

***THE INDIAN LEGISLATIVE COUNCIL***

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**P L**

**PROCEEDINGS  
OF  
*THE INDIAN LEGISLATIVE COUNCIL***

***ASSEMBLED FOR THE PURPOSE OF MAKING***

**LAWS AND REGULATIONS**

**VOL. LVIII**

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GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER  
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.  
(5 & 6 Geo. V, Ch. 81.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on  
Thursday, the 11th March, 1920.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.L.E., G.C.M.G., G.C.B.E.,  
Viceroy and Governor General, *presiding*, and 58 Members, of whom 50  
were Additional Members.

QUESTIONS AND ANSWERS.

**The Hon'ble Maharaja Sir Manindra Chandra Nandi** 11.3 A.M.  
asked :—

1. "(a) Has the attention of Government been drawn to unstarred question No. 42 of the 3rd February last in the Bengal Legislative Council, and the reply thereto?"

Increase in  
the price of  
rice in  
Bengal.

(b) With reference to Statement B laid on the table in reply to the said question in the Bengal Legislative Council, are Government in a position to state if the recent comparative increase in the price of rice in Bengal indicated therein has been accompanied by a similar rise in the other provinces? If so, to what extent in the different provinces?

(c) Are Government aware of any special circumstances making for such increase in Bengal?

(d) In view of the admission made by the Government of Bengal in reply to clause (g) of the said question, that speculators are holding up stocks of rice in certain places, and that large traders have acquired stocks 'in the hope that free movements of food-stocks would be allowed to other provinces and abroad', do Government propose to make a reference to the Local Government urging an immediate and detailed inquiry into the situation?"

**The Hon'ble Sir Claude Hill** replied :—

"(a) The Government of India have seen the question and answer referred to.

[ *Sir Claude Hill ; Rao Bahadur B. N. Sarma ; [ 11TH MARCH, 1920. ]*  
*Sir George Barnes ; Mr. Surendra Nath*  
*Banerjea ; Mr. H. E. C. Dobbs. ]*

(b) A statement is laid on the table\* illustrating the extent to which the price of rice has risen in the various provinces since 1915.

(c) No.

(d) The Government of India do not think it necessary to intervene in the matter, which is essentially one for the Provincial Government."

**The Hon'ble Rao Bahadur B. N. Sarma** asked :—

Number of  
steam navi-  
gation or  
shipping  
companies.

2. "(a) What is the number of steam navigation or shipping companies started during the last twelve months, the amounts of their nominal capital and paid-up capital, and what insurance facilities exist at present?

(b) What steps, if any, do Government intend taking to help shipping enterprise in India?"

**The Hon'ble Sir George Barnes** replied :—

"(a) The number of navigation companies registered during the twelve months ending on the 31st December, 1919, was ten, with a nominal capital of Rs. 23,29,00,000. The amount of paid-up capital is not shewn in the statistical returns. Insurance facilities are offered by the companies doing marine insurance business.

(b) With regard to the encouragement of shipbuilding, I would refer the Hon'ble Member to the remarks I made in this Council on the 24th of September 1918 in connection with the Resolution moved by him, since when the position has not materially changed. I would also refer the Hon'ble Member to the reply given on the 8th March by His Excellency the Commander-in-Chief to the Hon'ble Mr. Patel's question with regard to the creation of a mercantile marine in India."

**The Hon'ble Mr. Surendra Nath Banerjea** asked :—

Raids by  
trans-border  
gangs in the  
North-West  
Frontier  
Province.

3. "(a) Are Government aware of the sufferings caused to peaceful Indian traders and residents in the North-West Frontier Province by the raids of trans-border gangs?

(b) If so, do Government propose to take adequate measures for their protection?

(c) Will Government be pleased to indicate in general terms the measures which they propose to initiate?"

**The Hon'ble Mr. H. R. C. Dobbs** replied :—

"(a) Yes.

(b) As the Hon'ble Member is aware Government are at the present moment undertaking extensive operations for the punishment of those tribes which have chiefly been guilty of raids and other offences against British subjects.

(c) The whole question of future policy on the North-West Frontier, which has for its primary object the greater security of the border, and therefore the better protection of British subjects living in the Frontier districts, has for some time past been engaging the anxious consideration of Government. The ultimate decision rests with His Majesty's Government, and it is not possible at present to make any final pronouncement on the subject; but the Hon'ble Member may rest assured that the policy of the Government of India will be directed towards obtaining better control of the predatory frontier tribes."

[11TH MARCH, 1920.]

[*Mr. Kamini Kumar Chanda; Mr. Shafi; Sir Claude Hill; Mr. V. J. Patel; Sir Thomas Holland.*]

**The Hon'ble Mr. Kamini Kumar Chanda** asked :—

4. "(a) Did the All-India Libraries Conference held in Madras in November last recommend that free public libraries be established in Municipal towns? Establishment of free public libraries in Municipal towns
- (b) Do Government propose to suggest to Local Governments to recommend this being done by Municipalities?"

**The Hon'ble Mr. Shafi** replied :—

"It is not the policy of the Government of India to intervene in such matters and they do not propose to take any action. The Hon'ble Member's question will, however, be brought to the notice of the Local Governments."

**The Hon'ble Mr. Kamini Kumar Chanda** asked :—

5. "Will Government state what steps have been taken and are proposed to be taken— Maintenance of bulls and cows for breeding purposes.
- (a) for the provision and maintenance of stud-bulls or bulls for breeding purposes?
- (b) for the provision of pasture land?
- (c) for the prohibition of the slaughtering of prime cows fit for breeding purposes and calves?
- (d) for the establishment and maintenance of veterinary dispensaries and hospitals?
- (e) for cheapening the cost of transport, by railways and steamers, of cattle-fodder, milk and milk products from one place to another?
- (f) for the prevention of the adulteration of milk and milk products?"

**The Hon'ble Sir Claude Hill** replied :—

"(a) Cattle breeding farms are maintained by Government in most provinces and stud bulls are obtainable from them. An extensive scheme for the development of cattle breeding and dairying in India under Imperial control is about to be inaugurated.

(b) As I pointed out in reply to the Hon'ble Mr. Khaparde on the 25th February 1920, this matter concerns Local Governments.

(c) No action has been taken or is contemplated. I would refer the Hon'ble Member to the answer which I gave to the Hon'ble Sir Gangadhar Ohitnavis on the 22nd March 1919.

(d) This matter also concerns Local Governments.

(e) Special concession rates are allowed for the carriage of fodder in time of famine. Otherwise, no action is considered necessary or feasible in the direction indicated.

(f) The question of legislation with this object has been left for Local Governments to decide. Legislation has been undertaken in most of the provinces."

**The Hon'ble Mr. V. J. Patel** asked :—

6. "(a) Is it a fact that some factories, textile and non-textile, have been exempted during the war, from certain provisions of the Indian Factories Act, 1911, specially section 24, relating to employment of women during night time? Exemption of factories from certain provisions of the Indian Factories Act, 1911.

(b) If so, will Government state the names of such factories?

(c) When will Government withdraw such exemptions?"

**The Hon'ble Sir Thomas Holland** replied :—

"It is true that under section 56 of the Factories Act, Local Governments exempted certain factories during the war from different provisions of the Act,

[ *Sir Thomas Holland; Sir Fazulbhoj Currimbhoj; Sir George Barnes; Khan Sahib Shah Nawaz Bhutto; Sir Arthur Anderson.* ] [ 11TH MARCH, 1920. ]

but the Government of India have no detailed information beyond that given in the Annual Provincial Reports on the working of the Indian Factories Act. If the Hon'ble Member so desires more detailed information will be obtained from the Local Governments and Administrations and placed on the table in the September Sessions of the Council."

**The Hon'ble Sir Fazulbhoj Currimbhoj asked :—**

Grant-in-aid  
to the  
Indian Tea  
Association.

7. "(a) Was the amount of Rs. 15,000 paid as a grant-in-aid to the Indian Tea Association by the Agricultural Department during 1918-19? If so, what were the circumstances under which this payment was made?

(b) Is it proposed to make this grant a recurring one?"

**The Hon'ble Sir Thomas Holland replied :—**

"(a) Yes. The amount has been paid as an annual grant-in-aid to the Indian Tea Association since 1906 for the prosecution of scientific investigation and research into the cultivation and manufacture of tea.

(b) No decision has yet been arrived at regarding the further continuance of this grant. The question will be considered by the Government of India next year when the present sanction, which was given for a period of five years with effect from the 1st April 1916, expires."

**The Hon'ble Sir Fazulbhoj Currimbhoj asked :—**

Export of  
Indian  
groundnuts.

8. "Have Government received any proposal for Imperial preference in the matter of the export of Indian groundnuts as referred to in their letter No. 58221, dated 15th October 1919, from the British Colonial Office to the Liverpool Chamber of Commerce?"

**The Hon'ble Sir George Barnes replied :—**

"The Government of India have not seen a copy of the letter referred to by the Hon'ble Member. Inquiry was made by His Majesty's Government in September last whether it was intended to restrict the export of groundnuts in any way, and a reply was sent in the negative."

**The Hon'ble Khan Sahib Shah Nawaz Bhutto asked :—**

Construction  
of a railway  
line from  
Karachi to  
Bombay.

9. "Do Government contemplate the construction of a railway line from Karachi to Bombay in the near future?"

**The Hon'ble Sir Arthur Anderson replied :—**

"The reply is in the negative, but Government propose to carry out a reconnaissance of the area west of the Rajputana Malwa Railway with a view to finding the most suitable alignment for a broad gauge railway connecting Gujrat with Sind."

**The Hon'ble Khan Sahib Shah Nawaz Bhutto asked :—**

Waiting-  
room at  
Naundero.

10. "Has the attention of Government been drawn to the fact that considerable inconvenience is felt by passengers in general and by pleaders and zamindars in particular, for want of a waiting-room at Naundero? If so, do Government propose to take early steps to provide a suitable waiting-room at the Naundero station?"

**The Hon'ble Sir Arthur Anderson replied :—**

"(a) The reply is in the negative,

[11TH MARCH, 1920.]

[Sir Arthur Anderson; Haji Chaudhri Muhammad Ismail Khan; Mr. W. M. Hailey; Sir William Vincent.]

(b) The present traffic does not justify the provision of a waiting-room for upper class passengers as a permanent measure, but orders have been issued to allow the railway officers' rest-room to be used as a waiting-room when necessary."

**The Hon'ble Haji Chaudhuri Muhammed Ismail Khan** asked:—

11. "(a) Is it a fact that by the recent revision of the travelling allowance rules by Government Notification No. 1809-E. B., dated 30th September, 1919, gazetted officers, who, before the revision, had been enjoying the privileges of first class officers while travelling on steamers, are put in the same category with ordinary ministerial officers drawing a pay of Rs. 30?"

Travelling allowance of the officers of the Provincial Services.

(b) Is it not a fact that the liberalisation of the travelling allowance rules was the intention of Government as expressed in the said notification?

(c) Is it a fact that officers drawing a pay of less than Rs. 200 per mensem get travelling allowance for their family, whereas members of the Provincial services have been denied that privilege?

(d) Do Government propose to modify the rules so as to place the Provincial Service officers in the same position as before the issue of the revised rules?"

**The Hon'ble Mr. W. M. Hailey** replied:—

"(a) Under the old rules an officer of the second class was generally entitled to one second class fare for himself and lowest class fare for one servant, and an officer of the second class whose pay was not less than Rs. 200 might claim instead one first class fare for himself, which was subject to deduction of table money, and lowest class fare for two servants. Under the rules as revised all officers of the second class receive double the fare of the class in which they travel. For all, excepting those drawing Rs 200 or more, this is a considerable improvement on the old conditions. The latter also benefit in comparison with the old rules whenever they happen to travel first class. This is invariably the case when there are only two classes on the steamer, and Local Governments have been specially authorised in cases in which arrangements for accommodation on the steamer make it desirable, to raise the class of an officer.

(b) The intention of Government was to simplify the rules and at the same time to make them more liberal.

(c) Under existing rules travelling allowance is not granted to families except in the case of transfers of non-gazetted subordinates on salary not exceeding Rs. 400 subject to certain conditions. Officers of the Provincial services like other gazetted officers are not eligible for such allowances, but the question of the general grant of travelling allowances to families in the case of transfers has been under consideration, and the orders of the Secretary of State are awaited.

(d) Attention is invited to my reply to clause (a). No change appears to be necessary."

**The Hon'ble Haji Chaudhuri Muhammed Ismail Khan** asked:—

12. "(a) Have Government framed new Rules under the Arms Act?"

(b) Do they propose to include Hon'ble Members of the Imperial and the several Provincial Legislative Councils, whether elected or nominated before the introduction of the new Rules, in the list of exempted persons under Schedule No. 1 of the Rules?"

Exemption of Members of Council under the new Arms Act Rules.

**The Hon'ble Sir William Vincent** replied:—

"(a) The Arms Rules have recently been revised to give effect to the new policy of administering the Arms Act, which was explained in the Home

[*Sir William Vincent; Haji Chaudhuri Muhammad Ismail Khan; Sir Arthur Anderson; Sir George Barnes.*] [11TH MARCH, 1920.]

Department Resolution No. 2125-C, dated the 21st March 1919. The revised rules were published on the 1st January 1920 as 'the Indian Arms Rules, 1920.'

(b) The Government of India have no such intention. If the Hon'ble Member will read the Resolution to which I have referred he will see that one of the essential features of the new policy is the rigid restriction of the number of exempted persons."

**The Hon'ble Haji Chaudhuri Muhammad Ismail Khan** asked:—

Railway connection between Barisal and Calcutta.

13. "(a) Is it a fact that Barisal is not connected with Calcutta by Railway?"

(b) If so, what steps do Government intend to take to connect Barisal with Calcutta by railway?"

(c) Was a survey made for such a railway and, if so, with what result?"

**The Hon'ble Sir Arthur Anderson** replied:—

"(a) The reply is in the affirmative.

(b) and (c) A survey for a railway connecting Khulna with Barisal and Faridpur was carried out in 1914. The project was ultimately abandoned for the reasons stated in Sir Robert Gillan's reply to the Hon'ble Maharaja Sir Manindra Chandra Nandi's question of the 11th September 1918, of which I shall be glad to send the Hon'ble Member a copy if he so desires.

The Government of Bengal have since recommended an alternative scheme for connecting Barisal with Calcutta by means of an extension of the existing railway from Faridpur, and the possibilities of such a connection are at present under investigation."

**The Hon'ble Haji Chaudhuri Muhammad Ismail Khan** asked:—

Complaints about Postal irregularities.

14. "What is the number of complaints about Postal irregularities received during the last year and the year before?"

**The Hon'ble Sir George Barnes** replied:—

"The attention of the Hon'ble Member is directed to paragraph 81 of the Annual Report of the Posts and Telegraphs in India for last year. I shall be glad to send the Hon'ble Member a copy of the Report if he so desires."

**The Hon'ble Haji Chaudhuri Muhammad Ismail Khan** asked:—

Introduction of a new set of rules for the grant of certificates of auditorship.

15. "(a) Do Government intend to introduce a new set of rules for the grant of certificates of auditorship by revising the old set of rules framed by Local Governments after the Indian Companies Act, 1913, came into force?"

(b) If so, will these new rules apply to provincial certificate holders at present practising in India and result in the withdrawal of privileges hitherto enjoyed by some of them, *e.g.*, the holders of unrestricted certificates?"

(c) In this matter, do Government propose to consider the question of following the precedent of the Institute of Chartered Accountants in England and Wales as laid down in clauses (3) and (4) of section 5 and clauses (1) and (2) of section 6 of the Royal Charter of 11th May, 1880?"

**The Hon'ble Sir George Barnes** replied:—

"(a) Any rules issued under section 144 (2) of the Indian Companies Act regulating the grant of auditors' certificates are made by the Local



[11TH MARCH, 1920.] [Sir George Barnes; Mir Asad Ali, Khan Bahadur; Sir William Vincent; Sir Claude Hill.]

Governments concerned. In connection with the scheme for the utilisation of the Sydenham College of Commerce as a central examining body in Accountancy, a letter has been addressed by the Government of India to the Local Governments suggesting the desirability of amending the existing rules in certain respects.

(b) The revised rules will apply to all persons holding certificates under the Companies Act. It is proposed to issue no unrestricted certificates in future except to holders of the Government diploma in Accountancy. Permanent unrestricted certificates already granted will not be withdrawn. Temporary unrestricted certificates will be replaced by the temporary restricted certificates, until the holder qualifies himself for a permanent unrestricted certificate by obtaining the prescribed diploma.

(c) The question of granting exemptions in certain cases is under the consideration of Government."

**The Hon'ble Mir Asad Ali, Khan Bahadur, asked:—**

16. "Will Government state for each province the number of Mussalmans employed as (a) judges of (i) High Courts, (ii) Courts of Small Causes, (iii) Chief Courts; (b) District and Sessions Judges, and (c) Subordinate Judges?"

Number of Mussalmans employed as judges in various courts.

**The Hon'ble Sir William Vincent replied:—**

"I lay on the table a statement\* giving the information desired."

**The Hon'ble Mir Asad Ali, Khan Bahadur, asked:—**

17. "Will Government lay on the table a statement for each of the last ten years showing—

Rice in the Madras Presidency.

- (a) the total quantity of rice exported from and imported into the Madras Presidency;
- (b) the retail rates of the different qualities of rice in each quarter of a year; and
- (c) the total consumption of rice in each district of the Presidency?"

**The Hon'ble Sir Claude Hill replied:—**

"(a) A statement† is laid on the table giving the information required for the ten years ending 1917-18, the latest year for which full figures can at present be obtained.

(b) and (c) "The information asked for is not available."

**The Hon'ble Mir Asad Ali, Khan Bahadur, asked:—**

18. "Will Government state:—

- (a) whether they are aware of the process of the electrical treatment of seeds?
- (b) whether it has been tried in India and with what result? and
- (c) whether they propose to consider measures for the introduction or extension of the process?"

Electrical treatment of seeds.

**The Hon'ble Sir Claude Hill replied:—**

"The answer to (a) is in the affirmative and to (b) in the negative. As regards (c) the Wolfryn process to which the Hon'ble Member presumably refers has failed to give the results claimed for it when tested at the experimental stations of Rothamsted and Wye in England. It is, therefore, premature to consider measures for its introduction here."

\*Not included in these Proceedings.

† Vide Appendix B.

[*Mir Asad Ali, Khan Bahadur; Sir George Barnes; Mr. G. S. Khaparde; Sir Arthur Anderson; Mr. W. E. Crum.*] [11TH MARCH, 1920.]

**The Hon'ble Mir Asad Ali, Khan Bahadur, asked :—**

Government's  
Excise  
Policy.

