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# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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## FIRST SESSION

OF THE

## THIRD LEGISLATIVE ASSEMBLY,

1927



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# LEGISLATIVE ASSEMBLY.

Tuesday, 30th August, 1927.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

(Mr. President called on Mr. B. Das in whose name question No. 561 stood.)

**Mr. K. O. Neogy :** May I put the question, Sir ?

**Mr. President :** Where is the Honourable Member ? He has not intimated to the Chair his reasons for absence.

(Questions Nos. 561 to 563, standing in the name of Mr. B. Das, were put later.)

### PROPOSED TRANSFER OF THE MAJOR PORTS TO THE CONTROL OF THE CENTRAL GOVERNMENT.

564. \***Mr. N. C. Kelkar :** Will Government be pleased to state, in connection with the proposed transfer of the major ports from the agency control of Local Governments to the direct statutory control of the Central Government, referred to by His Excellency the Viceroy in the speech delivered by him at Cawnpore in December last while opening the 8th annual meeting of the Associated Chambers of Commerce—

- (1) When may the necessary legislation to give effect to this transfer be expected to be introduced ?
- (2) In what direction is the further widening of the powers of the Port Trusts or Commissions contemplated ?

### RECRUITMENT OF THE SUPERIOR PORT TRUST SERVICES BY THE PUBLIC SERVICES COMMISSION.

573. \***Mr. N. C. Kelkar :** Will Government be pleased to state, now that the transfer of the major ports to the direct statutory control of the Central Government is under contemplation :

- (1) Whether they intend to hand over the recruitment of the superior Port Services to the Public Service Commission ?
- (2) Whether they will now assume direct responsibility for Indianization of the Services ?

**The Honourable Sir George Rainy :** With your permission, Sir, I will reply to questions Nos. 564 and 573 together.

It was stated by His Excellency in the speech to which the Honourable Member has referred, that the Government of India had decided to gain experience of the direct administration of shipping matters before taking further steps to centralise the supervision of the major ports. As

the Honourable Member is aware, the legislation which is necessary to enable the Government of India to take over the direct administration of shipping matters, has not yet been passed ; and they have not yet considered any of the questions asked by the Honourable Member.

#### APPOINTMENT OF INDIANS AS CHAIRMEN OF PORT TRUSTS, ETC.

565 \*Mr. N. C. Kelkar : Will Government be pleased to state, in the case of each of the major ports (Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong) :

- (1) Whether the appointment of the Chairman of the Trust or Commission is made by Government ?
- (2) Whether he holds office during the pleasure of Government ?
- (3) Whether it is true that no Indian has yet been appointed a Chairman ?
- (4) Name and qualifications of the person who was Chairman at the time when Sir Pheroze Sethna's Resolution in the Council of State on the Indianization of the higher Port Trust Service was accepted by Government in 1922 and of the person appointed since as Chairman at each major port ?
- (5) Whether Government are now prepared to appoint an Indian as Chairman ?
- (6) When is the next vacancy likely to take place by retirement or absence on leave of the present holder of the post ?
- (7) Whether Government will appoint an Indian to this post when the next vacancy occurs ?
- (8) What special qualifications are possessed by Civilians who hold this post ?

#### INCREASE IN THE NUMBER OF INDIAN MEMBERS OF PORT TRUSTS.

566. \*Mr. N. C. Kelkar : Will Government be pleased to state, in the case of each major port :

- (1) Whether it is true that at all the major ports the European members constitute the majority ?
- (2) What was the number of Trustees or Commissioners as on 1st June 1927 ?
- (3) How many in (2) were elected and how many appointed by Government ?
- (4) What was the number of European and Indian Trustees under each head in (3) ?
- (5) Whether Government propose to take any action on the Resolutions passed at the last two sessions of the Indian Industrial and Commercial Congress demanding an increase in the number of Indian members ?

#### ASSISTANT OFFICER OF THE RANGOON PORT TRUST.

569. \*Mr. N. C. Kelkar : Will Government be pleased to state :

- (1) Whether their attention has been drawn to the recent advertisement of Commissioners for the port of Rangoon in the

*Times of India* and other papers for the post of Assistant Officer on probation, which ran as follows :—

“ *Assistant Officer.*

The Commissioners invite applications for the appointment of Assistant Officer on Probation, on agreement for 3 years with prospect of subsequent transfer to permanent establishment on approved service, salary Rs. 450 per mensem rising by annual increments of Rs. 50 to Rs. 550 per mensem. Overseas pay, Rs. 150 per mensem admissible to an assistant of non-Asiatic domicile. Applicants must be under 30 years of age, of good education (University graduate essential in the case of applicants domiciled in India), and have had at least 2 years' practical experience of port or railway traffic work.”

