with the height of the busy season, and it happens further to coincide with the date on which there is normally the maximum outflow of currency. In these circumstances, the Bank has found in actual experience considerable difficulty in adjusting and closing its accounts and in preparing its annual report within the period prescribed by section 14 of the Reserve Bank of India Act, and it is merely for the purpose of changing those operations to the middle of the slack season, *i.e.*, the 30th June, that this Bill is presented. The 30th June as a matter of fact has considerable advantages as the date of the end of the Bank year apart from those which I have mentioned which in themselves, I submit, are sufficient. On the 30th June, the cash resources of the Bank are always ample and no transfers of currency are normally required at that time, so that the Bank is free to devote its attention to closing its accounts and preparing its annual report. The busy season commercially runs from the end of October to the end of May, so that July is a better month for writing the annual report giving a balanced account of Indian conditions throughout one year than is January which, as I have already mentioned, comes right in the very middle of the busy and most active season. Incidentally, the change will enable the Bank to embody in its annual report the Government's figures for the financial year which ended on the 31st March previously, which is a matter of some importance from the statistical point of view. For all these reasons the Bank has requested Government to undertake the necessary legislation to permit the change over of dates to be made and I anticipate that this House will be prepared to accept the suggestion.

Sir, I move.

The Motion was adopted.

Clauses 2 to 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES : Sir, I move :

"That the Bill as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INDIAN EMIGRATION (AMENDMENT) BILL.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education Health and Lands Member) : Sir, I move :

"That the Bill further to amend the Indian Emigration Act, 1922, as passed by the Legislative Assembly, be taken into consideration."

It is a very short Bill of two clauses and the Statement of Objects and Reasons I think explains fully the necessity for this Bill. In clause 2 we are empowering the Protector of Emigrants to have the same powers as regards the detention of passengers and vessels as the Officer of Customs. As regards clause 3, we found that emigration as defined in the Emigration Act has a special significance and means (1) a departure by sea out of British India of any person who departs under an agreement to work for hire in any country beyond the limits of India, and (2) emigrant means any person who is assisted to depart otherwise than by a relative if he departs with the purpose or with the intention of working for hire or engaging in agriculture in any country beyond the limits of India. Well, under the Act if any person who comes under these two definitions commits an offence, then the offence is cognizable by the police. But in August, 1938, this definition was expanded and a new section was added section 30A of the Act, which not only confines "emigration" to the two purposes which I have already read out, but which extends it to departure by sea out of British India to any specified country beyond the limits of India for the purpose of unskilled work unless possessed of a prescribed permit or otherwise exempted by general or special order. We have found that while offences under emigration as defined in section 2 (c) (i) and (ii) were cognizable by the police, offences against section 30A of the Act were not so. We are now merely filling this gap. When this Bill becomes law any offences committed in contravention of section 30A will also be cognizable by the police.

Sir, I move :

The Motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

RESERVE BANK OF INDIA (AMENDMENT) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :

"That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

This legislation, Sir, arises out of the fact that the Government of Ceylon have decided to run their own currency. The present monetary unit in Ceylon is by law the Indian rupee. Ceylon notes are backed by and are convertible into Indian rupees. The Ceylon Government propose to establish a Board of Commissioners to run their own currency, and with the establishment of the Board they will introduce their own Ceylon rupee. Until a date to be appointed by the Governor the Indian rupee will continue to be legal tender in Ceylon and will continue to be received in exchange for Ceylon coins and Ceylon notes. After that date the Indian rupee will cease to be legal tender in Ceylon; but it is obviously in the interests both of India and of Ceylon, considering the close inter-connection in trade and otherwise between the two countries, that their currencies should be linked, and it is proposed to make Ceylon rupees and Indian rupees convertible at par. This will be managed by arrangement with the Reserve Bank of India, so that Ceylon rupees paid in Ceylon into the Bank account can be met by a payment of Indian rupees at par in India. To enable the Reserve Bank to do this, the Reserve Bank will itself hold a portion of the Ceylon Currency Security Fund, and if the Reserve Bank has not sufficient Indian rupees to the credit of the Ceylon Government, they will either advance a loan to the Ceylon Government on the security of the portion of the Security Fund held by them or sell a portion of the Fund. Under the Act as it stands the Reserve Bank would not have power to make such an advance to the Ceylon Board of Currency Commissioners, because they are only allowed to advance to Banks, and moreover under the Act as it stands the Reserve Bank would not be empowered to act as the Agent for the Ceylon Board. The changes in the Act now proposed are merely to give the Reserve Bank these powers which it will need for the purposes which I have described.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