19. "Will Government state :—

- (a) whether their present abkari policy aims at the diminution in the consumption of liquor ?
- (b) whether the high duty policy has succeeded in checking consumption, and if so, whether a statement can be furnished showing the effect of the increase of revenue upon consumption during the last ten years ? and
- (c) whether it is the policy of Government to encourage abstinence ?"

**The Hon'ble Sir George Barnes replied :—**

"(a) and (c) The Government of India have not deviated from the policy outlined in the speech of His Excellency the Viceroy published along with papers relating to Excise Administration in India, 1914, and issued as a Supplement to the Gazette of India, dated the 13th March, 1915. From His Excellency's speech it will be observed that the settled policy of the Government of India has been that of securing maximum taxation with a minimum of consumption, and the chief means adopted for the prevention of any undue expansion of consumption has been a steady and judicious raising of the duties on all classes of intoxicants accompanied by a reduction in the facilities for obtaining them. This policy is still being kept steadily in view.

(b) A statement\* is placed on the table giving the figures for the consumption of country liquor and the gross revenue derived from this source during the ten years 1909-1910 to 1918-19. The Hon'ble Member may perhaps be able to draw his own conclusions from these figures."

**The Hon'ble Mr. G. S. Khaparde asked :—**

Termination  
of contract  
with the Great  
Indian Peninsula  
Railway.

20. "(a) What is the date on which the present contract with the Great Indian Peninsula Railway will terminate ?

(b) Will Government lay on the table a statement showing the names of the Indians in the superior Traffic, Engineering, Locomotive and Medical Departments, with the dates of the commencement of their service and their present pay ?

(c) Is it true that the new European entrants are given better rates of pay than those already in service ?

(d) Is it true that the Chairman of the Home Board of the Great Indian Peninsula Railway is on a visit to India ? If so, what is the object of his visit ?"

**The Hon'ble Sir Arthur Anderson replied :—**

"(a) The date on which the present contract with the Great Indian Peninsula Railway Company is terminable is the 30th June 1925.

(b) A statement† of the Indians holding superior appointments in the several departments of the Company's service and giving the information asked for by the Hon'ble Member is laid on the table.

(c) It is not the case that new European entrants are given better rates of pay than those already in the Company's service.

(d) The Chairman of the Home Board of the Great Indian Peninsula Railway is in India on business connected with the Company."

**The Hon'ble Mr. W. E. Crum asked :—**

Railways and  
Burmah.

21. "(a) Are Government prepared to give a guarantee that sufficient funds will be allotted in the next three years to complete the railway from Moulmein to Tavoy ?

\* Vide Appendix C.  
† Vide Appendix D.

QUESTIONS AND ANSWERS; MESSAGE OF APPRECIATION 1313  
RE ROYAL PROCLAMATION ON THE GOVERNMENT  
OF INDIA BILL.

[11TH MARCH, 1920.]

[*Mr. W. E. Crum; Sir Arthur Anderson; Maung Bah Too; Sir Claude Hill; The President.*]

(b) Will Government state their policy with regard to the assignment of receipts from capitation and thatameda taxes to local funds?"

**The Hon'ble Sir Arthur Anderson** replied :—

"(a) The Railway Board are well aware that there is an urgent need for more railways in Burma as well as in India, and in fixing priority of construction for various competitive schemes they consult with the Local Government as to which scheme is most urgent. The proposed railway from Moulmein to Tavoy has not been placed by the Local Government in the first rank of urgency, and no guarantee can be given that sufficient funds will be allotted to complete it within the next three years.

(b) The final policy of the Government of India in the matter has not yet been determined."

**The Hon'ble Maung Bah Too** asked :—

22. "(a) Will Government be pleased to state if they have made any profit from the control of Burma rice during the years 1919 and 1920, and, if so, in what way it is proposed to dispose of the same?"

Disposal of profits derived from the control of Burma rice.

(b) In disposing of the profit, do Government propose to consider the claims of Burma to a preponderant share of the same?"

**The Hon'ble Sir Claude Hill** replied :—

"(a) The system of control of Burma rice adopted in 1919 did not involve purchase of rice by or through Government, and no profits were therefore made by Government in that year. As regards 1920, the Hon'ble Member is referred to the Press Communiqué of the 24th December last, a copy of which was laid on the table on the 18th February last in answer to a question by the Hon'ble Sir Gangadhar Chitnavis.

(b) The Hon'ble Member is referred to the reply given to the Hon'ble Mr. Crum's question on the same subject on the 8th March."

**The Hon'ble Maung Bah Too** asked :—

23. "(a) Is it a fact that there is no provision in the present Budget for Railway extensions in Burma?"

Funds for railway extensions in Burma.

(b) When is it intended to allot the necessary funds to start work on the proposed line from Moulmein to Ye?"

**The Hon'ble Sir Arthur Anderson** replied :—

"(a) The reply is in the negative. A sum of ₹26 lakhs has been provisionally allotted for new construction in Burma during next year.

(b) The Hon'ble Member is referred to the answer given to the question by the Hon'ble Mr. W. E. Crum in respect to the proposed Moulmein-Tavoy Railway."

**MESSAGE OF APPRECIATION RE ROYAL PROCLAMATION ON THE GOVERNMENT OF INDIA BILL.**

**The President** :—“ On the 30th January last this Council adopted a Resolution recommending to the Governor General in Council that he should transmit through the proper channel to His Majesty the King Emperor a message of its sense of profound gratefulness for the Royal Proclamation issued by His Majesty on the occasion of his having given his Royal assent to the Government of India Bill. The message was duly communicated to His Majesty's Secretary of State, who submitted it to His Majesty the King Emperor, together with an account of the proceedings which took place in this Council on that day. I have been commanded by His Majesty to inform the Council that he has received with deep appreciation their loyal Resolution.”

11-20 A.M.

1314 IMPORT AND EXPORT OF GOODS (AMENDMENT) BILL;  
WORKMAN'S BREACH OF CONTRACT (AMENDMENT)  
BILL.

[*Sir George Barnes; Mr. W. E. Crum; Sir William Vincent.*] [11TH MARCH, 1920.]

**IMPORT AND EXPORT OF GOODS (AMENDMENT)  
BILL.**

11-21 A.M. **The Hon'ble Sir George Barnes** :—"I beg, my Lord, to present the Report of the Select Committee on the Bill to extend the operation of, and otherwise to amend, the Import and Export of Goods Act, 1916."

**WORKMAN'S BREACH OF CONTRACT (AMENDMENT)  
BILL.**

11-23 A.M. **The Hon'ble Mr. W. E. Crum** :—"My Lord, I beg to move the following amendment to the Bill further to amend the Workman's Breach of Contract Act, 1859, as amended by the Select Committee :—

'That in clause 3, proviso (b) to new section 2 (1) be omitted.'

This is a section which was introduced into the Bill during the meetings of the Select Committee, and, as far as I remember being a member of that Select Committee, it was introduced by a small majority. Now what I want the Council to understand is the effect of the amendment which has been introduced into the Bill. The clause to which it refers is the clause dealing with what the Magistrate should do when he is satisfied that a labourer has committed an offence under the Act, and the effect of this proviso will be that, if a labourer has once been convicted of an offence under the Act on the complaint of an employer, that employer will never be able again to make a contract with the labourer, because he will not be able to enforce that contract. Now, Sir, it seems to me that such a clause can be of no advantage either to the labourer or to the employer. A punishment is supposed to be inflicted for the purpose of deterring either the man who has done wrong from doing wrong again, or by way of example to prevent other people from doing wrong. Presumably, in a case like that, if an employer thinks that an employé has received a sufficient lesson by being punished, there is no reason why he should not employ him again, and it seems to me that it is really putting the labourer to a disadvantage to prevent the employer so employing him. It is really putting a black mark against the labourer's name, because there is nobody who knows the labourer better than the employer who has made a complaint against him, and, if that employer is willing to employ the labourer again, I think it is evident that he would only do so because he is satisfied that it is very unlikely that the man, with the threat of a further punishment over him such as he has just received, will again commit that offence. For these reasons, my Lord, I suggest to the Council that this amendment which was only put in, as I say, in the Select Committee is very little of apparent value either to the employer or to the employé, and may be distinctly an advantage to both, and I therefore suggest that it should be deleted."

11-25 A.M. **The Hon'ble Sir William Vincent** :—"My Lord, I should like to explain the attitude of the Government towards this amendment at the earliest moment, because it is important that I should let all official members of this Council know that on this occasion, as on other occasions in connection with this Bill, they are at absolute liberty to speak or vote as they think fit. If I had not taken an early opportunity of speaking, possibly some official members might not have been aware of their rights in this matter. The particular provision of the Bill to which the Hon'ble Mr. Crum takes exception, was introduced in the Select Committee, I think at the instance of the Hon'ble Mr. Sarma—I speak from recollection. The intention underlying the modification is this, that if an employer has made an advance to an employé once on a contract and the latter breaks that contract fraudulently, there is reason in

[11TH MARCH, 1920.] [Sir William Vincent; Rao Bahadur B. N. Sarma.]

punishing him for it, but if the employer likes, with his eyes open, to go to the same employee a second time and make him a second advance, he ought not to be able to take advantage of the penal provision of this Act again. His rights under ordinary civil or criminal law will remain, and it is perhaps not quite accurate to say that the employer will be prevented by this proviso from giving a second advance to a labourer or from entering into a second contract. The only point really is, if he does so, he will not be able to seek the special protection which is given to employers by this Act. The clause under examination was supported with some vigour in the Select Committee and, on the whole, the official members of the Government, at any rate the members of the Executive Council, thought it was a fair proposition, and for that reason we accepted it as a reasonable proposition. I feel myself that there is a good deal to be said for the idea when the man who deliberately with his eyes open makes a second advance to a labourer or workman who has once deceived him, that the employer should not be at liberty to take the employee before the criminal Courts for the enforcement of the second contract. I do not believe myself that the proviso will prove so disadvantageous to the labourer as has been suggested by the Hon'ble Mr. Crum, and in the circumstances, I shall myself vote against the amendment proposed by him, but I feel that Government should allow complete latitude to official members to vote or speak as they like, nor do I attach, if I may say so, very much importance to this amendment. I do not think it will make a very great difference whether it is passed or not."

**The Hon'ble Rao Bahadur B. N. Sarma:**—"My Lord, I think 11-28 A.M.  
 it is my duty to say a few words about this amendment. In the first place, may I be permitted to observe, my Lord, that the question whether a particular proposition was carried by a narrow majority or by a large majority and other matters of detail gone into by the Select Committee, might perhaps not be brought into the arena of discussion in the general Council here. That, I believe, was the procedure followed on previous occasions. But as a departure has been made, I have to say a word in defence of my position.

"Well, I was lucky in the beginning on this as well as on several other amendments in securing the sympathy and support of, perhaps, a large majority, but the interests of the planters advocated strongly on the Council led several Hon'ble Members to change their views. Now on this question I think it is not to the interests of the labourer. I do not think we would be serving him by deleting the clause added by the Select Committee. The Hon'ble Mr. Crum seems to be labouring under some misapprehension with regard to the ineligibility of an employee for employment again by the same planter or employer. What we say is that if the employer chooses to give an advance to an employee who has misbehaved once, then the only remedy that ought to be open to him should be in a civil Court. Having with his eyes open entered into a contract and given the advance, he should not be able to invoke the penal provisions of this Act a second time. My Lord, the question as to whether advances being given to labourers is economically sound was discussed to a certain extent on a former occasion. I cannot help thinking that the general consensus of opinion is against encouraging the giving of advances. There may be exceptional circumstances, but we have made provision for such exceptional circumstances in the Bill as it stands amended. It was said that the planters and others would have to get employees from long distances and therefore make advances. Well we have made provision for that. It is only the coolie who comes from a long distance, has worked out his contract and the advance having been paid off who re-engages himself to whom the added proviso applies. There is no necessity for an employer giving any advance again to the coolie who has already come from a long distance. The employer should enter into an ordinary contract and engage the man on the current wages, and the coolie would not be hurt, he would be a free man the moment he worked out the contract on the plantation, having received an advance and having come

[*Rao Bahadur B. N. Sarma; Mr. Kamini Kumar Chanda; The President.*] [11th MARCH, 1920.]

from a long distance. I think, therefore, that the Bill as amended would provide all that is necessary for absolute freedom between the employer and the employee once the original contract is worked off. There would be freedom of action for both parties, and only the ordinary remedies open to any employer or employee would be open to them. I do not think the penal laws should be invoked a second time."

11-32 A.M.

**The Hon'ble Mr. Kamini Kumar Chanda:**—"My Lord, I confess I feel some difficulty about this matter. So far as the particular line of argument of my Hon'ble friend Mr. Orum is concerned, I do not think I have much to find fault with. But my difficulty lies here. It may be that my interpretation is wrong, but I should like to know whether this proviso, as drafted by the Select Committee, does not include a case of a second complaint on the same contract. That is to say an employer complains against a labourer that he has committed a breach of a particular contract and he is convicted, he is sent to jail. Is it open to the same employer to have a second complaint in regard to the same contract? As I think, my Lord, that this proviso, if it is allowed to stand, will prevent any possibility of that, on that ground I wish to support this proviso, and I shall place before the Council a reported case to show that there have been cases where an employer has obtained more than one conviction in regard to the same contract. This practice was becoming common in the district with which I am familiar, Cachar, and in 1893 a case was contested. A coolie woman of the name of Tezia Dosadh was prosecuted by a European planter, Mr. Griffiths, for a breach of contract and was sent to jail. After she came out of jail Mr. Griffiths again sent for her and she again refused to go to work, and then Mr. Griffiths again obtained a warrant against her on the same contract. When the case was tried, the Deputy Magistrate who tried it was one of the most conscientious Magistrates we have ever had. He discharged the woman and dismissed the case. But Mr. Griffiths was not satisfied and moved the Deputy Commissioner against the order of discharge, and the Deputy Commissioner set aside the order of discharge and directed a further inquiry. On this occasion Mr. Griffiths engaged two senior pleaders of the bar to support his case. It was a small point of law. I happened to be in Court at the time, and at the request of the Magistrate I appeared as *amicus curiæ*, and the case was argued and the Deputy Magistrate dismissed the case and acquitted the woman. But Mr. Griffiths was not satisfied; he moved the Indian Tea Association, and at their instance an appeal was filed against acquittal in the Calcutta High Court, and a well-known counsel Mr. Henderson was engaged to argue the case. The High Court decided that the Magistrate was right and that there should not be a second conviction on the same contract. This case is reported in Indian Law Reports, 21 Calcutta 162. I referred to it because there is a possibility of cases like this coming up if you remove this proviso . . . .

**The President:**—"Will you get on to the proviso now, Mr. Chanda? All this is a little far off the point at issue."

**The Hon'ble Mr. Kamini Kumar Chanda:**—"The argument is in point in this way, My Lord. If this proviso is removed it is possible to construe that this ruling of the Calcutta High Court is not law. Therefore, it would be possible to have a second conviction. That was the point, my Lord. If that interpretation which I now suggest is not possible without this proviso, well, I need not press it, but my difficulty is this that you cannot say that it will not be contended that if it is proved that the complainant has on any previous occasion obtained an order under this section against any labourer there will be no second prosecution on the same contract. That is my difficulty. If it appears that my interpretation is impossible, then I do not press it, but my difficulty is that if you remove this proviso, cases like this may crop up, and therefore I oppose this amendment."

WORKMAN'S BREACH OF CONTRACT (AMENDMENT) 1317  
BILL.

[11TH MARCH, 1920.] [Mr. B. C. Allen; Mr. C. A. Kincaid.]

**The Hon'ble Mr. B. C. Allen:**—"My Lord, I think that I can give <sup>11-37 A.M.</sup> the Hon'ble Mr. Chanda a guarantee that no Magistrate in Assam would ever twice convict a coolie on the same complaint. Mr. Chanda can rest quite assured on that point. Turning now to the motion before the Council I should like to explain to the Hon'ble Mr. Sarma precisely how the clause which he desires to have inserted in the Bill will work. Let us take the case of a coolie who has broken his agreement wilfully and without lawful and reasonable excuse, and has been ordered by the Magistrate to return to the garden. He obeys the order and goes back. It is said in the Statement of Objects and Reasons that an employer who deliberately engages a dishonest employee against whom he has previously taken proceedings, does so with his eyes open. I do not, however, suppose that we are to understand that to mean that when the coolie is ordered to return to the garden the Manager is to decline to take him. We can assume therefore that we have got our coolie back again on the garden. At the end of the agreement two things may happen: the coolie may either decide that he wishes to leave the garden, or he may decide that he wishes to remain. If he wishes to leave the garden, the clause on which Mr. Sarma lays so much stress will do no harm at all, but neither will it be productive of any good. My experience of garden coolies, however, leads me to the conclusion that in the great majority of cases they will prefer to remain. When they break their agreements, they generally do so because they have been enticed away or because they have left the garden in a fit of pique, and once they have returned to their old surroundings they generally settle down again quite happily. I am sure that in the majority of cases the coolie will settle down on the garden to which he has returned and at the end of the agreement he will come up and ask for a new advance and a new agreement. But if this clause is passed into law the Manager will have to refuse to give a new advance for he will have no security. The Hon'ble Mr. Sarma says that he will have the security of the ordinary law, but when you are dealing with a tea garden coolie that security amounts to nothing at all. He has no property against which you can proceed, not at any rate in a civil court. The coolie, therefore, must be refused an advance and again he will have the option of doing one of two things. He can either leave the garden which, *ex hypothesi* he does not wish to do, or, if he remains, he must remain on there working as a free coolie and without an advance. Now, the person who would suffer most from that is the coolie himself. The advance is more in the nature of a bonus than an advance as ordinarily understood. There is a fixed standard rate of wage on tea gardens, and when a coolie gives an agreement and undertakes to work for a fixed term, say a year certain, he is given a lump sum down; that amount is never recovered from him and no interest is charged upon it. What it amounts to is that a coolie who agrees to work for a year certain is paid a rupee a month more than a coolie who works under the ordinary master and servant contract and is free to leave whenever he pleases. If, therefore, the coolie remains on the garden without taking an advance, it merely means that he is staying there and working for less pay than he would be entitled to receive. If the law allowed him to enter into a new agreement and receive another advance, I submit, my Lord, that the effect of this clause would simply be to penalise the coolie; it will either drive him away from the garden against his will, or it will entail his staying on there and working at a lower rate of wages than he would otherwise have received.

"For these reasons, I hope that the Council will support the amendment of the Hon'ble Mr. Orum."

**The Hon'ble Mr. C. A. Kincaid:**—"My Lord, I was not on the <sup>11-41 A.M.</sup> Committee of the Bill nor did I intend to take part in this debate. But, since the Hon'ble the Home Member has given official and nominated members the right to speak and vote as they please, I will detain the Council for a couple of minutes while I put before it the views of the Court from which I have just come. I must preface my remarks by saying that in the

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BILL.