- (2) What is the nature of the two years' " practical experience " of port or railway traffic work required of the applicants ?
- (3) Whether there are any facilities available in India outside Port Trusts or Commissions to acquire the requisite " practical experience " ?
- (4) If so, what facilities are there ?
- (5) Whether, university graduation is not essential in the case of applicants of non-Indian domicile ?
- (6) If so, what constitutes " good education " in their case ?
- (7) Whether applicants of Indian domicile possessing exactly the same education as applicants of non-Indian domicile will be disqualified because they are not university graduates ?
- (8) If so, what are the Commissioners' reasons for this discrimination ?
- (9) What is the nature of the work these assistant officers have to do and of the training they have to undergo during the three years' period of probation ?
- (10) What are the reasons for not giving the officer a guarantee of transfer to permanent establishment on approved service ?
- (11) What are the service-scales to which probationary officers of (a) Asiatic (b) non-Asiatic domicile will be entitled on transfer to the permanent establishment ?

**GRANT OF OVERSEAS PAY TO OFFICERS OF NON-ASIATIC DOMICILE IN THE EMPLOY OF PORT TRUSTS, ETC.**

570. \*Mr. N. C. Kelkar : Will Government be pleased to state :

- (1) When the Rangoon Port Commissioners introduced overseas pay for officers of non-Asiatic domicile ?
- (2) Whether any other Port Authorities have introduced overseas pay ?
- (3) Whether Indian officers already in the service of the above Port Authorities at the time of the introduction of overseas pay got an increase of pay equal to overseas pay as on the Railways and in Government services ?

- (4) Whether the Rangoon Commissioners have adopted any other Lee benefits and if so, which ?
- (5) Whether any other Port Authorities have adopted any of the Lee Commission benefits (other than overseas pay) and if so, which are the Port Authorities and which benefits have they adopted ?
- (6) Whether there were any discriminations in the pay and emoluments of Indian and European officers prior to the adoption of the Lee concessions in the service of those port authorities and if so, which ?
- (7) What discriminations or additional discriminations were introduced by the adoption of the Lee concessions ?
- (8) What is the annual cost on account of the grant of Lee benefits to the Trust or Commission ?
- (9) Whether it is true that the port services consist almost wholly of Europeans and the service conditions are regulated by bodies with a European majority ?
- (10) Whether the Lee Commission benefit schemes came to Government for approval in each case ?
- (11) Whether the Port Trust (or Commission) or Government held any inquiry, similar to the inquiry held by Lee Commission, to ascertain whether it was necessary to stimulate the recruitment of Europeans and whether the European officers had real financial grievances ?
- (12) What were the reasons for holding the Lee benefits applicable to port services which are not mentioned in the Lee Report ?
- (13) What are the service scales in force as now revised in each of these port authorities and how do they compare with State Railway service and other Government services ?
- (14) How do the *total emoluments* of officers in Port Trust Services compare with those of Government servants of corresponding rank and status ?

#### RECRUITMENT OF INDIANS TO THE SUPERIOR PORT TRUST SERVICES.

571. \*Mr. N. C. Kelkar : Will Government be pleased to state, in the case of each of the major ports :

- (1) What steps have been taken by the Trustees or Commissioners since Sir Pheroze Sethna's Resolution on the Indianization of the superior Port Trust Services was accepted by Government in 1922, for the *direct recruitment* of Indians to superior posts in the (a) Port (b) Engineering and (c) General Administration Departments ?
- (2) What percentage, if any, of Indian recruitment to total recruitment has been fixed ?

**SUPERIOR POSTS IN THE PORT TRUSTS HELD BY EUROPEANS, ANGLO-INDIANS AND INDIANS, ETC.**

572. \***Mr. N. C. Kelkar** : (1) Will Government be pleased to furnish, in the case of each major port, a detailed statement showing the cadre of superior posts (including vacant posts) in each department of the Trust or Commission as on 1st June 1927, and the names of existing holders, their educational qualifications, age, pay and scale, nationality (European, Anglo-Indian or Indian) and domicile (Asiatic or non-Asiatic) ?