ARBITRATION BILL.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official) : Sir, I move :

"That the Bill to consolidate and amend the law relating to Arbitration, as passed by the Legislative Assembly, be taken into consideration."

Sir, I have very little to add to what is already stated in the Statement of Objects and Reasons. The existing position in the matter of arbitration is very unsatisfactory. Two systems of law are in operation at present side by side, one represented by the Indian Arbitration Act of 1899, which provides for arbitration in important towns, and the other represented by the Second Schedule to the Code of Civil Procedure, which provides for arbitration in the mofussil. This is one system too many, and besides both the systems of law fall far short of the requirements of the time. The Bill proposes therefore to

[Mr. Shavax A. Lal.]

consolidate the law on the subject and also to endeavour to supply the deficiency.

Sir, I move.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-official): Sir, a comprehensive law of arbitration has been long overdue. The operation of the Act of 1899 was confined only to a small area and the rest of the country had to be left without a proper law of arbitration. The provisions of the Civil Procedure Code were no doubt made use of, but that affected only a very small portion of the litigant public. A comprehensive law of arbitration ought to prevent ruinous and unnecessary litigation, if only people would take the trouble to make use of its provisions. This Bill, Sir, is a very satisfactory one so far as it goes, but there are a number of things which have to be not appended but added to the provisions. For instance, I will only draw the attention of the Government to clause 5 of the First Schedule. I do not want to make a long speech. The clause says :

" The umpire shall make his award within two months of entering on the reference or within such extended time as the Court may allow ".

Supposing one of the parties is refractory or is obstructive, what is the umpire to do ? He must give his award within two months. Supposing the party does not appear or puts obstacles in the way of the umpire, then he must apply to the Court. That is not always an easy matter. Even if he does apply, the obstructive party may stand in the way of the award being given in time. I find that the High Court has been given power to make rules, but I do not think the power as provided by section 44 is comprehensive enough to provide against such things as this. Moreover a refractory or an obstructive party ought to be penalised by the Court either by awarding costs or by giving compensation when the party really affected applies to it. When two persons go to arbitration and one person is obstructive, the other person has got the right to apply to the Court ; but the Court must have the power to penalise the man who obstructs the course of justice or puts obstacles in the way of the umpire or the arbitrator doing his or their work. There are one or two more things like that. I hope Government will see their way, either by rules or by amendment, to supply these deficiencies. Sir, I welcome the provisions of this Bill.

THE HONOURABLE THE PRESIDENT : Motion made :

" That the Bill to consolidate and amend the law relating to Arbitration, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

The First Schedule was added to the Bill.

Clause 3 was added to the Bill.

Clauses 4 to 40 were added to the Bill.

The Second Schedule was added to the Bill.

Clause 41 was added to the Bill.

Clauses 42 to 48 were added to the Bill.

Schedules III and IV were added to the Bill.

Clause 49 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : Before I adjourn the House. I wish to remind Honourable Members that a group photograph will be taken tomorrow at 10-30 A.M. and I request all Members who desire to attend to appear precisely according to the time fixed as we have got a very busy day tomorrow.

The Council then adjourned till Eleven of the Clock on Wednesday, the 6th March, 1940.