[*Mr. O. A. Kincaid; Sir George Lowndes; Mr. W. E. Crum.*] [11TH MARCH, 1920.]

Bombay Presidency, owing to the rulings of the High Court the present Act is more or less of a dead letter. Nevertheless, the Judicial Commissioner's court in Sind, after considering this particular suggestion when it was made, before matters had got as far as the Select Committee, was of opinion that the proviso should not be introduced. As the Hon'ble Mr. Crum has said, the real effect of this proviso is to make a coolie who has been once imprisoned unemployable. The Hon'ble the Home Member has said, if your employer is such a fool as to employ a man who has once been convicted he does so with his eyes open, and has only himself to thank if he is cheated again. But with all deference to the Hon'ble the Home Member, that is not the point. The point is that the employer will not be such a fool and, as the Hon'ble Mr. Crum has said, that coolie will not be employed again.

"Then, my Lord, looking at it from the Judge's point of view, I would put it this way. To punish a man for the first offence and not to punish him afterwards is a reversal of the ordinary criminal law. Now, under the Criminal Procedure Code, the Court is empowered to bind a man or woman down for his or her first offence and to call him or her up for judgment in the event of recidivism. Under this proviso you are expected to punish a man for his first offence and to let him off for every offence which he commits afterwards. For these reasons, my Lord, I support the amendment."

11-43 A.M.

**The Hon'ble Sir George Lowndes** :—"My Lord, I think there are one or two other things that ought to be said in answer to these arguments. In regard to the speech of the Hon'ble Mr. Chanda I am inclined to say 'Heaven defend us from our friends!' The object of this proviso was not to prevent a second prosecution for the same offence, which, I think, there is really no reason to anticipate. I understand that the Calcutta High Court, so far as I could gather from the Hon'ble Mr. Chanda's speech, very properly turned down that suggestion at once. It is not, therefore, to meet the danger that the Hon'ble Mr. Chanda anticipates that this proviso has been suggested.

"With regard to the point made by my Hon'ble friend Mr. Allen, I doubt if that is an argument of great cogency. I always understood that the coolie in Assam has a very definite value and, when you have got him there, you want his labour and there is no chance of his being unemployed. If you have to pay the ordinary coolie one rupee a month more because he promises to stay for a year you will have to pay this man one rupee more, and you will do that presumably because it is worth your while to pay a coolie whom you have got already on your estate rather than have to bring another coolie from outside Assam to take his place, and this at a great cost, as we have been told on several occasions. Therefore, really it would be to the employer's interest to employ the coolie again, possibly giving him the extra rupee without the opportunity of recovering it under this particular Act.

"As regards the Hon'ble Mr. Sarma's suggestion, I do not think it is quite correct to say that the employer will only have his civil remedy; he will have the ordinary criminal remedies if he has been cheated by his employee.

"It also appears to me, with great deference to those who have taken the opposite view, that these extra payments to coolies on the understanding that they will stay for certain periods are hardly in the nature of the advances that we have been dealing with under this Act. I always understood that the kind of advance which it is necessary to give special power to recover under this Act was an advance to a man whom the employer had brought to the estate, and to whom he had given a sum of money to provide for the maintenance of his family during his absence. That is the typical case and not the case of a coolie to whom an employer has paid a slightly higher remuneration on the ground that he had promised to stay for a fixed period."

11-44 A.M.

**The Hon'ble Mr. W. E. Crum** :—"My Lord, I am glad that the Hon'ble Sir George Lowndes has put the Hon'ble Mr. Chanda right over the intention of this clause as regards a second complaint under the same contract.



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BILL.

[11TH MARCH, 1920.] [Mr. W. E. Crum; Sir William Vincent.]

I certainly understood that, when the amendment was put in, it was meant to refer purely to a fresh contract.

"As regards what the Hon'ble Mr. Sarma said about my misapprehension of the position, I do not think I agree with him. He says that the employer is not debarred from making a contract, but that he is debarred from making an advance to the employee. But, as a matter of fact, the two are the same thing; they are synonymous, because as I think the Hon'ble Mr. Allen has clearly pointed out, there is no possible chance of a coolie making a fresh contract without taking a further advance. Again, I do not think it is really a fact, as the Hon'ble Mr. Sarma pointed out, that this clause would only apply to a coolie who had remained in Assam and was ready to take up a fresh contract in Assam. It is quite conceivable that he might have gone back to the country whence he came, and that this clause might apply again if you were making an entirely fresh contract with him.

"As regards what the Hon'ble Sir George Lowndes said, I am not in a position to argue this from a legal point of view, but I would put it to members that this Bill is not simply a Bill which is for the benefit of the employer; it does confer very distinct benefits on the coolies as well, and it is certain that the coolies will not get these advances unless the employers are protected under the Act.

"Well, my Lord, I have got nothing more to say on the subject and, for the reasons which I have put forward and which have been very ably seconded by the Hon'ble Mr. Allen, I suggest again that this clause should be deleted."

The amendment was put and declared carried.

**The Hon'ble Sir William Vincent** :—"My Lord, I ask for a division."

The Council divided as follows :—

*Ayes—20.*

Hon'ble Sir Gangadhar Chitnavis.  
" Mr. W. E. Crum.  
" Mr. H. Sharp.  
" Mr. H. McPherson.  
" Mr. A. H. Ley.  
" Mr. R. A. Mant.  
" Major-General Sir Alfred Bingley.  
" Mr. C. A. Barron.  
" Mr. N. E. Marjoribanks.  
" Mr. N. F. Paton.  
" Khan Shabib Shah Nawaz Bhutto.  
" Mr. C. A. Kincaid.  
" Mr. P. J. G. Pipon.  
" Sardar Sundar Singh.  
" Mr. H. A. Casson.  
" A. E. Nelson.  
" Mr. B. C. Allen.  
" Mr. K. K. Chanda.  
" Mr. G. F. S. Christie.  
" Maung Bah Too.

*Noes—26.*

His Excellency the Commander-in-Chief.  
Hon'ble Sir Claude Hill.  
" Sir George Lowndes.  
" Sir George Barnes.  
" Sir William Vincent.  
" Mr. Shafi.  
" Mr. W. M. Hailey.  
" Sir Arthur Anderson.  
" Pundit M. M. Malaviya.  
" Mr. E. Bardon.  
" Sir Sydney Crookshank.  
" Mr. H. Moncrieff Smith.  
" Mr. A. P. Muddiman.  
" Mr. S. Sastri.  
" Mr. R. Ayyangar.  
" Mr. B. N. Sarma.  
" Mir Asad Ali, Khan Bahadur.  
" Mr. V. J. Patel.  
" Sir Fazulbhoj Carrimbhoj.  
" Mr. K. C. De.  
" Maharaja Sir M. C. Nandi.  
" Nawab Ali Chaudhuri, Khan Bahadur.  
" Chaudhri Mohamed Ismail Khan.  
" Sir Umar Hayat Khan.  
" R. B. K. V. Reddi.  
" Mr. G. S. Khaparde.

The amendment was therefore negatived.

1920 WORKMAN'S BREACH OF CONTRACT (AMENDMENT) BILL;  
LEPERS (AMENDMENT) BILL.

[*Sir William Vincent.*] [11TH MARCH, 1920.]

11-58 A.M.

**The Hon'ble Sir William Vincent:**—"My Lord, I now move that the Bill further to amend the Workman's Breach of Contract Act, 1859, as amended, be passed. It would have been open, of course, to any Hon'ble Member, if the last amendment had been carried, to ask that the motion to pass the Bill should not be made to-day; but that contingency has fortunately not arisen, though I must say that in so far as the Government is represented by the member in charge, we secured a victory by the narrowest margin, particularly having regard to the fact that members of the Executive Council do as a practice always vote with the Government. The amendment was not, however, of very great importance; we have now discussed in this Council the Bill at very great length, and it only remains for me to assure members of this Council once again that the Bill is intended to relax the severity of the present law in so far as the labourer or workman is concerned, and that this has been our aim throughout our deliberations, both in this Council and before the Bill came before the Council. Throughout our examination of the question indeed we recognised that the retention of this Bill on the Statute-book is probably a matter of time. I am aware that many members, at least some members, would like to have introduced further amendments. It is open always to any member to do so by a separate Bill, but I hope that they will not deny support to the present measure on that ground. I shall be prepared, however, to address Local Governments pointing out that the policy of the Government of India is to administer this Act with the greatest leniency possible. I hope in these circumstances that my motion that the Bill be passed will receive the support of members of this Council."

The motion was put and agreed to.

**LEPERS (AMENDMENT) BILL.**

12 P.M.

**The Hon'ble Sir William Vincent.**—"My Lord, I beg to move for leave to introduce a Bill further to amend the Lepers Act, 1898.

"In addressing this Council on this motion at present I do not think I need advert to more than three important clauses of the Bill. If Hon'ble members will take the trouble to study the Statement of Objects and Reasons which is annexed to the Bill, they will really see what the intention of the present legislation is. Under the law as it stands restrictions may be imposed upon the liberty of pauper lepers and further, lepers may be prohibited from following certain trades and exercising certain callings. They are referred to in section 9 of the Lepers Act and include the preparation of articles of food, driving in public carriages and exercising any trade or calling which is specifically prohibited. These provisions are, of course, enacted for the public benefit and for the prevention and spread of this really terrible disease. It has been found, however, that owing to the definition of the term lepers in the Act the present law is inadequate. If Hon'ble Members will refer for one moment to the definition of leper in section 2, they will see that it is there described that 'leper' means any person suffering from any variety of leprosy in whom the process of ulceration has commenced. Medical investigation has proved that leprosy is not only contagious when the patient is in the condition I have described, but even when these signs of disease are not apparent, and it is therefore proposed, in the public interest, to impose the same restrictions which the law now lays down on the pauper lepers and others in respect of lepers in whom this process of ulceration is not apparent although the disease is existent and there is the same danger of contagion. In these circumstances, we propose to amend the definition of the term 'leper' in the manner explained in the Bill.

"The next amendment is that of section 3, which provides for leper asylums being established in places where Local Governments are satisfied that

[ 11TH MARCH, 1920. ]

[ *Sir William Vincent; Mr. Nigel F. Paton;  
Pandit Madan Mohan Malaviya.* ]

adequate arrangements for the accommodation and medical treatment of the lepers have been made. That is a small change, but I think one for the good.

"The Council may be interested to hear that our latest information on the subject of the treatment of this disease, to which Surgeon-General Edwards referred the other day, is very satisfactory in many cases. A new treatment over which Sir Leonard Rodgers spent much labour seems to have had most beneficial results, but it would be too early for us to make any definite statement as to the completely successful nature of this treatment. I may say, however, the results so far at any rate are very encouraging.

"The only other amendment to which I draw attention is the amendment of section 12. At present when a leper is liable to arrest under the Act, any police officer will arrest him. It has been found in some provinces that police officers have, what may appear to Members of this Council, a somewhat natural repugnance to this work and are reluctant to execute this extremely unpleasant duty. We propose, therefore, to allow Local Governments to authorise specially qualified persons to assist the Police in effecting these arrests.

"The motion before the Council at present is only for leave to introduce and publish the Bill in the Gazette of India and in the local official Gazettes. Both Local Governments and charitable organisations have, I may say, taken the greatest pains to do all that is possible to ameliorate the condition of these lepers and to provide for their accommodation and treatment; and we have been particularly asked by one of these organisations, with which, I think, some Members of this Council are familiar, to effect these amendments in the law to enable them to carry on their beneficent and charitable work with greater success.

"With these words, my Lord, I commend this motion to the Council."

**The Hon'ble Mr. Nigel F. Paton** :—"My Lord, I very heartily 12-6 P.M.  
welcome the introduction of this Bill. I have had a good deal to do with lepers, having for the last twenty-five years or more been intimately associated with the management of the Acworth Leper Asylum in Bombay and I can with truth assure the Council that there is a very real need for this Bill, and I think I can also assure the Council that the general population of the country stand in far greater danger of infection from leprosy than is generally understood.

"In my humble opinion I do not think the Bill goes as far as it should, but I am well aware that to endeavour to extend its scope would present very considerable and far-reaching difficulties. So far as the Bill goes, however, I trust, my Lord, that it will be passed into law at the earliest possible moment."

**The Hon'ble Pandit Madan Mohan Malaviya** :—"My 12-8 P.M.  
Lord, I heartily support the motion moved by the Hon'ble the Home Member and I congratulate the Government upon having decided to introduce this Bill. I hope that on the passing of this Bill we shall hear before long that many more Leper Asylums have been provided to ameliorate the condition of those poor sufferers of this foul disease and that organisations for administering relief to those sufferers have increased."

The motion was put and agreed to.

**The Hon'ble Sir William Vincent** :—"I beg to introduce the Bill, and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit?"

The motion was put and agreed to.

**JAGANNATH COLLEGE BILL.**

12.9 P.M.

**The Hon'ble Mr. Shafi :—**" My Lord, I have the honour to move for leave to introduce a Bill to transfer the Jagannath College at Dacca from Trustees to the Governor of Bengal in Council.

"Hon'ble Members are no doubt aware that there exists in the town of Dacca a first grade collegiate institution of which my Hon'ble Friend Rai Lalit Mohan Chatterjee Bahadur is Principal. This college owes its existence to the public spirited generosity of the late Kishori Lal Rai Chaudhri, a Zemindar of Dacca who founded this institution in the year 1884 and, in order to perpetuate the memory of his father, gave it the name of Jagannath College.

"Later on, in the year 1907, the Board of Trustees of the institution formulated a scheme of expansion, and in connection with that scheme the Local Government of East Bengal and Assam made a large building grant to the institution and also a permanent recurring grant of Rs. 1,000 per mensem towards its maintenance.

"My Lord, this college is at present affiliated to the Calcutta University, but under the new condition of affairs which is about to come into existence in consequence of the establishment of the proposed University at Dacca, a material change in the state of affairs will be brought about. Under clause 48 of the Dacca University Bill, Hon'ble Members are aware, no educational institution can continue its existence within a radius of five miles from the Senate Hall of the new University and also continue to be associated with any outside University. But in order not to hurry the Trustees, Hon'ble Members will have noticed, we introduced a proviso to this clause giving them three years within which to make up their minds and during this period of three years the Jagannath College was to continue its association with the Calcutta University. Soon after the publication of the Bill, the Trustees of this college protested by telegram against its non-inclusion as one of the original Halls of the university, and when we were at Dacca during the Christmas week, two of the leading trustees accompanied by Rai Lalit Mohan Chatterjee Bahadur had a consultation with the Secretary in this department, as the result of which certain arrangements were entered into. Following upon those arrangements, a deed has already been executed between the Government of Bengal and the trustees putting an end to the trust under which this institution has been hitherto administered. And now the present Bill is introduced in this Council in order to enable the Jagannath College to enter the proposed university as one of the original Halls of that University. The arrangements arrived at may be summed up in a very few words. The third and fourth year classes of this college will be transferred from the existing institution to the University, and will constitute what is to be called the Jagannath Hall of the Dacca University. The first and second year classes will remain in their present habitation in the city of Dacca and will constitute an Intermediate College connected with the Dacca University and will form one of its principal feeders. In consequence of this arrangement, it must be obvious to Hon'ble Members that certain changes with reference to the management of the property now attached to the Jagannath College and the grant which is received by it from Government will have to be undertaken. It may be that part of the college library, a portion of the assets in its hands, and a portion also of the permanent recurring grant which is at present made by Government to it will have to be transferred to the University. Be that as it may, whatever the nature of those arrangements which may hereafter be entered into between the Local Government and the trustees—I cannot at this stage bind the Local Government in any way in connection with those arrangements—it is essential that a legislative enactment should be passed authorising the changes which are contemplated and in consequence the present Bill is presented to this Council. The principal provision in this Bill is embodied in clause 2, and thereby the properties at present attached to the Jagannath College are transferred to the Local Government,

JAGANNATH COLLEGE BILL; GOLD IMPORT (AMEND- 1328  
MENT) BILL.

[11TH MARCH, 1920.] [Mr. Shafi; Mr. L. M. Chatterjee; The President;  
Mr. W. M. Hailey.]

and, under sub-clause (2) of this clause, all debts and liabilities of the Jagannath College shall, from the commencement of this Act, be transferred to the Local Government, which shall thereafter discharge and satisfy all such debts and liabilities out of the aforesaid properties. This is the main provision of the Bill designed to carry out the intentions both of the Trustees and of the Local Government and of the Government of India as well, and I have no doubt that the motion will meet with the unanimous approval of this Council."

The motion was put and agreed to.

**The Hon'ble Mr. Shafi** :—"My Lord, I beg to introduce the Bill, and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English."

**The Hon'ble Mr. L. M. Chatterjee** :—"My Lord, if I may speak a word in connection with the first part of the motion brought forward by the Hon'ble Member for Education . . .

**The President** :—"It has already been adopted by the Council. If Hon'ble Members would only rise in their seats, I could see them, but I cannot be certain that they wish to speak. I can only see them when they rise in their seats."

The motion was put and agreed to.

**GOLD IMPORT (AMENDMENT) BILL.**

**The Hon'ble Mr. W. M. Hailey** :—"My Lord, I beg leave to in- 19-17 p.m.  
troduce a Bill to amend the Gold Import Act, 1917. I do not propose to detain the Council for more than a very few minutes over this Bill. In the first place, the merits of continuing temporarily the present control over the import of gold were the subject of a debate in this Council on February 24th on a Resolution moved by my Hon'ble friend Mr. Sarma, when I tried to show why it was necessary to maintain control so long as the internal price is above the new gold value of the rupee, namely, 10 rupees to the sovereign, which is equivalent to about Rs 15-14-0 per tola of fine gold. The present price is about Rs. 18 per tola. I should, by the way, like to emphasise the fact that this temporary restriction is distinctly in accordance with, and not, as has been supposed in some quarters, contrary to, the recommendations of the Currency Committee. The Currency Committee recommended as follows:—

"We accordingly recommend that the Gold Import Act should be repealed as soon as the change in the statutory ratio of the rupee to the sovereign to which we refer below has been effected."

"That change in the statutory ratio has not, of course, yet been effected. But I have another reason, and that is, that when we decided to introduce this Bill, it was thought that the present Gold Import Act would probably expire before the next Session of the Council. Up to the present, however, no official notification has been made of the date fixed for the termination of the war, and, that being so, it is likely that the present Act, the duration of which is up to six months after the date fixed for the termination of the war, will continue in force until the Simla Session. In view of this, I propose merely to introduce the Bill, but to take no further steps in the matter during the present Session. By the time that the Council meets at Simla the position will probably be very much clearer. It may be that it will then be unnecessary to continue any legislation of this sort at all. Should, however, we decide that it is so necessary, then we shall, of course, have to justify the course to the Council, in the light of such circumstances as may then exist."