(2) What is the position as regards Indianization of each department in the near future ?

**The Honourable Sir George Rainy** : With your permission, Sir, I will reply to questions Nos. 565, 566 and 569 to 572 together.

The information asked for in these questions is being obtained from the Local Governments and will be supplied to the Honourable Member on receipt.

**Mr. N. C. Kelkar** : The Honourable Member (Sir George Rainy) might take the other questions in such order as he likes and answer them. I cannot remember which questions he has answered already. So, he might take all the questions together and answer them in his own order.

**Mr. K. Ahmed** : If the number of the question is mentioned, it can be followed, otherwise it will be very difficult to grasp the answers.

**Mr. President** : No. 567.

**THROWING OPEN OF THE MEETINGS OF PORT TRUSTS TO THE PRESS AND THE PUBLIC.**

567. \***Mr. N. C. Kelkar** : Will Government be pleased to state, in the case of each major port :

- (1) Whether any minutes of the meetings of the Trustees or Commissioners are kept officially ?
- (2) Whether the meetings are open to the Press and the public ?
- (3) If not, whether Government are prepared to issue the necessary orders or make the necessary amendments in the respective Acts to throw open the meetings to the Press and the public ?
- (4) Whether the minutes of the meetings in (1) are available to the public ?
- (5) If not, whether Government are prepared to issue the necessary orders or make the necessary amendments in the respective Acts to make the minutes available to the public on payment of a reasonable price if necessary ?

**The Honourable Sir George Rainy** : (1) Yes. The various major Port Trust Acts provide for this.

(2) There is no provision in any of the Acts on this point, but it is understood that the meetings are not now open to the Press and to the public.

(3) No such suggestion has previously been made, and the matter has never been considered by the Government.

(4) In Calcutta, Bombay, Karachi and Aden, the minutes are open to inspection by Trustees only. In Madras they are published in the Fort St. George Gazette. In Rangoon they are open to inspection by the public, except such portions as the Chairman may in any particular case direct.

(5) The question will be considered.

#### PURCHASE OF STORES BY PORT TRUSTS.

568. \*Mr. N. C. Kelkar : Will Government be pleased to state, in the case of each of the major ports :

- (1) What was the value (a) of stores imported direct (b) of imported stores purchased in India and (c) of stores of Indian manufacture or of indigenous origin, for each of the financial years 1924, 1925 and 1926 ?
- (2) Whether the port authority is bound by Government rules governing the purchases of stores ?
- (3) If not, (a) why not and (b) what are the rules governing the purchase of its stores ?
- (4) Whether major ports being a central subject, the purchase is made through the Indian Stores Department ?
- (5) If not, what is the agency for the purchase of stores ?

The Honourable Sir George Rainy : (1) Government have no information.

(2), (3), (4) and (5). Under the various Port Acts the Boards of Commissioners or Trustees are empowered to enter into contracts for the purchase of stores. They are not, therefore, subject to the Rules for the Supply of Articles for the Public Service, but are free to make their own arrangements for the purchase of stores. They occasionally utilise the services of the Indian Stores Department for this purpose.

#### INDIANIZATION OF THE SUPERIOR SERVICES UNDER THE VARIOUS PORT TRUSTS.

574. \*Mr. N. C. Kelkar : Will Government be pleased to state whether they will submit annually, as in the case of Railway Services, a detailed statement showing how Indianization of the superior Port Services was progressing, giving details as to vacancies on the superior list, filled, department by department, at each of the major ports during the year, the nationality of the person selected and reasons in cases where an Indian is not appointed, for not appointing an Indian ?

The Honourable Sir George Rainy : Government will consider the suggestion contained in this question.

(Mr. President then called on Mr. M. S. Sessa Ayyangar in whose name question No. 575 stood.)

Mr. M. S. Sessa Ayyangar : I am not putting these questions.

Mr. President : Does the Honourable Member wish to put question No. 575 or not ?



**Mr. M. S. Sesha Ayyangar :** I am not putting the questions standing in my name, Nos. 575 to 578.

†575.\*—578.\*

**APPOINTMENT OF A COMMISSION TO INVESTIGATE THE POSSIBILITY OF  
FEDERATING THE BRITISH CENTRAL AND EAST AFRICAN COLONIES.**

**579. \*Pandit Hirday Nath Kunaru :** (a) Are Government aware that the appointment of a Commission to investigate the possibility of federating the British Central and East African Colonies has excited serious apprehensions in this country with regard to the future position of Indians in those Colonies ? Has their attention been drawn in this connection to the article headed " A Betrayal " in the *Servant of India* of the 21st July 1927 ?

(b) Is it a fact that, while the White Paper of 1923 declared that His Majesty's Government regarded themselves as exercising a trust on behalf of the African population and that ' they are unable to delegate or share this trust the object of which may be defined as the protection and advancement of the native races ', the White Paper recently issued in connection with the appointment of the Commission referred to in the previous question lays down that the Whites' claim to share progressively the responsibilities cannot be limited to representatives of their community's interests ; and if clashes between these interests and those of the vast native population are to be avoided, their share in the trusteeship for the progress and welfare of the native must be developed ?

(c) If so, were the Government of India consulted before this change of policy, was announced ?

**Mr. G. S. Bajpai :** (a) The answer to the first part is in the affirmative. As regards the second part Government have seen the article in question.

(b) The Honourable Member is referred to the statement made on the 18th August, 1927, by the Honourable Sir Muhammad Habibullah on the scope of the announcement made in the White Paper regarding the claim to association in the responsibilities of Government of the immigrant communities.

(c) The Government of India were informed of the announcement, contemplated by His Majesty's Government.

**Pandit Hirday Nath Kunaru :** Am I to assume, Sir, that their views were not invited before a decision was taken by the Imperial Government ?

**Mr. G. S. Bajpai :** I fear I can in no way supplement the answer which I have already given, namely, that the Government of India were informed of the announcement contemplated by His Majesty's Government.

**Sir Purshotamdas Thakurdas :** Are Government in a position to give the names of the personnel of the Royal Commission ?

**Mr. G. S. Bajpai :** No, Sir.

**Sir Purshotamdas Thakurdas :** When do Government expect to be in possession of the names ?

**Mr. G. S. Bajpai :** It is for His Majesty's Government to announce the personnel. We have no information as to when it will be done.

**Sir Purshotamdas Thakurdas :** I am sure that the Government of India are equally interested, if not more.

**Mr. G. S. Bajpai :** I did not for a minute, Sir, suggest that the Government of India were not interested. I was only pointing out the constitutional position which is that the decision rests with His Majesty's Government.

**Sir Purshotamdas Thakurdas :** Have the Government of India any information at all about the personnel yet ?

**Mr. G. S. Bajpai :** No, Sir.

**Sir Purshotamdas Thakurdas :** When do they expect to have the information, Sir ?

**Mr. G. S. Bajpai :** I cannot say.

**Pandit Hirday Nath Kunzru :** May I ask, Sir, if the Government know anything about the personnel and whether Indians would be appointed on the Commission ?

**Mr. G. S. Bajpai :** The position, Sir, was stated by the Honourable Sir Muhammad Habibullah on Mr. Roy's adjournment motion. Sir Muhammad promised that the substance of the discussion will be communicated to the Secretary of State. That has been done.

**Sir Purshotamdas Thakurdas :** Have the Government of India any objection to finding out the names before the House adjourns ?

**Mr. G. S. Bajpai :** None, Sir. We shall try and ascertain the names. Whether His Majesty's Government will be in a position to communicate the names I cannot say.

**Sir Hari Singh Gour :** May I inquire if the Government of India have not been consulted about the personnel of the Commission and if they have not made recommendations on the subject ?

**Mr. G. S. Bajpai :** The Honourable Member's question, as far as I can see, falls into two parts. As to whether the Government of India have been consulted regarding the personnel, I can only refer the Honourable Member to the discussion which took place in this House the other day. With regard to the other part, namely, whether they have made any recommendations, I think I answered the Honourable Pandit Hirday Nath Kunzru a minute ago that the substance of the debate in this House was communicated to the Secretary of State.

**Pandit Hirday Nath Kunzru :** Will the Government of India be asked to nominate the representatives of the Indian Government on the Commission or will they be appointed by His Majesty's Government without consulting the Government of India ?