The motion was put and agreed to.

1324 GOLD IMPORT (AMENDMENT) BILL; INDIAN SECURITIES BILL; PRESIDENCY TOWNS INSOLVENCY (AMENDMENT) BILL; INDIAN INCOME-TAX (AMENDMENT) BILL.

[*Mr. W. M. Hailey; Sir George Lowndes.*] [11TH MARCH, 1920.]

**The Hon'ble Mr. W. M. Hailey** :—“ My Lord, I now beg to introduce the Bill, and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English. ”

The motion was put and agreed to.

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**INDIAN SECURITIES BILL.**

12-20 P.M.

**The Hon'ble Mr. W. M. Hailey** :—“ My Lord, I beg to move that the Report of the Select Committee on the Bill to consolidate and amend the law relating to Government securities be taken into consideration.

“ As I said in moving that this Bill should be referred to a Select Committee, it is very largely technical ; it has met with no public criticism; and it is fortunately not controversial. It has been considered in great detail and with great thoroughness by the Select Committee (to whose sedulous care I venture to pay a tribute) ; and, though improvements have been effected in detail, no change of principle has been made which I feel it necessary to bring to the notice of this Council. I believe that the Bill will, if accepted by this Council, prove of great value by rendering it easier to deal with our public securities, by clearing up outstanding difficulties about title, and by creating generally conditions likely to encourage investment in our loans. I beg, my Lord, to move that the report of the Select Committee be now taken into consideration.”

The motion was put and agreed to.

**The Hon'ble Mr. W. M. Hailey** :—“ My Lord, I beg to move that the Bill, as amended, be now passed.”

The motion was put and agreed to.

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**PRESIDENCY-TOWNS INSOLVENCY (AMENDMENT) BILL.**

12-21 P.M.

**The Hon'ble Sir George Lowndes** :—“ My Lord, I beg to move that the Bill further to amend the Presidency-towns Insolvency Act, 1909, be taken into consideration. When I introduced the Bill I pointed out that it was merely supplementary to the Provincial Insolvency Bill which was passed in this Council. We have received no comments or criticisms upon it, and it is not necessary for me to say anything further to the Council on the subject. I move that the Bill be taken into consideration.”

The motion was put and agreed to.

**The Hon'ble Sir George Lowndes** :—“ My Lord, I beg to move that the Bill be passed.”

The motion was put and agreed to.

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**INDIAN INCOME-TAX (AMENDMENT) BILL.**

12-22 P.M.

**The Hon'ble Mr. W. M. Hailey** :—“ My Lord, I beg to move that the Bill further to amend the Indian Income-tax Act, 1918, be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoy Currimbhoy, the Hon'ble Mr. Sita Nath Ray, the Hon'ble Mr. Moncrieff Smith, the Hon'ble Mr. Paton, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks and myself, with instructions to report on or before the 20th March, 1920.

INDIAN INCOME-TAX (AMENDMENT) BILL; SUPER-TAX 1925  
BILL.

[ 11TH MARCH, 1920. ] [ *Mr. W. M. Hailey.* ]

"In proposing that this Bill shall be considered by a Select Committee, I do not wish to repeat the general remarks which I made in introducing it to the Council. There is no outstanding change of principle, and the details are such as may somewhat more suitably be perhaps considered in Select Committee than in the course of a general discussion in Council. I only desire here to refer to some criticisms, or perhaps I should say interpellations, which have been addressed to us on the subject. The first refers to an apprehension that our reference to agricultural income in (x) of sub-clause (2) of clause 3 portends a change in the treatment of incomes of companies engaged in agricultural operations. That is not the intention. The change is being made simply to make it clear that agricultural income shall not be taken into account for any purpose at all, including the determination of the rate of tax to be paid. In other words to carry out fully the decision of this Council in the Resolution of the Hon'ble Rai Sita Nath Ray Bahadur. The definition of 'agricultural income' in section 2 of the Act will of course remain unaltered. We have, secondly, been addressed on the subject of the definition of 'registered firms.' The definition is of importance, as I shall subsequently explain to-day in connection with the assessment of the revised super-tax. Our main object in drawing a distinction between registered and unregistered firms is to afford the Collector clear evidence as to the shares on which income or profits are divided. We have been told that the necessity for registering instruments of partnership may form an obstacle in the case of firms operating in this country whose head offices are situated abroad. We propose to leave this question for discussion in the Select Committee.

"I beg, my Lord, to move that the Bill be referred for the consideration of the Select Committee named by me."

The motion was put and agreed to.

### SUPER-TAX BILL.

**The Hon'ble Mr. W. M. Hailey** :—"My Lord, I beg to move 12-24 P.M. that the law relating to super-tax be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoj Currembhoj, the Hon'ble Mr. Sita Nath Ray, the Hon'ble Mr. Moncrieff Smith, the Hon'ble Mr. Paton, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks and myself, with instructions to report on or before the 20th of March 1920.

"In introducing this Bill, I offered a few general remarks on its purport, and I now propose shortly to supplement these. The main purport of the Bill is, as the Council are already aware, to substitute a super-tax at a flat rate of one anna on the income of companies for the present rate of from one to three annas on the undivided profits. We have been reproached with departing from the true principle of the super-tax, which is taxation of the individual; but I am not sure that the Council will demand any justification of our action in proposing the present taxation. The old tax was admittedly undesirable, and we were under an obligation to amend it, but we cannot afford to forego the revenue which companies brought us under the super-tax head. It is not a question of economic propriety; and I do not therefore here enter into the discussions which have engaged the energies of economic writers, on the subject of corporation taxation; it is a question mainly of convenience. I do not believe that the incidence of the tax is such that it will either form a burden to existing, or hamper the creation of new, industries. At the worst, I expect to see only some slight re-adjustment in the capital value of shares.

"It will be noted that while taxing companies on the new basis, we at the same time retain the existing super-tax on individuals, unregistered firms and on Hindu undivided families. We continue to treat the unregistered firm as an individual for super-tax purposes, because we have no means of accurately gauging the shares of its component members. It is for the

[ *Mr. W. M. Hailey; Rao Bahadur B. N. Sarma.* ] [ 11TH MARCH, 1920. ]

same reason that we continue to treat the Hindu joint family as an individual. The Council will remember the long discussions which took place on this subject in connection with the Hon'ble Mr. Sarma's amendment on the Income-tax Act of 1918. We did our best to meet the case as then presented to us; we considered with great care the various suggestions for treating the members of these families on an individual basis. We took into consultation several Hindu gentlemen skilled in the law; and we came reluctantly to the conclusion that there was no practicable or workable method of doing so. Indeed, we doubted whether a strictly legal interpretation of the law regulating such families would allow us to do so. We have gone further, and have not reproduced in the present Bill the provision of the existing Act, which allows of the deduction from the income of a Hindu joint family of any sum expended for the maintenance of any member of a family or finally allotted to him. We are advised that such deductions are liable to abuse; that it is possible to write off as expenses large sums which cannot properly be so called.

"Now as to registered firms; we have decided, since they do not stand in the same position in regard to corporate effort and protection against liabilities as companies, to treat their component shareholders as individuals. Some doubts have been expressed as to the meaning of the words registered and unregistered. The definition will be found in the amended Income-tax Bill which I have introduced to-day, and as I have said in introducing that Bill, if the definition presents difficulties, we hope that the matter will be considered, and the difficulties removed, by the deliberations of the Select Committee.

"So much for the main effect of the Bill; a second point at which we aim is the simplification of procedure by basing the Super-tax Act on the new Income-tax Act instead of the obsolete Act of 1886. The simplification in working will be great, since the assessment will now be on exactly the same basis as the ordinary income-tax. The point is not without importance in connection with an enquiry which has been addressed to us as to the definition of the term 'Income' for the purpose of the new super-tax in regard to companies, particularly insurance companies. The assessment will be on the same basis as now in force for the income-tax; the word is not defined in the Act, but I shall be glad to lay before the Select Committee the current instructions in regard to the method of assessment. Here I merely wish to emphasise that there will be no change of method.

"There is one final point, but an important one. The new form of taxation involves in some cases a payment of both kinds of super-tax; that is to say, an individual whose dividends have already paid the flat rate of one anna in the rupee, will, if his income exceeds Rs. 50,000, be called upon to pay super-tax also as an individual. The Council will not, I think, consider this to be an undue hardship. The double payment will affect only those whose income, including income from dividends, are over Rs. 50,000, and will affect them only to the extent that such super-taxable income is derived from dividends. In the most extreme case, and I take an extreme case so as to show the matter in its worst light, one of our millionaire friends would pay three annas in the rupee on so much of his income as exceeds two lakhs a year, while so much of his income as is derived from the dividends of companies whose total income is over half a lakh will have paid at source one anna in the rupee.

"I now beg to move that the Super-tax Bill be referred to the Select Committee named by me."

12-23 P.M.

**The Hon'ble Rao Bahadur B. N. Sarma.**—"My Lord, I had hoped that the Government would have been in a position to consolidate the Income-tax Act and the Super-tax Act so as to bring the tax-payers under one enactment and free the income-tax payer and the super-tax payer from many of the difficulties to which they are exposed under the present laws. I suppose pressure of work in the Council might have prevented the Government from undertaking that task. I hope, however, that will soon be undertaken.



[ 11TH MARCH, 1920. ]

[ *Rao Bahadur B. N. Sarma; Mr. Kamini Kumar Chanda; Mr. W. M. Hailey; The President.* ]

"To the regret of Hindu joint families we find that the Hon'ble the Finance Member chooses to go further and make their position more intolerable than it has been under the previous Act. We were complaining that the effect of the law was practically to discourage the continuance of the Hindu joint family system as it was. The Government expressed their sympathy with us and said that the only obstacle was the inability on our part to point out a method whereby they could adjust taxation so as to fall on the right shoulders. I believe, my Lord, that that is not an insuperable task, and if the brains of the Government officials, let alone those of the poor non-officials who are not well versed in the intricacies of the problem of taxation, are exercised in the matter, and for the benefit of the Hindu joint family taxpayer, I think some relief can be afforded. There seems to be no justification, my Lord, for removing the few safeguards that were provided for in the present Act. I hope the Select Committee will give further consideration to the matter and not make the position worse in the case of Hindu joint families.

"Then another point which would strike one is that individual firms, whether they are Hindu joint family firms or individual traders, are perhaps put in a worse position than companies under the present system. I hope I am mistaken in forming that impression, but it seems to me that an individual trader would have to pay one anna to three annas, whereas a company would be liable to pay only one anna, and therefore could compete more successfully with the individual or firm in business. Whether that would be the effect I cannot exactly say, but I hope the Select Committee will look into that matter and not expose the individual trader, whether joint family trader or otherwise, to this new risk. I am sure that there is no necessity at the present moment for tightening up the law in order to bring in more money under the Super-tax Act. It may be necessary to administer the Income-tax Act more efficiently. I believe the Government have taken steps to do that and plenty of money is coming into the exchequer. I hope, under those circumstances, that the Government would not remove the few safeguards provided under the old Act and make the law, tighter so far as super-tax taxation is concerned?"

**The Hon'ble Mr. Kamini Kumar Chanda:**—"My Hon'ble friend Rai Sita Nath Ray Bahadur is ill and may not be able to take an active part in the deliberations of the Select Committee. In these circumstances, may I have the leave of the Council to propose the name of another Indian member in the person of my Hon'ble friend Mr. B. N. Sarma?" 12-38 P.M.

**The Hon'ble Mr. W. M. Hailey:**—"My Lord, we have had no notice that the Hon'ble Rai Sita Nath Ray Bahadur will not be able to attend the meetings of the Select Committee. But if, with the Hon'ble Mr. Sita Nath Ray's own consent, the Hon'ble Mr. Chanda makes the proposal that the name of the Hon'ble Mr. Sarma should be substituted for his, I, of course, should have no objection at all. I should not like, however, to ask the Council to remove the name of the Hon'ble Rai Sita Nath Ray Bahadur until I was assured that he himself had consented to that course."

**The Hon'ble Mr. Kamini Kumar Chanda:**—"I do not propose the substitution but the addition of the name of the Hon'ble Mr. Sarma."

**The Hon'ble Rao Bahadur B. N. Sarma:**—"May I say, my Lord, that the Hon'ble Rai Sita Nath Ray Bahadur may find himself in a position to come. I have enough work to do and hope I may be excused."

**The President:**—"Does the Hon'ble Mr. Hailey wish to reply on the debate?"

[*Mr. W. M. Hailey; The President; Rao Bahadur [11TH MARCH, 1920.]*  
*B. N. Sarma.*]

**The Hon'ble Mr. W. M. Hailey** :—“ I entirely understand, my Lord, the attitude that the Hon'ble Mr. Sarma has taken up on the subject of our treatment of the Hindu joint family; I know from the previous discussions on the subject how strongly he feels on that matter. I can merely assure him that, with the kind assistance of my Hon'ble friend Sir George Lowndes and at considerable personal trouble to several gentlemen whom we asked to come up from great distances to advise us in the matter, we did our very best to get over this difficulty.

“ If, however, the Select Committee can demonstrate that they have better brains than we have, if they can find any working device for getting over the difficulty, if they can surmount the obstacle which I may say has baffled each and every one of the Local Governments that were consulted on the subject and each and every one of the persons whom the Local Governments themselves consulted, if they can find any such device, and it will not cause the loss of any considerable amount of income, we shall be glad to adopt it. I think, with your permission, my Lord, I should like to fall in with the suggestion put forward by Mr. Chanda and add the name of Mr. Sarma to the Select Committee if he will consent to serve on it, in order that he may put his views on this particular subject fully before them.”

**The President** :—“ I understood that Mr. Sarma did not wish to serve on the Committee.”

**The Hon'ble Rao Bahadur B. N. Sarma** :—“ My Lord, I never said that I refused to serve upon the committee; I only said that if it were possible some one else might be appointed. I mean that I shall never say that I do not have the time or that I shall not undertake that business.”

**The Hon'ble Mr. W. M. Hailey** :—“ I take it, my Lord, that that amounts to a consent, however unwilling, on the part of Mr. Sarma, to give way to the calls of public duty. As to the point in regard to unregistered firms, that also will be considered duly by the Select Committee. There is no further point that has been raised in Council to-day, and I have merely to ask that the matter may now be referred to the Select Committee for further consideration.”

The amended motion\* was put and agreed to.

## IMPERIAL BANK OF INDIA BILL.

12-30 P.M.

**The Hon'ble Mr. Hailey** :—“ My Lord, I beg to move that the Bill to constitute an Imperial Bank of India and for other purposes be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoj Currimbhoy, the Hon'ble Mr. Sita Nath Ray, the Hon'ble Mr. Muddiman, the Hon'ble Sir Dinshaw Wacha, the Hon'ble Mr. Sarma, the Hon'ble Sir G. M. Chitnavis, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks, the Hon'ble Sir Thomas Holland and myself, with instructions to report on or before the 20th March, 1920.

“ My Lord, in introducing this Bill on March 1st I explained, I think very fully, the general outlines of the scheme to form an Imperial Bank of India out of the three existing Presidency Banks of Bengal, Madras, and Bombay. I described to the Council the great importance we attach to this scheme as marking a very definite step forward in the direction of providing this country with the banking facilities of which she is admittedly so much in need. This latter is such a truism that I am quite sure that any measure which promises to give substantial results in this direction will engage the good-will of all

\*That the Bill to amend the law relating to super-tax be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoj Currimbhoy, the Hon'ble Mr. Sitanath Ray, the Hon'ble Mr. Moncrieff Smith, the Hon'ble Mr. Paton, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks, the Hon'ble Mr. Sarma and the Hon'ble Mr. Hailey, with instructions to report on or before the 20th March 1920.

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Members of this Council. In such criticisms as I have seen of the scheme, and of the present Bill which seeks to give effect thereto, I have nowhere seen it denied that this measure is undoubtedly a very substantial step forward in the right direction.

"In my introductory speech I also referred to certain other beneficial results which we look for from the scheme. The most important among these is the opportunity it will give to the young men of this country to be trained in modern methods of banking. I will not repeat what I said on this point on March 1st. Further, by bringing together all the classes and interests which are now variously represented in the three Presidency Banks, we hope to do something to nationalize our premier banking institution, and to secure that co-operation among the various communities and interests which is an indispensable factor in promoting the economic interests of this country.

"I do not propose, therefore, to say anything more about the general character of the scheme, the broad outlines of which have been before the public for some months. All that I need do, I think, on the present motion is to say a few words about the way in which the Bill itself seeks to give effect to the scheme. Here, again, my task has been lightened by the very full description of the provisions of the Bill given in the Statement of Objects and Reasons which the Hon'ble Members will, no doubt, have read. The preparation of the Bill has presented peculiar difficulties, and if I may, with propriety do so, I should like to compliment the Legislative Department on the very effective piece of drafting which they have evolved. A large number of the provisions of the Bill itself, and of the Schedules, relate to matters which are more or less of a technical character, which have to be provided for in the constitution of all large corporations, and which are designed to regulate the conduct of the every-day business of the Bank, its relations with shareholders, the issue of capital, transference of shares, board meetings, the winding up of the existing three banks, and so forth. I do not think I need trouble the Council with any explanation of those provisions; they will be carefully examined in Select Committee, and the advice and criticisms of the non-official Members on that Committee will be most valuable.

"Before, however, I come to the clauses of this Bill which, from the point of view of the general tax-payer are the most important, there is one matter to which I ought to refer, namely, the various restrictions which it is proposed to impose on the business of the Bank. Generally speaking, these follow the restrictions of the existing Presidency Banks' Act. Subject to any suggestions of detail which the Select Committee may put forward, I am sure the Council will agree with me that a central institution of this character, which is to be entrusted with very great responsibilities in the matter of acting as Government's banker, cannot, in the interests of the tax-payer, be allowed to engage in business which may be quite right and proper for an ordinary joint stock bank (such as advances on shares or land or house property), but which is not desirable for an institution which is meant to be pre-eminently a banker's Bank and must therefore keep its resources fluid. There is one restriction, indeed, which has evoked some criticism in certain quarters, though it is not a new restriction, namely, the restriction that the Bank shall not do foreign exchange business with the ordinary public. I referred to this matter in my speech introducing the Bill on the 1st March, and I will not repeat what I said then in the matter. I will only point out that the new Bank, unlike the present Presidency Banks, will be able to engage in foreign exchange, though not with the general public. I doubt if there is any *quasi* State Bank which goes into the market and buys foreign exchange bills from the ordinary public. It uses its resources in such a way that banks doing foreign exchange business rely thereon for re-discounting or acceptance of their bills, and that, I submit, is the proper function for a Bank of this sort.