**Mr. G. S. Bajpai :** The Honourable Member, I think, is fully aware of the statement made by the Secretary of State for the Colonies in the House of Commons, which was to the effect that the Secretary of State for India had been asked to nominate a representative.

**Pandit Hirday Nath Kunru :** Did the Secretary of State inquire from the Government of India as to who should be appointed ?

**Mr. G. S. Bajpai :** No, Sir.

**Sir Pushotamdas Thakurdas :** Do the Government of India not think it desirable, in view of the reply given to the last Honourable Member, to name their representative to the Secretary of State ?

**Mr. G. S. Bajpai :** I did not quite follow the question.

**Sir Purnshotamdas Thakurdas :** Do the Government of India not think it desirable to give the name of their representative to the Secretary of State so that he may be put on the Royal Commission ?

**Mr. G. S. Bajpai :** I said just now, Sir, that the Government of India have communicated the substance of the proceedings in this House on the 15th, with their recommendations, to the Secretary of State. As to the nature of their recommendations, I regret to say that I can make no statement.

**Mr. M. A. Jinnah :** May I know whether the Government of India are not prepared to recommend definite names to form the personnel of this Commission ?

**Mr. G. S. Bajpai :** I did not say that that was the case, Sir.

**Mr. M. A. Jinnah :** Are the Government prepared to do so ?

**Mr. G. S. Bajpai :** I think, Sir, that Sir Muhammad Habibullah definitely stated on the floor of this House on the 18th that the Government were prepared to communicate the wishes of this House in regard to representation on the Commission to the Secretary of State for India.

**Mr. M. A. Jinnah :** Have they submitted any specific name or names yet ?

**Mr. G. S. Bajpai :** I can make no statement on that point.

**Mr. Gaya Prasad Singh :** Yes ; take shelter like this.

REPRESENTATION OF THE SECRETARY OF STATE ON THE COMMISSION APPOINTED TO INVESTIGATE THE POSSIBILITY OF FEDERATING THE BRITISH CENTRAL AND EAST AFRICAN COLONIES.

580. **Pandit Hirday Nath Kunru :** Is it a fact that the Secretary of State for India will be represented on the African Commission ? Is it a fact that he has acquiesced in the new policy ? If not, what steps have Government taken to protest against the change of the policy solemnly enunciated in 1923 ?

**Mr. G. S. Bajpai :** As regards the first part of the question, the Honourable Member's attention is invited to the statements made on this subject by the Honourable Sir Basil Blackett and the Honourable Sir Muhammad Habibullah on the 18th August 1927. As regards the second part, the Honourable Member is presumably referring to the policy of associating the European and other immigrant communities in the responsibilities of Government. The Government of India have no information on the subject. With regard to the third part, the Honourable Member's attention is invited to the statement made on the

18th August by the Honourable Sir Muhammad Habibullah on Mr. K. C. Roy's adjournment motion. The need of lodging a protest has not arisen.

**Pandit Hirday Nath Kunru :** Are Government aware that Mr. Thomas stated in the House of Commons that he regarded the new policy as a serious change in the old policy ?

**Mr. G. S. Bajpai :** Yes, Sir, Government are aware of the statement made by Mr. Thomas on the subject, but I do not think that Government are bound to share the gloom which appears to have characterised the attitude of Mr. Thomas in regard to the announcement.

**Pandit Hirday Nath Kunru :** Then, Sir, do they always accept the opinion expressed by superior authority ?

#### DISCONTENT AMONG SENIOR OFFICIALS IN THE POSTAL DEPARTMENT.

581. **\*Mr. Bhabendra Chandra Roy :** (a) Are the Government aware that owing to the 50 per cent. limiting rule the junior officials get higher pay than the senior officials in the Post Office Department and that discontent among the latter is acute ?

(b) Are the Government prepared to consider the question of sanctioning the benefit of the next below rule to remove the grievances of the senior officials ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) The Government of India are aware that in some cases the operation of the 50 per cent. rule has resulted in a senior drawing less than his junior which has led to a certain amount of discontent.

(b) The question is under consideration.

#### EXTENSION OF THE POST OFFICE LIFE INSURANCE SCHEME TO THE EXTRA-DEPARTMENTAL AGENTS.

582. **\*Mr. Bhabendra Chandra Roy :** Will Government be pleased to state the decision at which they have arrived in respect of extension of the Post Office Life Insurance scheme to the Extra-Departmental Agents ?

**Mr. H. A. Sams :** The matter is still under consideration.

#### SALE OF QUININE BY POSTAL EMPLOYEES.

583. **\*Mr. Bhabendra Chandra Roy :** With reference to the fact that the postal employees are not bound to sell quinine under the departmental rule as stated in reply to question No. 817 during the winter season of the Assembly will Government state whether the postal employees' views have been ascertained as to their willingness to sell quinine at the commission granted to them or not ? If not, why ?

**The Honourable Sir Bhupendra Nath Mitra :** No. It was not considered necessary to consult the postal employees, as there is no compulsion on them to undertake the work.

**THE POST OFFICE GUARANTEE FUND.**

584. \***Mr. Bhabendra Chandra Roy** : Are Government now in a position to furnish the information as assured in reply to starred question No. 819 on the 9th March 1927 regarding the Post Office Guarantee Fund ?

**Mr. H. A. Sams** : The information was supplied to the Honourable Member in the demi-official letter No. 111-R.27—D.I., dated the 10th June 1927, from the Secretary, Industries and Labour Department. If the Honourable Member has not received that letter and its enclosures, I shall be glad to give him a copy.

**SANCTION OF CONTINGENT ALLOWANCES TO THE EXTRA-DEPARTMENTAL AGENTS.**

585. \***Mr. Bhabendra Chandra Roy** : (a) Is it a fact that the Extra-Departmental Agents were sanctioned contingent allowance for stationery ?

(b) Will Government be pleased to state the consideration which led the Government to sanction their contingent allowances ?

(c) Do Government propose to sanction to them the contingencies according to the formula prescribed by the Director-General of Posts and Telegraphs in his letter No. 25-7-A.25, dated 16th November 1925 addressed to the Postmaster-General ?

**Mr. H. A. Sams** : (a) No.

(b) Does not arise.

(c) No. The monthly payment made to them is intended to cover the cost of stationery. Most of the stationery used by them consists of printed forms supplied by the Department.

†586.\*—588.\*

**RECRUITMENT TO NEW PROVINCIAL SERVICES.**

589. \***Mr. B. Das** : With reference to the recommendations of the Lee Commission that Provincial Governments shall recruit all posts for superior services on the transferred side and the pronouncement of His Excellency the Viceroy in the opening address of the Simla Session 1926 that Provincial Governments have been empowered by the Secretary of State to recruit and organise such new Provincial Services, will Government be pleased to state :

(a) What definite steps have been taken by each of the Provincial Governments to create these new cadres of services ?

(b) Which of the Provinces have started recruitment under this new system and if so what are the departments on the transferred side to which such services are recruited ?

**The Honourable Mr. J. Orerar** : Local Governments are preparing the necessary schemes, which they will embody in rules regulating the methods of recruitment, conditions of service, pay, allowances and pensions for their new Provincial Services. Until Local Governments have settled these principles, they are not in a position to start recruitment.

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Not put at the meeting, owing to the absence of the questioner, but the questions and answers to them will be found at page 3628 of these proceedings.

DELEGATION OF CONTROL OF THE CENTRAL SERVICES TO THE GOVERNMENT OF INDIA.

590. \*Mr. B. Das : With reference to the following passage in the speech of His Excellency the Viceroy at the August Session of the Central Legislature of 1926 :

"With a few exceptions, it has been decided that control over these great central Services, should be delegated by the Secretary of State in Council to the Government of India. The necessary rules are at present under preparation, and I hope that within a few months the delegation will be an accomplished fact."

Will Government be pleased to state :

- (a) the Departments of Central Services that will hereafter be recruited in India ?
- (b) whether the necessary rules have been prepared and if so will Government be pleased to lay a copy of the same on the table ?

The Honourable Mr. J. Orerar : Draft rules are at present under the consideration of the Secretary of State. Until the rules are finally made I regret I am not in a position to give the Honourable Member the information for which he asks.

PREVENTION OF FLOODS.