"While, however, we have preserved the general character of the present restrictions, the Bill proposes to relax these in certain directions which, I think Hon'ble Members will agree, are well within the limit of safety. These are mentioned in the notes under clause 8,

[*Mr. W. M. Hailey.*] [11TH MARCH, 1920.]

"I must also mention another very important matter in which the new Bank will differ from the existing Banks. I refer to the establishment of a London office. This matter has a long history behind it, with which, however, I do not think I need trouble the Council, except to say that it is common knowledge that the Presidency Banks have for many years desired access to London and have hitherto been refused it, for reasons which seemed good to previous Secretaries of State and former Governments of India. In our despatch to the Secretary of State of 25th June, 1919, which Hon'ble Members have seen, we stated that in our opinion the grounds for accepting the proposal for a London office were irresistible, and we added 'we feel confident that you will agree that in the case of a national institution like the Imperial Bank of India the denial of a London office, which would be represented as dictated by excessive care for the interests of non-Indian concerns cannot be contemplated.' The Council will probably join with me in a feeling of satisfaction that the present Secretary of State has agreed to the new Bank being represented in London. My Hon'ble friends, when they next visit London either for their own purposes, or as many of them have done lately in the cause of India, and when they go down Fleet Street or the Strand, will not only see the board of the Union Bank of South Africa, or the Commonwealth Bank of Australia, or the Dominion Bank of Canada, but the board of the Imperial Bank of India.

"I now turn to those provisions of the Bill which are likely to be of special interest to the general public. The first of these is clause 10, which declares that it shall be lawful for the Bank to enter into an agreement with the Government to act as Government's banker and to undertake any other business which Government may from time to time entrust with the Bank. That clause goes on to lay down that the Governor General in Council shall have power to issue instructions to the Bank in respect of any matter which in his opinion vitally affects the financial policy of the Government or the safety of the public funds, and that, in the event of the Bank disregarding such instructions, such agreement may be declared void. Further, it requires that within five years from the commencement of this Act the Bank shall establish and maintain not less than 100 new branches, the location of at least one-fourth of which shall be decided by Government. I think the Council will agree that they are very important provisions. They enable us, through our representative on the Central Board, to ensure that the Bank's business is not conducted in such a way as to be injurious to the public interests. They further ensure an immediate progress in the matter of increasing banking facilities. I need not dilate on this point; all I would add is that the mere starting and manning of a minimum number of 100 new branches within five years must necessarily of itself lead to a very large increase in the employment of Indians, and I foresee that one of the first tasks which the Central Board of the Bank will have to undertake, when it is constituted, is to take immediate steps for the training of young Indians in banking business; I do not know how otherwise they will be able to recruit the required staff.

"My Lord, the other important point is the constitution of the governing body of the Bank. The Council will recollect what I said on this matter on March 1st. The Central Board is to consist of 14 members, of whom 4, namely, the Controller of Currency and the Secretaries of the three local Boards, will have no vote, the remaining 10 will be the presidents and vice-presidents of the local Boards, two managing governors, and two non-officials to be nominated by Government. I explained in my introductory speech why we have provided for these two non-official governors, and if the Council will allow me I will read what I said on that occasion:—'We have been told by certain critics that if the governing body is limited to the constitution I have described this institution will have what the writers are pleased to call an entirely European character. I must delay the Council while I examine this objection. In one of the constituent Banks, the Bank of Bombay—Indian shareholders are already in a majority, and 3 out of the 6 Directors of that Bank are Indians, one of whom, besides being one of the leaders of industry in this country, is a prominent Member of this Council. I am again glad to hear

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that the Bank of Madras has recently invited an Indian gentleman to join its directorate. The Council will, I think, agree that it is not for Government to dictate to the shareholders whom they should or should not elect as directors, and I can see no justification for any attempt to legislate in the direction of compelling the shareholders to exercise their choice in favour of members of one class of the community rather than another. But we desire to see the new Bank start under the most favourable auspices. We desire that there should remain no doubt or suspicion, justifiable or unjustifiable, that the interests of the general tax-payer, who will contribute a considerable portion of the Bank's resources in the shape of Government balances, are not sufficiently represented. While, therefore, we do not intend any dictation to the shareholders regarding their own representatives on the governing body, we have decided to take power in the Bill for the Governor General in Council to nominate two additional members to the governing body of the Bank. These members will be non-officials; they will be nominated for a year; but can be re-nominated; and the provision will, as I hope the Council will agree, amply meet the desire that the interests of the general tax-payer will be sufficiently represented.

"I see, my Lord, that the Hon'ble Mr. Patel has an amendment the effect of which will be to postpone the passing of this Bill. I shall not attempt to anticipate any arguments we have to urge on that cause, but I think I have said enough already to convince the Council that it is a measure which has been long looked for and the consummation of which if it can now be achieved will be of great benefit to India. If delay is caused by any action of this Council it can be nothing but detrimental to the interests of India.

"I commend this Bill, my Lord, to the Council in the full conviction that it is one which very definitely makes for the furtherance of the country's economic interests, and I beg to move the motion which stands in my name, namely, that it should now be referred to a Select Committee."

**The Hon'ble Mr. V. J. Patel :—**"My Lord, I have the honour to move an amendment that in the motion to refer the Bill to a Select Committee all words beginning with 'with instructions to report' till the end of the motion be omitted. 12-55 P.M.

"My Hon'ble friend, Mr. Hailey, has very rightly pointed out that this is a very important and useful measure. He has laboured at length to explain to this Council the various provisions of the Bill. There are, as this Council will see, as many as 34 clauses to this Bill. The Bill was published for the first time on the 1st March—I do not know whether it was published in the Gazette of India on the 1st March—but it saw the light of day for the first time on that date and probably after two or three days it was published in the Gazette of India. Well, ordinarily the practice of this Council is that a Select Committee to whom a Bill is committed by this Council, is not to report on it until the expiration of three months from the date of the publication of the Bill in the Gazette of India. I refer this Council to Rule 25 of our Council Rules printed at page 91 of the Legislative Council Manual. It reads, 'After publication of the Bill in the Gazette of India, the Select Committee to which the Bill may have been referred shall make a report thereon. Such report shall be made not sooner than three months from the date of the first publication in the Gazette of India, unless the Council orders the report to be made sooner.'

"Now, my Lord, ordinarily as I say, the Select Committee can report on the Bill after the expiration of three months from the date of publication of it in the Gazette of India. Power is, however, given to the Council to ask the Select Committee to report earlier if there are special circumstances in the case of any Bill. The whole question therefore before this Council at present is whether there are in this case any special circumstances which would justify this Council to give special instructions to the Select Committee to make its report earlier than the prescribed period of three months. And, my Lord, the Bill has not been before the public even for a week. Many people have hardly

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seen the Bill. The public must have reasonable time to express their views on the various clauses contained in this Bill. There are a good many points involved in the Bill; in the first place, there is the question regarding the constitution of a Central Board on which there should be at least half the number of Indian representatives. I understand the Indian commercial community of Bombay has already kicked up a row in the matter. Then, again, there is the similar question as to the constitution of local boards. In Madras, there is no Indian as director, nor in Bengal, though as my Hon'ble friend, Mr. Hailey, says there are three Indian gentlemen as directors in the Bombay Bank . . . .

**The Hon'ble Mir Asad Ali, Khan Bahadur** :—"In Madras one director has been appointed."

**The Hon'ble Mr. V. J. Patel** :—"Then, again, there is the question as to whether there should be a separate gradation at all for the European and Indian staff. Then there is the further question that there should be no importation of Englishmen till a larger element of Indians has been trained up for the higher administrative posts in the service of the new Bank. There is also the question whether the new hundred branches proposed to be opened should not be manned by Indians alone, and again whether any restrictions should be put upon the right of shareholders for the inspection of the Bank's registers. We had recently had some trouble in Bombay over this question, and therefore the matter requires to be made quite clear. Then, again, there is an important question whether the Imperial Bank should be allowed to do exchange business or not, and that is really a very difficult question. As I say, my Lord, this Bill which is of such magnitude and of such far-reaching consequences has hardly been before the public for a week. My Hon'ble friend, Mr. Hailey, has referred in his speech to the criticisms that he has received in connection with this Bill. I do not know from whom he has received criticisms. The Bill has hardly been before the public, except, perhaps the Delhi public, who might have had copies of the Bill a couple of days earlier than people in Bombay, Bengal or Madras. However that may be, I have ventured to bring forward this amendment, because I know there is a strong feeling in Bombay that this Bill should for the present be deferred, and that the opinions of the public be invited. Very recently, your Excellency, the Industrial Conference met in Bombay under the presidency of my Hon'ble friend, Sir Fazulbhoy Currimbhoy, at which the following resolution was unanimously adopted :—

'This Conference considers that the Bill dealing with the proposed Imperial Bank should be published in full detail and criticisms invited from the public before any definite action is taken.'

This resolution was moved by a friend of mine, Mr. S. R. Bomanjee, and unanimously adopted by the Industrial Conference. I do not know what view my Hon'ble friend, Sir Fazulbhoy, takes on this question now, but that was the view he took only a month ago when he presided over the Conference. And of course I shall not blame the Government if they do not take the resolutions of the Congresses and Conferences very seriously when their own Presidents choose to repudiate them. This is, however, by the way, but the fact remains that the people in Bombay do demand that this Bill ought to be published and criticisms invited.

"Then, again, in the three Presidency Banks which it is proposed to amalgamate into one Imperial Bank represent a capital of 15 crores of rupees. My Hon'ble friend has just stated that so far as the Bombay Bank is concerned, the majority of the shareholders are Indians, and I cannot understand why a scheme affecting the whole commercial community, the shareholders, customers, and also I venture to say, the general tax-payer, should be given legislative sanction so hurriedly and without giving the people concerned ample opportunity to place their views before this Council and the Select Committee. I should very much like that a measure of this kind should be left over to be considered by a somewhat more representative Council such as we are going to have shortly. But as that cannot be, my Lord, I want the

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Government to accept this motion which merely asks this Council to follow the ordinary rules of business. I do not want anything more. I want that this Council should follow its ordinary rules of business and should not go out of its way to give special instructions to the Select Committee that they should report on or before such and such a date. It seems to me perfectly clear, my Lord, that the Government is determined to have this measure through this Session of the Council, and therefore they want the Select Committee to report by the 20th of this month,—I think it is the 20th,—and we close the Sessions on or about the 22nd instant. If it is not the intention of Government to have this Bill passed through this session of the Council, there is no justification for asking the Select Committee to report by the 20th March. I have no doubt, therefore, that the Government seriously intend to have this measure placed on the Statute-book before the close of the present Sessions.

“I do not know, my Lord, why we should not in this case follow the ordinary procedure that is usually followed in other cases in this Council. There is no such hurry in regard to this Bill. Then, again, the question whether there should be a State Bank, or whether there should be an amalgamation of the three Banks into an Imperial Bank as proposed by this Bill, is one which is pending consideration for the last so many years. What is there in this Bill which calls for so much haste? Why does my Hon'ble friend, Mr. Hailey, say that delay in this case is detrimental to public interests? What were Government doing for so many years? Why did they not bring forward this or a similar measure years ago? And now, when the public ask for some time, we are told, ‘Oh, delay is dangerous to public interests.’ Well, if public interests were the guiding and deciding factors we should have seen a State Bank long ago. Even now the Government does not come out with that proposal. When was the amalgamation scheme published? The full scheme was published on the 12th of January, I believe, and the share-holders of the Bank of Bombay were asked to consider the matter then and there and sanction it. Is that fair, my Lord? And the Council will be surprised to hear that the scheme was found printed in June last and it was placed before the share-holders on the day of the meeting, that is the 12th of January.

“I do not know why all this secrecy? I cannot understand it. Why not do things straight? Take the opinions of the people, give them some time; let them consider the Bill, and we shall consider all their objections and decide the matter. Well, my Lord, I do not think I can usefully add anything more to my arguments. As I say, there is absolutely no urgency about the matter and the Bill might as well wait. Let the Select Committee be appointed now and let that Select Committee report as usual according to the usual procedure. The Bill will then come up in September. I do not say there should be no Select Committee now. That is not my motion. Let there be a Select Committee, and let that Select Committee do its work in the ordinary course.”

[At this stage the Council adjourned for lunch.]

**The Hon'ble Mr. W. M. Hailey** :—“I desire, my Lord, to answer at once certain considerations that have been put forward by the Hon'ble Mr. Patel in regard to his amendment, and I desire to speak only on the amendment. I desire to do so at an early opportunity because, I think, the Hon'ble Mr. Patel has not given us credit for our endeavours to get this matter properly put before the public. Let me recite the facts. The amalgamation was hinted at in Mr. Howard's speech in the discussions in Council last September. Early in the winter, towards the end of November or the beginning of December, the banks published a very full summary of the scheme containing all the essential information. That summary was printed in the newspapers; it was discussed and it was criticised. The Hon'ble Mr. Patel asked me whence I got the criticisms to which I referred. Well, my Lord, criticisms are frequently welcome to us; I often find them very helpful; I always ask my friends to produce any criticisms they have. But I am a somewhat busy man and I do not go out of my way to invent criticisms. I found those criticisms to

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which I referred in the newspapers; they are a proof that the scheme had been fully ventilated in the press, and I am bound to say that while I found criticisms I found also at the same time very many favourable comments on the scheme. I maintain that the public has, for some months, been in full possession of all the essential features of this scheme. It is perfectly true that the despatches between us and the Secretary of State were not published until February, the 12th. Those despatches were useful for a consideration of the scheme; they were not essential to it. Our Bill has, I admit, only recently been published, but if Hon'ble Members will cast their eyes over the Bill they will see that the greater part of it refers almost entirely to what I may call the domestic affairs of the banks. The features which interest the public have already been before the public for some months.

" Now, what are the points on which Mr. Patel thinks that the public should have time for further consideration? They are such points as these, whether there should be a definite number of Indians on the Board of Control, whether there should be a definite Indian representation on the local Board; whether it should be laid down that there should be a definite number of Indian managers on the establishment of the bank; whether or not it should be laid down that there should be no differential scales of pay between Indians and Europeans in the bank. That is the type of matter on which he wishes the public to have further time for consideration. Now, I wish to be perfectly frank about matters of this sort. We believe the Bill as it stands to be a useful one, but I must say at once on behalf of the Government that they would be reluctant to proceed with a measure which for the first time in the history of Indian legislation provided by Statute for discrimination between Indians and Europeans. So much for that point.

" He then said that he thought that the public ought to have further time to consider a somewhat controversial point, a point which has at all events proved controversial in the past, namely, the right of inspection. If Mr. Patel had done us the bare honour to read the Statement of Objects and Reasons, he would have seen that that statement prominently called attention to the fact that the right of inspection was provided for in the Bill.

" Then, again, he referred to the question whether or not the new bank should have the right of dealing direct in exchange. I have dealt with that twice; I do not wish to trouble the Council with it again now. I will only repeat what I have said before, namely, that the shareholders in the banks have not themselves asked for that.

" Now, my Lord, may I turn from these criticisms for a minute to what I consider to be the constructive reasons why we should not delay this legislation. This is an amalgamation which has been pending for many years. It has been defeated in the past more than once by local, by inter-provincial, jealousies. It has, I think, on one occasion been put aside through what perhaps we should regard now as the undue caution of the Government of India and of the Secretary of State. We now see ourselves within reasonable reach of consummating that amalgamation. But it is a business matter and I appeal to any business man here to say whether when, after careful negotiation, after smoothing down inter-provincial jealousies, after providing for a number of divergent interests in regard to the participation in capital, an amalgamation is arranged, he would venture to suggest that it should be delayed for some months; that the market for the shares of the interest should be unsettled; that the shareholders should not know where they are, that the managers of the banks should not know whether they are or are not to make arrangements for an increased staff, or new buildings for their branches. I say that is no way whatever for the Council to deal with a business proposition. Mr. Patel would not only delay it for the immediate present, but he expressed a desire that it should be referred to the Reformed Councils. I do not know, my Lord, what attitude he thought those Reformed Councils would take on the subject. I think perhaps in his mind he has some suspicion that they would form a better judgment on it than the present Council. I myself am prepared to entertain every confidence in the common sense and



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the political wisdom of the new Councils, but I see no reason to suppose that they will exhibit either greater common sense or greater political wisdom than this Council. I say to this Council that it has here a chance of passing a useful piece of legislation. There will come a time when the records of this Council will be scanned by historians, and I say it 'Do not miss the opportunity . . . .'

**The Hon'ble Mr. V. J. Patel:**—"I rise to a point of order, my Lord. My case is not that this Bill should go to the next Council. Then, why all this argument? My case is that the Select Committee should meet later on and report by September."

**The Hon'ble Mr. W. M. Hailey:**—"My Lord, I have, I think, a good memory. I remember distinctly, and I do not fear any contradiction on this point, that Mr. Patel suggested that it might well be left to the new Council. If I am mistaken about that, no doubt the records of this Council will put me right. I say it would be well if this Council could assure itself that, when its records come to be scrutinised in the future, there should be found on its records so useful and so constructive a piece of legislation as this."

**The Hon'ble Mr. G. S. Khaparde:**—"Your Excellency, I 2-39 P.M. wish to support the motion to drop the words indicated so as to admit of this Bill reaching this Council again at Simla. And my reason for this, in addition to the reasons given by the Hon'ble Mover, is, among others, that in the despatch of the Government of India it is stated (I read from page 3) that 'we do not claim that this widespread extension of branches will work a sudden miracle or will immediately prove itself the long-sought talisman to charm the wealth of India from its hoards. We do not look for rapid or dramatic results.' I read this sentence out to show that no immediate results are expected from the passing of this Bill, and the Government of India themselves do not expect—or do not appear to show here—that there is any great urgency about that matter. Then I have a difficulty which I have always felt and which from a commonsense point of view I put forward to-day, and I think it will require a good deal of consideration too. From the memorandum of the Directors submitted to Government, I read paragraph 2—'The amalgamation appears to be not only desirable, but also inevitable. It is highly probable that powerful banking interests in London will before long obtain control of certain Indian interests, more particularly those of certain Indian Exchange Banks. The probable acquisition of interests in India by some of the large London Joint Stock Banks renders it imperative that the Presidency Banks should close their ranks, consolidate their position, and present a united front.' Now what is this united front to be presented for? To prevent London Banks from acquiring interests in India. What is the objection to London Banks acquiring interests in India? I cannot conceive of there being any, even so far as I am concerned. I am not a business man nor a financier, but so far as I can see, if more capital comes in and there is, so to speak, a competition among capitalists, we who borrow will be benefited thereby, and will be able to get it at smaller rates of interest. Obviously these three bank people are doing good trade I believe, and they do not want London Bankers to come here and take a share of it. At least that is how I read this paragraph. So, looking at it from both these points of view, I do not see that there is any urgency about the matter. Nor do I fear that London Bankers acquiring interests in exchange or other things in India will be an evil. To my mind it will be a distinct benefit. It will bring in more capital, there will be competition, and we shall get the capital cheaper. Also, I suppose something of that kind was also in mind in the case of the proposed amalgamated bank because they also propose to have an office in London. So obviously having connection with London will be advantageous in all ways I believe. So the reasons for urgency do not appear to be present and

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in the ordinary course, during which the Bill is published, there is two or three months' time for people to consider and give their opinion and we talk about it and debate on it. I think that course is the right course to follow in this particular instance. People like me would like to have some time to think out whether it would really be an evil for London Bankers to acquire interests here. At present I am persuaded that it would be distinctly beneficial. There may be other people also I believe more or less of the same opinion as myself. So on these grounds I support the motion that this Bill may go to a Select Committee, but that that Select Committee should not be directed to submit their report before the 20th instant. So I support the amendment."