591. \*Mr. B. Das : With reference to the following passages in the speech of the Honourable Sir Clement Hindley on the Resolution on investigation into causes of recurring floods moved in this House on 24th September, 1924 :

"I hope my friend who moved this Resolution will agree with me that I have to some extent established the case for the care with which the Government and the Railways deal with these matters when they are brought to their notice. I would like to suggest that the matter be left with us for the present and we will look into it generally to see whether it is necessary to address Local Governments, with an invitation that we should assist them in any particular case in which they may be concerned."

Will Government be pleased to state :

- (a) What was the nature of letter if any addressed by the Railway Board on floods to these Local Governments ?
- (b) What specific assistance was offered by the Railway Board to these Provincial Governments ?
- (c) In how many cases waterways have been enlarged by the Railways under the pressure of the Railway Board at the request of the Provincial Governments and what is the total length in feet of such extended waterways ?

Mr. A. A. L. Parsons : (a) and (b). Government called the attention of all major Local Governments to the debate on the resolution referred to by the Honourable Member and in doing so said that while flood prevention and protection were primarily provincial matters the Government of India were prepared, in view of the importance of the subject,

to assist the Local Government to the utmost extent of their powers wherever there was reason to believe that excessive floods were due to central works such as Railways or where assistance was required to obtain co-ordination between a Railway and the local authorities or between two provinces or in any case in which technical advice was required which was not available locally.

(c) I have been unable to trace any such cases though there have been several in which Local Governments and railway administrations have acted together in concerting measures to prevent a recurrence of flood damages.

**Mr. K. Ahmed :** In view of the fact that Government have not done anything in the matter though it was promised by the Honourable Member's predecessor in this House, do Government propose now for the benefit of the country to act up to that promise, so that the people may not suffer again from floods and their houses and homesteads may not be submerged in water ?

**Mr. A. A. L. Parsons :** As I am unable to accept as accurate the statement of fact with which my Honourable friend began his remarks, I am afraid I am not prepared to argue the point with him.

**Mr. B. Das :** Is it not a fact that after the North Bengal floods in 1923 (*An Honourable Member* : " 1924 ") the Railway Board appointed a special enquiry committee which was presided over by Rai Bahadur Lala Rallia Ram and thereafter the Railway Board compelled the Railways to expand their waterways to the required extent ?

**Mr. A. A. L. Parsons :** The facts are not within my memory, I did not then hold the position which I do now. But I am quite prepared to take it from the Honourable Member that they are correctly stated by him.

**Mr. B. Das :** Is it not also a fact that after the floods in 1900 on the Bengal Nagpur Railway between Balasore and Bhadrak the Bengal Nagpur Railway authorities constructed new bridges whereby floods in that area have been prevented thereafter ?

**Mr. A. A. L. Parsons :** I am afraid that when my memory does not carry me back to 1923, still less does it carry me back to 1900.

**Mr. B. Das :** In referring to the Honourable Member's reply that the Railways or the Government of India in the Railway Board are not primarily responsible for the economic distress owing to floods enhanced by the railway embankments, will Government be pleased to state whether the economic disasters to the agriculturists and the villagers are not greatly enhanced by the railway embankments, and whether the Railway Board being responsible for the railway embankments are not responsible for the distress ?

**Mr. A. A. L. Parsons :** I am afraid I am not prepared to argue the question at present, or to accept without a great deal of qualification the suggestions made by my Honourable friend in his question.

**Mr. K. Ahmed :** Are Government aware that a cause of action lies against them and that they will have to pay a considerable amount for the damage done to these people ? Will Government understand the question then only ?

**Mr. A. A. L. Parsons :** I am not aware that a cause of action lies against Government, but I should be quite prepared to receive notice.

**Mr. K. Ahmed :** Did they not get a notice some time ago when there was a flood in North Bengal and the Honourable Member's Department, on behalf of the Secretary of State received the notice ?

**Mr. A. A. L. Parsons :** Not that I am aware of.

**Mr. K. Ahmed :** In view of the fact that the Honourable Member was not in the Department in which he is now, he is not in a position to explain that. Is that so ?

#### PREVENTION OF FLOODS.

592. **\*Mr. B. Das :** (a) Will Government be pleased to lay on the table all correspondence between the Provincial Governments and the Central Government (including the Departments of Railway Board and Industries and Labour) arising out of the Resolution on the investigation into causes of recurring floods ?