2-44 P.M.

**The Hon'ble Sir Fazulbhoj Currimbhoy:**—"My Lord, I wish at the outset to state that I am placed in this Council in a very delicate position. I am the Vice-President of the Bank of Bombay. At the same time I represent the commercial interests of the Indian community in this Council. I am glad that the Hon'ble Mr. Hailey has corrected the statement made by my friend, the Hon'ble Mr. Patel. He mixes up the two notifications. One was the scheme which was sent to the shareholders of the Bank of Bombay in India—a Government notification based on the Secretary of State's despatch in regard to the scheme. That scheme of Mr. Montagu's was published on the day when the general meeting of the Bank of Bombay was called in February. Then the scheme of the shareholders of the Bank of Bombay was sent to them in India and they were asked to express their opinion in February. That is the difference between the two. I will now come to the position in Bombay. As the Hon'ble the Finance Member has told us in his speech, the majority of the shareholders of the Bank of Bombay are Indians. They can appoint any Directors or all the Directors if they want, and therefore they can have no objection to the scheme. There are already three Indian Directors on the Board—one is a Hindu, one a Parsi, and one a Muhammadan. Then about the staff. The Bank of Bombay for the last three years have elaborated a new scheme by which new candidates who pass through the College of Commerce in Bombay are being taken up and gradually they will be able to occupy the higher posts. Some of the higher posts (such as the sub-managerships of the branches) have been given to Indians, and I think, on that score too, my Lord, I can say with authority, as being on the Board, that the Indians will have their due share in the management and in the clerical staff also. The only apprehension of the Bombay people is that they should not have an adequate portion, that is nearly half, of the appointments in the Central Board. I am glad to find from the Bill that two members are going to be put in by the Government of India. Of course they cannot in the legislation put in any racial distinction because if gradually all the shares are acquired by Indians there will be nearly all Indians, therefore to protect other interests they can put in Europeans. So there is no objection on that point and these questions can be discussed at the Select Committee meeting. Now I come to the question of the general feeling of the commercial community in India on this subject. In the Bank of Bengal and in the Bank of Madras there have been no Indian Directors for several years. The first reason is that nearly 3-4ths of the shareholders in Bengal and in Madras are Europeans, and, if the shareholders wish to appoint Europeans, surely they can do so. But, at the same time, as the Hon'ble the Finance Member has told us, there is another side to the question, namely, that the public moneys are being put in these banks and therefore it would be advisable if the management in Madras and Bengal could include some Indian Directors. I am glad to find that the Bank of Madras has already got an Indian Director. I hope the Bank of Bengal will also have Indian Directors, so that there can be no complaint. Not only that, but in the interests of these banks, I am sure that if they appoint Indian Directors it will be advantageous to them, because they will have to deal largely with Indians in giving out the money, also borrowing the money, and therefore the Indian Directors will guide the European Directors in regard to the Indian people.

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“ My Lord, now in regard to the amendment of my friend, Mr. Patel. As we find in the Currency Committee's report on the last occasion, it has been clearly pointed out that our banking facilities are very meagre. While in other countries, where there is a small or much smaller population than ours, they have got in proportion a larger number of branches of the banks. In India, there are only 165 towns with bank offices, while in the United States there are 9,138 and in Canada 4,000 branches. That clearly shows that banking facilities are very urgently needed in this country and that also very soon because the war is over and there is an industrial boom, and we want more money for the trades, commerce and industries. And therefore for the expansion of trade we want that a lot of money, which is lying dormant in the country, should filter down to the banks and be fully utilised for trades' purposes.

“ Therefore, my Lord, I am anxious that the scheme should be carried through as soon as possible; but if there is a strong objection by the Indian members and if they feel that we ought to postpone this for at least three or four months, I shall not strongly oppose it, though I am not in favour of it.”

**The Hon'ble Rao Bahadur B. N. Sarma :—**“ My Lord, in addressing a few remarks at this stage, I shall have regard almost entirely to the consideration of the question from the general tax-payer's point of view. To me, My Lord, looking at it from the general tax-payer's point of view it does not make much difference as to whether the shareholders are Indians or Europeans. Shareholders, whether Indians or Europeans, would like to make as much profit as they can, receive as much dividend as they can, and the anxious care of the Government seems to have been to protect by means of the constitution of the Central Board the general policy of the banking system, so that the pecuniary interests of the shareholders may not obtain an ascendancy in the actual decision of the various questions which may come up before them. Looking at it from the general tax-payer's point of view, although perhaps it is a vain regret, I cannot help thinking that the Government might have assimilated the constitution of the Imperial Bank to what obtains in several of the continental countries, *viz.*, while retaining the powers of the shareholders in purely domestic and local concerns, practically taking over the central management of the whole business under Government guidance, of course with expert control provided for. Two questions confront the tax-payer at this juncture, namely, as to whether his general interests are likely to be protected under the scheme as formulated in this Bill, and as to whether he is not surrendering a little too much for practically nothing; that is, as to whether there is a sufficient *quid pro quo* in this bargain between the three Presidency Banks and the Government as representing the tax-payers. Now, this question of the amalgamation of the banks dates from as early a period as 1867, and although the Government of India favoured the amalgamation and tried to encourage it, I think the Hon'ble Mr. Hailey was right in saying that it almost always eluded their grasp owing to the provincial jealousies of the several banks. Therefore there is no doubt much to be said in favour of the view that when once we could get the three banks together we must not allow the opportunity to slip, if there were sufficiently cogent considerations in favour of this being the only feasible plan, and if there is any real danger of the shareholders backing out of this bargain, which to my mind seems to be rather a remote contingency, having regard to the fact that they obtain too much rather than too little by way of *quid pro quo*. To make the position clear: Hon'ble Members will admit that if we take into consideration the history of other countries we find there is a limitation upon the interest which on private capital the shareholders are allowed to draw in these semi-state banks, in Imperial banks. The actual dividends paid to the shareholders was never, I think, allowed to exceed 9·8 in Germany within a period of about eight years, although it ran so low as 6·95 in one year; and various schemes of division of profits have been provided in the

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various proposals, so that the State may receive a portion of the profit for the benefit of the general tax-payer. Here what is it that has been done? We are not legally bound to place with the banks all put together more than 75 lakhs of rupees. For sundry other services the banks have been receiving from the Government remuneration for the work discharged by them; and even now the Government provide for the continuance of such remuneration in cases where there is a fair method of estimation such as in the case of public-debt work. Therefore the only new thing that you have provided for here is to start 100 branches in the course of five years, the location of 25 alone of which would be defined by the Government; and the ground on which all profit has been surrendered is that, firstly, it is difficult to ascertain exactly what is the profit which the banks are likely to reap from Government funds, and secondly, that this promise to start 100 new branches is likely to result in some loss and consequently we must encourage the banks to undertake that work, and that this would be a sufficient *quid pro quo*, and the whole thing would be revised at the end of three years. Hon'ble Members will see that although the statutory minimum was so very low, generally the Government have been in the habit of keeping a crore and a half or so, sometimes two crores, sometimes three crores with the banks; it is only latterly that the Government have found themselves partly encouraged by the Chamberlain Report, partly on account of the enhanced taxation bringing in larger revenue, and the consequent increase in the treasury balances able to keep with the banks very much larger sums. I do not think there is any reasonable ground for considering that the sums which the public treasuries would be able to place at the disposal of these banks would be any the smaller in future than in the past for the simple reason that our revenues are growing, and therefore the balances would necessarily be larger. Now, in 1917-18, we find that the average was 12 crores, 82 lakhs; in 1918-19 the average was 10 crores, 30 lakhs. The Bill makes provision that the capital should be 11½ crores. All that would not be paid up immediately. Therefore my point is that the Government is practically putting in as much as the prospective capital of all the banks put together, and consequently are perfectly entitled to receive at least half the net profits. Hon'ble Members will see that profits have risen to as much as 16 per cent. and 17 per cent. and we have only recently passed an enactment to prevent usurers from receiving undue profits. There does not seem to be any very great reason why we should encourage shareholders, whether brown or white, to receive unduly from the general public in India. Consequently, my Lord, I think the question as to whether the interest on the 10 crores of rupees is to be surrendered on such easy terms, is a matter on which the public might just as well be asked to express their opinion. We find at page 21 of the memorandum that was circulated among us the deposits in the Presidency Banks on the 31st December of each year. I tried to work out the figures from the currency reports, and I find that the average is very much larger than the figures mentioned in the 4th column here.

"We find that the averages during the last two or three years as I have mentioned a little while ago are about 12 crores and consequently that is the basis upon which we shall have to proceed. There is another matter to which I should also like to invite the attention of the Council and that is this; that if they turn to the currency report for 1918 they will find that the smallest sum which in any one month was kept in the Presidency Banks was 657 lakhs in one year and 757 and odd in another year. Therefore, there is this certainty that the average on which the bank would receive profit would be the interest on 10 to 12 crores and never would it be in any month less than six or seven crores. Therefore, they have a definite basis on which they can proceed. Then what is the loss in starting these new branches? There may be 20, 40 and 60 banks which they can start during the first three years. My submission is that it might be well worthwhile to guarantee them against any loss, I do not expect there would be much, and ask for a fairer share in the profits of these banks. But that is a subsidiary point. The more important question to my mind seems to be as to whether the Government has kept in their hands sufficient control to be able to formulate any policy.

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"I think Hon'ble Members will remember the keen discussion which took place when the Reform question was under consideration, as to what provision was to be made to secure for the Government in the new Council affirmative power of legislation. The Government wants that power and I find it stated that a Controller is to be placed upon the Central Board who can hold up anything but is not to have a vote. He can report to the Government and the Government may dictate a certain policy and the agreement will have to be cancelled if the bank does not obey. That seems to be, my Lord, a worse thing than the veto which was sometimes jealously contended to be absolutely insufficient for all practical purposes. I think even before the Bombay Bank failed in the good old days—I think it was in the sixties,—there was a Government official on the staff of the bank to watch the interests of the bank, but I don't think it did any great good to keep him there. I do not think between so many things that the Controller or any officer deputed by him may have to do, the provision will be of much value or that control can be so effectually exercised as to be worth much in actual practice. My submission is, therefore, that this Bill cannot be satisfactory from the general tax-payer's point of view unless the Government, and the Government has every justification for insisting upon it, has at least half the voting strength on the Central Board, if not more. I am not asking here that it should consist of Indians or Europeans. What is it now? You have ten men—of course you have a number of officers as secretaries and others, who do not vote and do not matter—you have ten men of whom six would be representatives of the local boards. Things may change in case new local boards are started, but I assure you that there will be such jealousy, in letting in new people to start new local boards, on the part of the existing local boards that I think we might have branches but not many local boards. I think that is the point of view from which the Government might well look at it. As it is we are placing far too much power in the hands of the local boards which might be detrimental to the starting of new local boards, but apart from that we find from the figures kindly furnished to me by the Hon'ble the Finance Member that the number of shareholders in the Bank of Bengal is about 1,975 Europeans and 556 Indians, so that there is not much chance of an Indian being returned unless he is such a genius and diplomat as to be able to secure the absolute confidence of all the shareholders. The Madras capital is divided up in the proportion of 92 to 28 among Europeans and Indians, there also there is no chance of an Indian being returned though a Director may be nominated by sufferance. In Bombay, I take it, one would be an Indian and the other a European and it is not likely that both would be Europeans. The net result would be that amongst the six you would have five Europeans and one Indian. Then it may be said that the Government have power to nominate two. I shall assume for the moment that the two will be Indians, I do not frankly like the position that the term should be only one year; if any one of them is a little too independent he would not have much chance of being re-nominated, but that is a matter which can be discussed later. Then there are two general managers who will have to be nominated by this Board. The majority of the electors being Europeans it necessarily follows that the nominees would ordinarily be Europeans, and the clause 'subject to the acceptance of the Governor General in Council' does not give any power of initiative. The net result would be that the Central Board would be practically in the hands of Europeans. I am not raising the question from the point of view of general efficiency, from which standpoint there may be no need to draw any distinction between Europeans and Indians, and I am not at the present stage suggesting any distinction, but I am only placing the facts before you in order that there may be no misunderstanding or mistake on the subject. The point is that there is absolutely no chance of Indians having even a reasonable representation on the Central Board, and even the Government for that matter will have no real power unless of course they exercise the power of *veto*. But on the questions of Bank rates and general policy, which according to the memorandum circulated among the shareholders, are to be left entirely to the control of the Central Board. I would ask, has the Government retained in its hand any power to effectually control them? Therefore,

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my Lord, my difficulty is that even if we do not go so far as in France, Germany and other countries in taking private capital but putting the control under state nominees that this Bill does not go far enough and cannot be at all satisfactory, and I should not for a moment be sorry if it is wrecked unless the Government representing the general taxpayer has the whip hand in the matter. The control must be essentially provided for and it does not matter so much whether it is Indian or European; that is a secondary consideration. I submit that having regard especially to the large surrender of funds, to the general Imperial interests, to the large powers which we propose to convey gradually, *vis.*, management of paper currency, etc., special care should be taken to secure effective control. I submit, my Lord, it is necessary that the central office in London should be only a banking concern pure and simple, and I do not think we need complicate at present the position by a conflict with the Exchange Banks. The question came up before the Chamberlain Commission and on previous occasions more than once and the Government felt themselves absolutely powerless against the vast vested interests of the Exchange Banks. The Exchange Banks have their branches all over the east, the best exports are in their hands and any scheme will be wrecked at any rate temporarily, which assails their power notwithstanding the best will of the Government of India. The vested interests of these Banks in London, having their tentacles all over the world, get Indian money with very little money put in here by them. I should be very sorry to adopt the view that it would be desirable to have another powerful banking concern having its head office in London operating in India, and I welcome the amalgamation of the Presidency Banks for whether the shareholders are Indians or Europeans the Banks are Indian in their interests although in practice in the distribution of favours there may be some little difference, but that is a secondary matter. That makes no vital difference and I think that we should not let slip this opportunity and allow rival organisations to be established which may become too powerful for us hereafter. I think, my Lord, that it would have been a very much more agreeable proposal to the general Indian public if the Government had been able to start a State Bank on the lines suggested by Professor Keynes. There is no half-way house, you have to take absolute control and avoid half-hearted control; appearing to control but doing nothing effectually seems to be merely to irritate and do no good. But even assuming that you can do something more than that under the scheme and have power to assume real control it would have been better if the bank had been a State Bank pure and simple, but perhaps that was not to be under the existing conditions.

"It may have been found necessary to work upon some existing basis, and there is much wisdom in that course. Therefore, my Lord, I should have greatly wished that a State Bank with private capital as its basis on the lines suggested had been started, and been provided with the safeguards which I have alluded to; I think so modified this ought to be a welcome piece of legislation. But this much is certain that Indian interests ought in any event to be safeguarded and inasmuch as the Banks are likely to gain so much, there won't be, I think, any risk of their withdrawing from their agreement to amalgamation. It would be extreme folly on their part if they were to do so, and possibly Indian sentiment would be satisfied if the safeguards I have suggested are provided for, as they would remove the suspicion, right or wrong, that is entertained in certain quarters, that another new East India Company is to be started in our midst for the purpose of securing the grip which is being lost by the reform concessions. Well, my Lord, there is, right or wrong, that impression that inasmuch as the Government have granted with one hand reforms, steps are being taken to tighten the grip in other forms at least during the ten years' period. I do not think anybody's interests would suffer if Mr. Patel's motion is acceded to by the Government."

3-12 P.M.

**The Hon'ble Mr. Nigel F. Paton:**—"My Lord, it has been represented to me that the Hon'ble Mr. Patel in his speech conveyed the impression to the Council that he spoke on behalf of the commercial community of Bombay. I have not the least doubt that he intended to speak on behalf of a section of the Bombay commercial community . . .

[11TH MARCH, 1920.] [Mr. V. J. Patel; Mr. Nigel F. Paton; Mr. Srinivasa Sastri; Pandit Madan Mohan Malaviya.]

**The Hon'ble Mr. V. J. Patel:**—"May I rise to make a personal explanation, my Lord? I did not speak on behalf of any community. I merely quoted a resolution of the Industrial Conference of which my Hon'ble friend Sir Fazulbhoj was the President. It is for the Council to say whether the Industrial Conference represents any section of the commercial community."

**The Hon'ble Mr. Nigel F. Paton:**—"I am much obliged for Mr. Patel's explanation, but the impression I have mentioned was conveyed to the Council. I would, however, merely like to say, my Lord, that a very large number of Bombay commercial men, Indian and European, are very anxious for the early passing of this Act."

**The Hon'ble Mr. Srinivasa Sastri:**—"My Lord, I was 3-13 P.M. greatly interested in one of the arguments employed by Mr. Patel for the adjournment of the motion. If I understood him aright, I thought he wished that this Bill, which touches so closely the interests of the public of India, had better be considered by the larger Council which will be inaugurated next year. I am gratified to observe the faith that that implies in the coming Council. May I remind the Hon'ble Mr. Patel that this Council has before it a Bill called the Hindu Marriage Validity Bill? Would he exercise the same patience with the people who have urged that that Bill should be considered by the larger Council in which he has so much faith?"

**The Hon'ble Mr. V. J. Patel:**—"I again rise to a point of order, my Lord. My motion is for deferring the matter till the September Sessions, and not till the new Council meets in 1921."

**The Hon'ble Pandit Madan Mohan Malaviya:**—"My 3-15 P.M. Lord, I rise to support the motion of the Hon'ble Mr. Patel that in the motion to refer the Bill to a Select Committee all words beginning with 'with instructions to report' till the end of the motion be deleted. My Lord, the measure before the Council is admittedly of very great importance, and no sufficient reasons have been advanced by the Hon'ble the Finance Member why the course provided for for dealing with legislative matters in the Rules and Regulations of this Council should be departed from. Rules have been laid down that in matters where the public is concerned, there should be full opportunity given to them to consider the proposals and to invite any criticisms which they may have to offer. The rules also provide that when the public have expressed their opinions, the Select Committee which would be appointed should have sufficient time to deal with the opinions which have been expressed by the public. That is the reason for the provision in Rule 25 to which the Hon'ble Mr. Patel referred. The legislature has in its wisdom laid down that a Select Committee shall not report within three months of the publication of the Bill in the Government Gazette, unless the Council should direct it to do so earlier. I have not seen any adequate reasons advanced why the Select Committee should not be allowed to take the ordinary time to deal with a matter of such importance. On the contrary, my Lord, I think that there is ample reason why the usual course prescribed should be followed. I do not yield to anybody here in my desire to see banking facilities increased in India. I have long regretted that these facilities are very small compared to the needs of the country. Compared to the banking organizations that have grown up in other civilized countries in the west, we stand nowhere, and for that reason I would welcome any proposal which is likely to develop banking facilities in India. But, my Lord, this is a proposal which has a great significance attached to it by reason of the intimate connection which the Government, as it is proposed should have with the proposed Imperial Bank. So far as the mere amalgamation of the Presidency Banks is concerned, nobody can have any objection

to it. The Presidency Banks are entitled, they are free, to amalgamate themselves and to pool their resources. The wisdom of the course adopted in America has shown the advantage of pooling resources by large Banks, and that policy has been found useful in England and other countries. If therefore this was merely a private Bill introduced on behalf of the three Banks supported by the unanimous opinion of the share-holders of those Banks, or if any private member or any representative of the three Banks had introduced this Bill, this Council would have been glad to consider it on that footing. But, my Lord, it is proposed to call this Bank the Imperial Bank of India. It is proposed that the Government should have more intimate relations with this Bank than they have had with the Presidency Banks, at any rate very intimate relations with this Bank. This proposal comes at a time when the recommendations of the Royal Commission on Indian Finance and Currency and the question of a State Bank have been pending consideration. The proposal for a single Bank of India to take the place of three Presidency Banks has been before the Government on many previous occasions. When the question was taken up by the Royal Commission, they expressed the opinion to which I invited attention on a previous occasion. They said as follows :—

'We regard the question, whatever decision may ultimately be arrived at upon it, as one of great importance to India which deserves the careful and earnest consideration of the Secretary of State and the Government of India. We think therefore that they would do well to hold an inquiry into it without delay and to appoint for this purpose a small expert body representative both of official and non-official experience with directions to study the whole question in India in consultation with the persons and bodies primarily interested in such as the Presidency Banks and either to pronounce definitely against the desirability of establishing a State Central Bank in India at the present time, or to submit to the authorities a concrete scheme for the establishment of such a Bank, fully worked out in all its details, and capable of immediate application.'

"This was in 1914. Owing to the war I presume the Government could not take any action on this, but when the war was happily over we did expect and we did urge at the meeting of the Council last year that this question should be taken up by Government and that a small expert body should be appointed to report upon the desirability or otherwise of establishing a State Bank in India. Now, my Lord, what has happened? From the correspondence which the Government of India has published, and for a copy of which we are indebted to the Finance Secretary to the Government of India, we find that on the 25th of June 1919 the Government of India addressed a despatch to the Secretary of State on the question of the amalgamation of the three Presidency Banks of Bengal, Bombay and Madras; that they put forward the proposal for the amalgamation of these Banks and that the Secretary of State gave his sanction to the formulation of those proposals. We find that the question of appointing an expert committee recommended by the Royal Commission on Indian Currency has been put aside. We find it stated in the despatch of the Government of India as follows. After referring to the memorandum, they say they have communicated with the Secretary of State and obtained his sanction to the idea of the amalgamation of these Banks, and then they say they have received from the Directors of the three Banks a joint memorandum embodying the scheme which, with the approval of the Secretary of State, they propose to lay before their shareholders. And the Government of India go on in their despatch to say :—

'The Memorandum is to a large extent self-explanatory, and we need not, therefore, recapitulate it item by item, but proceed to express our views upon some of its more important aspects, in so far as these affect the interests of ourselves and of the general public. Before doing so, however, we consider it important to emphasise that the present movement is purely spontaneous, that it is the natural growth of banking evolution, and that though it would be unwise to attempt to force the process, what is now happening will be a most valuable foundation for any later movement which may eventuate in the direction of a State Bank.'

"So that they do not entirely give up the idea of a State Bank in the future, but they proceed to deal with it with this proposal for amalgamation, and my complaint is that they deal with it in a manner which will prejudice



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the question of the establishment of a State Bank. The despatch goes on to say:—'The proposals which have been placed before us represent merely a measure of consolidation which is primarily the domestic concern of the three Presidency Banks.'

"But the Government have made it clear in the despatch that they look forward to many advantages from this, and the proposals, taken together, as I have said, clearly would prejudice this question of the establishment of a State Bank. Now, my Lord, I think that this is therefore a matter which requires the closest scrutiny. I think this is a matter which should be discussed in the fullest way and the proposal should be put through the ordinary scrutiny of a regular course of Select Committee procedure before it is taken up by this Council. The advantages resulting from the amalgamation of the Presidency Banks have been pointed out in the course of the despatch, but the disadvantages which arise from the absence of a State Bank have also to be considered. It was proved in the banking crisis of 1913 that the Presidency Banks were unable to help the other Banks with assistance during that crisis. An official committee was appointed in Lahore to report upon the causes which had led to the failure of certain banks in the Punjab, and this Committee said:—

'During the crisis there was no co-operation between the Indian Banks themselves, or between them and the English Banks, or between them and the old-fashioned Indian Banks. We attach peculiar significance to the statements made by witnesses as to the position of the Bank of Bengal. While the fact that the Punjab National Bank has been received on the clearing list—only however after surviving the crisis—shows that at present good relations do exist, and that there is future possibility of better, yet the absence of a provincial Bank probably meant the downfall of sound Banks which might have been saved. The Bank of Bengal is too big, not local in its sympathy, ignorant of provincial conditions, and not susceptible to the influence of the Provincial Government. The Lahore Branch was willing to help and made recommendations to Calcutta, but these were rejected with curtness, and not even on the deposit of Government paper, would the Bank of Bengal consent to advance money to the Punjab National Bank.'

"This was a Committee over which Mr. Maynard presided. Summing up, that Committee said:—

'Thus, speaking generally our feeling is that the collapse can be referred to two fundamental causes, inexperience and defective machinery inevitable to the starting of every new venture, and the lack of policy or remedial measures such as Government itself or a quasi-Government institution, that is a State-supported Government Bank might supply.'

"Therefore we have been looking forward, those of us who are interested in the growth of facilities in the development of banking to Government taking action to provide this remedial action, by means of a State-supported Provincial Bank, and we find that that proposal has not received consideration, but a different proposal is being put forward and being pushed through this Council.

"In the despatch of the Government of India, referring to these Banks in the Punjab, I find it stated that it would not be altogether correct to describe the state of affairs solely to the ingrained habits of the people, namely keeping money sterile and hoarding it. The despatch says:—

'It would not, we think, be altogether correct to ascribe this state of affairs solely to the ingrained habits of the people, their ignorance, their conservatism and their suspicion, which can only be removed by the process of education. That the spread of education will work a steady and substantial change in the mental attitude of the people on this matter we have no doubt, but it is useless to educate people into a willingness to follow civilised habits as regards keeping their money, if there are not at hand banking facilities for them to do so. Progress in these two respects must go hand in hand. Even, however, in the present stage of educational development, there is undoubted room for a much larger supply of banking facilities as witnessed by the temporary success of certain banks in the richer agricultural districts of Northern India, the unsoundness of which, followed by their failure in 1913, had an unfortunate effect in retarding in those parts of the country the development of the banking habit.'

"I am sorry, my Lord, that the Government of India subscribe to this view. In the face of this report of the Committee to which I have referred and over which the Hon'ble Mr. Maynard presided, it should have been obvious to the Government of India that the failure of these banks was not due

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so much to the unsoundness of their management, at least not mainly due to that, but to their 'lack of policy or remedial action such as the Government itself or a quasi-Government agency, that is a State-supported Government Bank could supply.' Now, my Lord, I think it is due to these banks that asked for assistance to inform the Council that every single one of these banks has paid fully 16 annas in the rupee of the deposits which they had at the time they closed their business, and I am certain that it has now been demonstrated beyond dispute that, if there was a Government Bank which could look into the affairs of each of these banks and advance money to those who were in a sound condition, a great calamity which overtook many of those who had their shares in these banks could have been and would have been averted.

"Therefore, I submit, that when now the Government is looking forward to a great development in Indian industries, they recognise that there must be banking facilities multiplied. We quite agree in that view, but, I submit, that the right course to consider is not an amalgamation of the three Presidency Banks over which the Government can only have a very small and indirect control, but a State Bank having all the support and all the resources of the Government at its back, in order to help industries and banking facilities to grow in all parts of the country. My Lord, as I said before, if the proposal was merely to amalgamate the three Banks, I would probably not be taking up the time of the Council at this length. But it is called the Imperial Bank of India, and it is giving the amalgamated banks all the advantages of the support of Government without all the advantages of a State Bank being secured to the public. That is my complaint with regard to this proposal.

"Now, my Lord, I submit that the proposal of the Hon'ble Mr. Patel that we should not be in a hurry to deal with this matter is absolutely sound, and I do hope that it will yet commend itself to Government. The disadvantages of proceeding to discuss these questions of finance in a hurry or under pressure of time are obvious, and I do not think I need dilate upon them. But I wish, as an illustration, to refer to what happened yesterday in regard to a discussion relating to reverse Councils. In speaking in that connection, I unfortunately made a wrong quotation and when my friend the Hon'ble Mr. Hailey drew my attention to it, I wanted opportunity to correct it. But I could not get an opportunity by reason of the strict enforcement of the rule by the Vice-President who presided. Now, my Lord, I just want to give that as an illustration to show that we should not be in a hurry to discuss these proposals of finance . . .

**The President:**—"Order, order. The Hon'ble gentleman has no right to criticise the ruling of the Hon'ble Sir George Lowndes who was in the Chair."

**The Hon'ble Pandit Madan Mohan Malaviya:**—"My Lord, I bowed to that ruling yesterday, so there is no question of my questioning it any longer now. I was only mentioning this as an illustration of the danger which is involved in our proceeding to discuss these great financial questions in a hurry. My Lord, I hope I will not now be regarded as even by thought attempting to disregard the ruling because I bowed to it yesterday. But your Excellency will see that what I am now going to put before the Council as an illustration will be of great help in determining our attitude in this matter of the proposal put forward by the Hon'ble Mr. Patel. There was a question of the sale of reverse Bills. Now, my Lord, as I said, I misquoted and when it was pointed out to me, I wanted to complete what I should have said in the beginning. I just want to draw attention to this. With regard to the sale of reverse Councils I quoted one passage which was wrong; my friend the Finance Member quoted another and he did not complete it. The result was that he left the Council under the impression that the Chamberlain Commission had recommended that the Government of India should make a public notification of their intention to sell in India Bills on London at prices corresponding to . . .

[11TH MARCH, 1920.] [Mr. W. M. Hasley; Pandit Madan Mohan Malaviya; The President.]

**The Hon'ble Mr. W. M. Hasley :—**" May I rise to a point of order? Is the Hon'ble Member in order in continuing a discussion which I thought had terminated yesterday and continuing it in a manner which will leave me no right of reply?"

**The Hon'ble Pandit Madan Mohan Malaviya :—**My Lord, if I cannot make myself clear on this point the fault will be entirely mine. I am urging that the proposal of the Hon'ble Mr. Patel should be accepted by this Council. The substance of that proposal is that a matter of the importance which is involved in the Bill should receive careful consideration extended during the ordinary period of time. In support of that proposition I am giving an illustration which shows clearly the danger of a discussion of an important financial question being hurried through . . . . .

**The President :—**" Is not that a platitude? I think it is quite unnecessary to produce instances to show that there is danger in being in a hurry over the discussion of any matter, financial or otherwise. It is therefore unnecessary to refer now to what occurred yesterday."

**The Hon'ble Pandit Madan Mohan Malaviya :—**" I submit it is not; I am not out of order. That is all I submit."

**The President :—**" Well supposing you do not proceed with that."

**The Hon'ble Pandit Madan Mohan Malaviya :—**" I will bow to your Excellency's decision, and thank you, my Lord. Now, I will not give illustrations, as your Excellency has been pleased to point out that it ought to be accepted without doubt on all sides that these important matters involving large questions of finance ought to receive consideration such as is provided for for all important matters under the rules of our Council. I therefore submit that the proposal before the Council is one which the Council should accept. What does it come to? It comes to this. Mr. Patel has not gone into the merits of the question whether the proposal for amalgamation ought to be abandoned or not. The Bill is there; the Bill was published only very recently. The shareholders of one bank, it is pointed out, had not sufficient time to consider the Bill. They had not the details of the Bill; though the details had been published much earlier, they had not the Bill in its details before them when they were asked to express an opinion as to whether a body in which they are financially interested should be amalgamated with two other bodies, namely, the Bank of Bengal and the Bank of Madras. An objection was taken on that score and it has been pointed out that even now the shareholders have not had sufficient time to study the details of the Bill. Now, my Lord, at this stage the Government put forward this measure and it is proposed by the Hon'ble the Finance Member that the ordinary rule should be departed from; that the Bill should be referred to the Select Committee to-day, namely, the 11th March, and that the Select Committee should be instructed to report on this very complicated and very important proposal by the 20th, evidently so that the matter may be pushed through in this Session of the Council. The Hon'ble the Finance Member when he spoke on the second occasion did not say that it was not intended that this Bill should not be pushed through in this Session. If that is the position, we shall feel grateful to know. But if the object is, as the Hon'ble Mr. Patel indicated it was, namely that the Bill should be pushed through in this Council, then I submit, my Lord, a very wrong procedure is being followed. There is no political matter involved in this question. The whole question is whether the advantages which are to result from the amalgamation of three powerful banks should be secured in their entirety at once without any delay, or whether those advantages should come a little later. During the great crisis of the war with these banks, unamalgamated and working independently and yet collectively, we passed through the crisis through which the

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country had to pass. There is no complaint on any side that by the non-amalgamation of these three banks any interests have suffered. Why then this hurry? It may be said that the Hon'ble the Finance Member has pointed out that there is the proposal to start 100 branches in different parts of the country and that it would be a pity to delay carrying out that proposal. My Lord, that is undoubtedly an advantage, but we should not be in a hurry to achieve this advantage at the sacrifice of the larger, the greater, advantage which will result to the country as many of us believe if there is a State Bank with branches in every province and with branches in all the districts of British India.

"The Government receives money on account of revenues and taxes. There is a Government treasury either in the district or close to it and all these should eventually become branches—the district branches—of the State Bank of the country. The advantages will be so great, so lasting, so comprehensive that it seems to me it will be a pity if this question of a State Bank is not considered fully on its merits by reason of a desire to secure the advantages which are likely to result from this comparatively smaller measure of an amalgamation of the three branches. Those advantages are prejudiced—so that the question of the establishment of a State Bank is prejudiced by the Bill. The amendment of Mr. Patel, therefore, I submit, is entitled to serious consideration and is worthy of acceptance. Let the Bill be referred by all means to a Select Committee. Let the Select Committee examine the various aspects which have been dealt with. I have no doubt the Hon'ble the Finance Member has achieved wonderful results during the few months that he has been in charge of his high office. I do not mean anything but what I say: a real compliment to him that he should have grasped the question to the extent which he has done in the course of this short time, considering he was not dealing with finance when he assumed this office. I hope he will not consider that I am wanting in courtesy to him when I say that, considering the nature of this question and the complexity of the problems involved, he would be wise if he allowed time for a full discussion of the various aspects involved in this question. It would be wise, my Lord, if, when the Select Committee has been formed, it should invite the opinion of those who are interested in it and weigh those opinions at leisure fully and then submit its report to the September Sessions of this Council. I do believe that in this matter the public should not have cause to complain that measures of importance are rushed through and the rules of the Council ignored. Such a complaint was heard last year on another occasion. There is no reason on this occasion for the repetition of such a complaint. I hope that the Hon'ble the Finance Member and the Government will give its best consideration to the proposal of Mr. Patel and allow the words which he has pointed out to be eliminated from the proposal of the Hon'ble the Finance Member."

2-42 P. M.

**The Hon'ble Sir Dinshaw Wacha:**—"My Lord, I have no hesitation in saying that this Bill, which purports to amalgamate all the three Presidency Banks, with certain powers and limitations and constitute them into an Imperial Bank, is welcomed by the country as a whole. We are entering on a new era altogether as far as industrial evolution is concerned; but industrial evolution without banking facilities will be a failure, and, therefore, from that point of view this amalgamation scheme is to be greatly welcomed. So far as I can see, the whole question here is whether the scheme, as it is now put forward in this Bill, should be passed at once, or whether it should be postponed for some time to come. Before I deal with that question, I should like to make one observation. This proposal to have a State Bank is a very old one. It began with Lord Herschell's Committee. That was the first Currency Committee that was appointed to investigate the whole question of what the future currency for India should be. It goes as far back as 1894 or thereabout. But Lord Herschell's Committee had, I think, so many other problems to consider at the time, that the question of a State Bank was dropped. Later on, when the question of a gold standard had to be considered, this matter was again mooted

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at the Committee presided over by Sir H. Fowler. Hon'ble Members, who may have taken some pains to look into the old Blue Books on currency cannot be unaware that the Fowler Committee did discuss this question. And I think, if I remember rightly, it was Mr. Hambro, a very influential and prominent member of that Committee, who made a separate minute to the effect that there should be a State Bank. He did not content himself with stating that there should be a State Bank. He gave his own opinion on the basis or principle that such a bank should be established. Of course, since that time there has been a variety of opinions on the subject. Mr. Hambro's minute for the time being was relegated to the limbo of oblivion. Afterwards, the amalgamation of the three Presidency Banks was again mooted. Thus, it is not a new question at all. It was mooted ten or fifteen years ago: not once, but more than once; but for one reason or another, specially for the reason that the banks were not agreed among the members as to whether or not there should be any amalgamation. So the proposal had once more to be abandoned. Now at last all the three Banks have come to an agreement. I am very glad that they have reached unanimity. They have seen that in their own self-interest amalgamation is necessary in view of strong and influential competition in the near future. The Government also think it is necessary that a Central Bank of State should be established more or less on the principles adumbrated by Mr. Hambro. Of course, it may be observed here that a State Bank, pure and simple, is entirely a different organisation from the Central Bank which is contemplated by the Bill now under consideration. There are no two opinions about an independent State Bank and a Central Bank. As a business man I know the difference between a State Bank, pure and simple, and a Bank of the character we are now considering. Of course, we know what the Imperial Bank of Germany is. That Bank also is constituted on a different principle. Then there is the great Federal Bank of the United States of America. In my opinion, talking personally, I should say that I would prefer the principle of the Federated Banks of the United States, which have some resemblance to the Bank under this Bill in one way. In the United States there were so many 'national' Banks. All the national Banks had to be amalgamated and their assets and liabilities made over to the new Federal Bank. And this Federal Bank has now 12 provincial banks under it, all these branches have one central board. There is something of that principle in this Bill though not quite akin to it.

"Well, my Lord, there is neither to be a State Bank nor a Federal Bank on the principle of that of the United States. That being out of the question, let us look at the practical aspect of the proposed central bank. That practical aspect is before us in the Bill. The only question therefore which the Council has to consider is: whether we should agree to the proposal of Mr. Patel that under present circumstances it would be better to postpone the final passing of the Bill till September instead of passing it now, or that a Select Committee might be appointed to deliberate only and make its report later on so as to allow the public the opportunity of a full and free discussion on the subject .

**The Hon'ble Mr. V. J. Patel** :—"That is so."

**The Hon'ble Sir Dinshaw Wacha** :—"Now, the Hon'ble the Finance Member has given us his own views on the subject—why there is no further need for discussion by the public. From one point of view he is right. So far as the amalgamation scheme itself is concerned, how far the three Banks should amalgamate, what should be their object, how their business should be carried on and all the rest of the details concerning their internal management as an amalgamated body, he is quite right. The details are there. The business which the Banks should transact is given in the Schedules. But I am afraid Mr. Hailey has forgotten one important aspect of the Bill. It is this. The public have not yet been given full and fair opportunity to discuss the constitution of these amalgamated Banks. The constitution is one thing, while the details of the management of the Banks which are about to be amalgamated are another thing. As far as the

[ *Sir Dinshaw Wacha.* ] [ 11TH MARCH, 1920. ]

constitution is concerned, we are now introducing therein a great deal of new matter. I think the Finance Member will agree with me that the public have had no opportunity to consider and criticise that part of the Bill. The composition of the Central Board, how far the Government control should be exercised and made effective : whether the Board should be wholly European or Indian or part one and part the other and in what proportion—these and many other cognate matters connected with it,—belong to the constitution of the Bank, and I submit that in all constitutional questions relating to finance, it is far better—I only throw out my suggestion—that the Government should not wisely and in a statesmanlike spirit by going a little slower and allowing the enlightened public a full and reasonable opportunity to criticise. My particular reason for this suggestion is based on the ground that the constitution which is now limned or is prescribed in the Bill somewhat resembles the constitution of the old Banks—Presidency Banks—as they were before 1876. Some of the Members may perhaps remember what was the reason—the principal reason—why the old Bank of Bombay came to grief.

“ I was then in the Bank of Bombay for being trained to take later on charge of one of its branches, and I know the whole history of how the Bank of Bombay came to grief. I have written at large upon the subject in my history of the share speculation of 1863-64. There was a Bank of Bombay commission the reasons of the appointment of which are entirely forgotten now. But members might, I think, usefully and profitably read it at present. If they do so, they will easily find where are certain resemblances between the constitution drafted in the Bill and the old constitution of the Bank of Bombay as it stood before 1876. There was also then a Controller appointed by Government; the Accountant-General for the time being in each of the Presidencies was the chairman of the Bank of its respective Presidency. In the Bombay Bank there was one Mr. Sylvester Birch as Accountant-General at the most critical time in the Bank's history when speculation was rife and when the Government ought to have controlled the Bank in such a spirit as to have never allowed the Bank to come to grief. Unfortunately, things turned out differently. The Controller was nowhere; he was in the hands of the directorate and the directors were almost all a body of speculators. If the Bank of Bombay came to grief it was entirely owing to the speculative element that was so largely predominant in the bank in those days. The Government Director, I repeat, was nowhere, as the report of the commission said Mr. Premchand Roychand, one of the two Indian Directors, was ‘ the Bank.’ All that is writ large in the report of the Bank of Bombay commission of which Sir Charles Jackson was the president, so much so that I think Sir Charles Jackson said that Mr. Sylvester Birch was altogether an unfit officer of Government to control the Bank. Now, my Lord, what has happened once may happen again. I do not mean to say that it will happen. If possibly the Government are wise and appoint Controllers who will be thoroughly competent and cautious, who will never allow a directorate which may tend to be speculative or embark on rash enterprises to gain the upper hand, it may not happen. There are however those dangers which must be avoided at all hazards. As the Hon'ble the Finance Member has rightly said we have to look carefully after the tax-payer's interests. It is the tax-payer's money which is largely to be entrusted to this Imperial Bank; the whole financial business of the State treasury and currency is to go to it. That means that the tax-payer's money will have to be watched and safeguarded with the unceasing vigilance of a watch-dog. Who is to be that watch-dog? If he is to be efficient and preserve the interests of the tax-payer, then, I consider that the Government must think twice and thrice before they finally pass this Bill. And it is for that reason, and that reason alone, *viz.*, that the tax-payer's interests must be watched vigilantly and carefully, that I think it would be better to proceed with the Bill a little slower, with caution at every step. Whether this Council will accept Mr. Patel's amendment or not, I do not know; but I do say this, and I do appeal to all the members of this Council, both on this side and on the other side, and I do appeal also to your Excellency, that it will be a wise and statesmanlike step on the part of the Government in the

[11TH MARCH, 1920.] [Sir Dinshaw Wacha; Mr. Surendra Nath Banerjea.]

circumstances of the present situation that this Bill with a peculiarly brand new constitution, which the public have not had the slightest opportunity yet to examine and criticise should be postponed. It will be far better to await that volume of popular criticism. When that opinion is well focussed you can safely shape your course accordingly. My own opinion is that if the Bill is published later, and if criticism is invited and the public are allowed time to do so, nothing will be lost. On the contrary, my opinion is that the hands of the Government will be greatly strengthened; the Government will be in a stronger position than it is in to-day by having this Bill passed next September. The advantage will be this. In the first place, the public will not say 'Well, the Government gave us no time; the Government published this Bill on such and such a day and then within the short space of 10 or 12 days passed it.' I do say, my Lord, that the Government is certain to be reproached if it hastily passes the Bill. When the closure of the Mints Bill was passed, it was passed in half an hour at Simla, where the only non-official member of the then Council present was Sir James Mackay, who is now Lord Inchcape. There was a great hue and cry in the whole of India at the time. Why? Because the Government of the day legislated on an important currency problem, revolutionising the whole currency basis of the country, in half an hour with not one single non-official, except Sir James Mackay, to protest against its many overwhelming disadvantages! Sir James Mackay was, besides, a most interested party for passing the Bill. If Hon'ble Members will only read the contemporary history of those days in reference to the hurried passing of the Bill they will learn that I am in no way exaggerating the incident. I am simply stating the bare fact. But that was the situation. In the matter of currency, in the matter of finance, particularly of State finance of the character we are legislating for, I consider it will be the part of wisdom to go a little slower and give the public the opportunity of criticising it, if they have any criticism to offer. The Government can then confidently proceed with the Bill. That will be the more advantageous course and the Government will escape the charge of rushing with it to which it is bound to be subjected otherwise. At the same time, I can assure the Government that if there be any weighty criticism offered the Government would attend to it and thus strengthen their hands. They would be able to carry it with greater confidence after hearing the voice of the country. Indeed, the country would far better welcome it than it could possibly do to-day and congratulate the Government. These are the reasons why I hope that the Government will, if they are wise, accept the amendment of Mr. Patel. I also appeal to your Excellency that in the present condition of things it will be most statesmanlike to do so. Whether your Lordship will respond or not to my appeal I cannot say; but I do say and most earnestly pray for the reasons I have already stated that it will be the wisest move on the part of the Government to accept the amendment."

**The Hon'ble Mr. Surendra Nath Banerjea:**—"My Lord, in view of the feeling that has been expressed in this Council chamber and the weighty utterances of my Hon'ble friend, Sir Dinshaw Wacha, who is admittedly an expert on a subject like this, I do hope the Government will see its way to accept Mr. Patel's amendment. My Lord, I listened with very great care and respect to the speech of my Hon'ble friend, the Finance Minister. His argument, so far as I could follow it, was that this was more or less a business proposition and being a business proposition delay would be a disturbance, a dislocation and an inconvenience. I quite admit that it is a business proposition. But I venture to submit that it is something more; it is also a public consideration; and if it were not your Excellency's Government would not intervene in this matter. It has a business side; it has also a public side and to me it seems that either the two branches of this consideration are closely interlinked, or the public side overlaps the business aspect of this case. My Lord, the people of India are deeply interested in this matter. It marks a stage, as my Hon'ble friend has put it, in the evolution and development of our industries. Your Excellency's Government is anxious, and the gratitude of the people

8-56 P.M.

[*Mr. Surendra Nath Banerjee; Mr. W. M. Hailey; Mr. V. J. Patel; The President.*] [11TH MARCH, 1920.]

is due to your Excellency's Government for it. Your Excellency's Government is anxious to inaugurate a new system of industrial development. Your Excellency's Government is undertaking measures in that direction; in order to help forward this development banking facilities are absolutely necessary. Therefore it is a part, I take it, of that industrial movement with which the Government of India is identified, which again is a part and parcel of the larger political movement with which the best interests of the country are indissolubly linked. Therefore, my Lord, I am right in the contention that this is a great public consideration in which my countrymen are deeply interested. What is lost by giving them a little time? The work which has to be undertaken will not be started at once. It may be delayed two or three months; but, my Lord, the public will be taken into confidence; public feeling will be enlisted on behalf of this movement, public sympathy will be aroused, public gratitude will be awakened and the whole movement will march apace under the stimulating influence of public support and co-operation. Nothing is lost by a delay of two or three months; much will be gained by this little delay. Therefore, my Lord, it seems to me that it is wise in view of the almost unanimous feeling which prevails in this Council chamber amongst non-official Indian members and the complaint which is bound to follow if this feeling is disregarded, it seems to me it is wise and expedient that Mr. Patel's amendment should be accepted. The Government will then have enlisted public sympathy, and the banking movement will be all the stronger for it. I do hope, therefore, my Hon'ble friend will see his way to accept the amendment."

4 P.M.

**The Hon'ble Mr. W. M. Hailey** :—" My Lord, I am not perhaps in order in rising again at this time; if I am not, I hope that I may have your Lordship's indulgence in the matter. I think we are not unmoved by the appeals which have been made to us for more time for consideration of this Bill.

" We should be very unwilling to give the impression that we contemplated something, which we did not wish to place fully before the public of which we did not wish to give the public time to discuss fully.

" My Lord, I am convinced that if we created any such impression, it would be to the detriment of the Bill. With your Lordship's permission therefore I would propose that while we should have the Select Committee now because the Council is assembled, we should not proceed with further legislation on the report of the Select Committee until next Session. If the motion may be put on that particular form, and if it meets with the acceptance of members of this Council, I hope your Lordship will allow me to make that alteration."

**The Hon'ble Mr. V. J. Patel** :—" I am quite agreeable, your Excellency, and with your permission I will amend my motion accordingly if necessary."

**The President** :—" I do not think it will be necessary for the Hon'ble gentleman to amend his motion, because I think Mr. Hailey has said that if the Committee will report on the 20th March, he does not propose to go further with the Bill this Session, but that in September the Government will bring it forward on the report of the Committee which will report by the 20th March."

**The Hon'ble Mr. V. J. Patel** :—" May I explain? That is not the position, as I understand it, my Lord. Mr. Hailey said that the Select Committee might meet now as the Council was in Session, but the report need not be made by the 20th and the Bill should be taken up only in September."

**The President** :—" I should like to hear from Mr. Hailey what it is he actually proposes."



IMPERIAL BANK OF INDIA BILL; DACCA UNIVERSITY 1351  
BILL.

[11TH MARCH, 1920.] [Mr. W. M. Hailey; The President; Mr. V. J. Patel; Mr. Shafi.]

**The Hon'ble Mr. W. M. Hailey** :—" My Lord, I have proposed that we should not proceed to legislation on the report of the Select Committee until September."

**The President** :—" You did not propose that the Select Committee should be appointed now and report by the 20th March. Is that so? "

**The Hon'ble Mr. W. M. Hailey** :—" No, my Lord, it is not absolutely necessary, from my point of view, that it should report by the 20th. If we were to maintain that point, namely, that the Committee should report by the 20th, it would not meet the point which has been put forward so strongly by Sir Dinshaw Wacha, namely, that it would not have given it sufficient time to consider the case. What I contemplated was that we should begin our meetings of the Select Committee now and that it should report to the Council at the beginning of the September Session, and we should then proceed to consider it in that Session."

**The President** :—" Do you accept Mr. Patel's amendment? "

**The Hon'ble Mr. W. M. Hailey** :—" That is so, my Lord."

**The President** :—" I thought you were drawing a distinction. Do you want to speak again Mr. Patel? "

**The Hon'ble Mr. V. J. Patel** :—" No, my Lord."

The amendment was put and agreed to.

The motion as amended, *viz*, ' that the Bill to constitute an Imperial Bank of India and for other purposes be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoj Currimbhoy, the Hon'ble Mr. Sita Nath Ray, the Hon'ble Mr. Muddiman, the Hon'ble Sir Dinshaw Wacha, the Hon'ble Mr. Sarma, the Hon'ble Sir G. M. Ohitnavis, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks, the Hon'ble Sir Thomas Holland and the Hon'ble Mr. Hailey,' was then put and agreed to.

**DACCA UNIVERSITY BILL.**

**The Hon'ble Mr. Shafi** :—" My Lord, I have the honour to present the Report of the Select Committee to establish and incorporate a unitary teaching and residential University at Dacca." 4-5 P.M.

The Council then adjourned until Wednesday, the 17th March 1920, at 11 o'clock.

A. P. MUDDIMAN,

Secretary to the Government of India,  
Legislative Department.

DELHI;

The 25th March, 1920. }

## APPENDIX A.

[Referred to in answer to Question No. 1.]

Statement showing the wholesale price (in rupees per maund) of rice in certain provinces of India on the 15th January 1915, 1916, 1917, 1918, 1919, and 1920.

	Madras. (Madras City.)	Bombay. (Bombay City.)	Bengal. (Calcutta.)	United Provinces. (Cawnpore.)	Punjab. (Lahore.)	North-West Frontier Province. (Peshawar.)	Bihar and Orissa. (Patna.)	Central Provinces. (Jubbulpore.)	Sind. (Karachi.)
	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.
15th January 1915	5 9 0	4 12 2	0 4 0	4 14 0	5 11 6	6 2 5	4 11 0	4 3 5	5 7 0
" " 1916	5 4 10	4 10 8	7 0 0	5 4 0	5 2 5	5 9 0	4 10 6	4 3 5	5 4 0
" " 1917	5 13 3	4 14 1	5 14 0	5 1 0	4 2 3	5 9 5	3 5 0	4 11 4	5 5 0
" " 1918	5 1 7	5 7 7	4 8 0	5 2 0	5 0 0	5 5 4	3 1 0	4 3 5	5 2 0
" " 1919	8 7 6	7 0 10	6 4 0	7 2 0	9 0 6	9 0 0	6 2 6	8 0 3	9 0 0
" " 1920	8 0 11	7 0 5	8 0 0	6 14 0	8 0 0	9 0 3	6 6 0	7 4 4	9 10 0

## APPENDIX B.

[Referred to in answer to Question No. 17.]

Statement showing exports from and imports into the Madras Presidency of cleaned rice during each of the ten years 1908-09 to 1917-18.

Period.	Exports from Madras Presidency.	Imports into Madras Presidency.
	Tons.	Tons.
1908-09 . . .	466,856	502,924
1909-10 . . .	435,048	733,459
1910-11 . . .	433,960	439,172
1911-12 . . .	469,961	502,706
1912-13 . . .	439,159	560,349
1913-14 . . .	548,369	588,998
1914-15 . . .	585,341	563,216
1915-16 . . .	805,553	677,262
1916-17 . . .	600,978	559,449
1917-18 . . .	670,791	562,377

NOTE.—The above figures represent exports and imports by sea to and from foreign countries, by sea to and from other Indian ports, and by rail to and from other Provinces.

The figures of rice in the husk have been converted into cleaned rice in the ratio of 7 to 6.

**APPENDIX C.**

[Referred to in answer to Question No. 19.]

*Statement showing the consumption of country spirits in India and gross excise revenue during the ten years 1909-1910 to 1918-1919.*

Year.	Consumption Gallons (London Proof).	Revenue.  ₹
1909-1910 . . . . .	78,86,664	4,48,51,000
1910-1911 . . . . .	92,78,080	5,09,75,000
1911-1912 . . . . .	97,87,672	5,08,53,000
1912-1913 . . . . .	1,02,80,357	6,10,57,000
1913-1914 . . . . .	83,51,909	6,11,59,988
1914-1915 . . . . .	87,85,619	6,58,00,496
1915-1916 . . . . .	85,85,404	6,35,80,941
1916-1917 . . . . .	95,41,266	6,96,47,353
1917-1918 . . . . .	98,77,219	7,68,43,157
1918-1919 . . . . .	99,81,771	7,68,24,283

## APPENDIX D.

[Referred to in answer to Question No. 20.]

Statement showing the names of Indians in the Superior Cadre of the Great Indian Peninsula Railway.

Name.	Designation.	Date of engagement.	Rate of pay.
<i>Traffic Department.</i>			
Mr. Ganesh Narayan Paranjape	Assistant Traffic Superintendent	19-8-1914	Rs. 850
Mr. S. M. Basur	Traffic Probationer	1-5-1917	800
Mr. Nalin Shanker Sen	Ditto.	1-5-1917	800
<i>Engineering Department.</i>			
Mr. Shaik Sujandhia Belgrami	Resident Engineer	10-8-1895	600 Rs. 50 Acting allowance.
Mr. F. J. Mistry	Assistant Engineer	7-7-1917	450
Mr. Nagbia Singh	Temporary Engineer	13-10-1902	450
Mr. M. S. Kapadia	Ditto.	15-2-1917	450
Mr. Shaik Abdul Rahman	Ditto.	1-2-1900	350
Mr. Shaik Mahomed Abdulla	Ditto.	25-9-1912	300
Mr. Abdulla Masjid Belgrami	Ditto.	29-4-1912	250
Mr. Mahomed Ishak	Ditto.	28-11-1906	425
<i>Medical Department.</i>			
Dr. B. H. Cooper	Resident House Surgeon and P. A. to Superintending Surgeon.	1-12-1898	520
Dr. S. C. Chatterjee	District Surgeon	28-3-1918	520
Dr. S. C. Biswas	Ditto.	13-4-1918	520
<i>Locomotive Department.</i>			
NIL			