(b) Have Government reached any definite conclusion on the causes of these floods and their remedies since their observations made on the Resolution on causes of floods in 1924 and if so what are they ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) A copy of the correspondence is laid on the table.

(b) The Government of India have reached no definite conclusions on the causes of these floods or the remedies for them since the observations made on the Resolution on the causes of floods in 1924. It will be observed from the papers laid on the table that Local Governments were addressed by the Government of India shortly after the Resolution referred to was withdrawn, and the Government of India offered to assist Local Governments in investigating the causes and remedies for recurring floods. With the exception of the Bihar and Orissa Government which recently addressed the Government of India on the subject, no Local Government has asked for assistance, but it does not follow that they have not, in the meantime, been investigating causes and remedies themselves.

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COPY OF LETTER NO. 1-7/41, DATED THE 19TH NOVEMBER 1924, FROM THE DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF INDUSTRIES AND LABOUR, PUBLIC WORKS BRANCH, TO ALL MAJOR LOCAL GOVERNMENTS.

#### *Investigation into Causes of Recurring Floods.*

I am directed to invite a reference to the debate which took place in the Legislative Assembly on the 24th September 1924 on the above subject and which is printed on pages 4083—4101 of the accompanying Legislative Assembly Debates, Vol. IV, No. 60. In doing so, I am to say that while flood protection and prevention are primarily provincial matters the Government of India are prepared, in view of the importance of the subject, to assist the Local Governments to the utmost extent of their powers.

(i) wherever there is reason to believe that excessive floods are due to central works, such as Railways ;



- (ii) where assistance is required to obtain co-ordination between a Railway and the local authorities or between two provinces; and
- (iii) in any case in which technical advice is required which is not available locally.

COPY OF LETTER No. 6790-I., DATED THE 3RD FEBRUARY 1925, FROM THE SECRETARY TO THE GOVERNMENT OF BOMBAY, PUBLIC WORKS DEPARTMENT, TO THE SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF INDUSTRIES AND LABOUR, PUBLIC WORKS BRANCH.

*Investigation into Causes of Recurring Floods.*

Referring to your letter No. 1-7/41, dated 19th November 1924, I am directed by the Governor in Council to observe that this Government is fully alive to the necessity of maintaining drainage lines intact and the Bombay Irrigation Act of 1879 provides ample safeguards to that end. In all canal, road and building projects the utmost care is taken to provide for adequate drainage works. It is, therefore, not considered necessary to carry out at present any investigation into causes of floods and the measures for their prevention. I am, however, to request you to convey this Government's thanks to the Government of India for their offer which will be availed of, should the occasion arise.

**APPOINTMENT OF EXPERT COMMITTEES BY PROVINCIAL GOVERNMENTS TO ENQUIRE INTO THE CAUSES OF FLOODS.**

593. \*Mr. B. Das : With reference to the telegram of H. E. the Governor of Bihar and Orissa addressed to H. E. the Viceroy on floods in Orissa and the announcement of that Government to appoint an expert Committee to enquire into causes of floods as occurring in the following passage—

“ This Government has decided to take steps with the assistance of the Government of India to set up a strong expert Committee to review fully the conditions and report on any action that can be taken for relief and is addressing the Government of India.”

Will Government be pleased to state :

- (a) if they have received the despatch from the Government of Bihar and Orissa on the subject ?
- (b) if they have received any communications from other Provincial Governments such as Bombay, Bengal, etc., on the advisability of appointing an expert Committee to enquire into the causes of floods ?
- (c) in case they have not been approached by many Provincial Governments, if they propose to invite the attention of those Governments to the necessity of appointing an expert Committee to enquire into the causes of floods ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) Yes.

(b) No.

(c) In reply to the previous question I explained that the Government of India had addressed Provincial Governments on this subject. In view of the general distress caused by the recent heavy floods, the Gov-

ernment of India propose, apart from the action which will be taken on the letter from the Government of Bihar and Orissa, to address other Local Governments again, and ask them whether they consider that any useful purpose would be served by the appointment of an expert Committee by the Central Government to consider such questions.

#### APPOINTMENT OF ENGINEERS FOR THE TRAINING OF RIVERS.

594. \*Mr. B. Das : (a) Have Government considered the advisability of appointing waterway engineers with a view to train the rivers of India ?

(b) Is it not a fact that the Floods Enquiry Committee which was appointed by the Burma Government and reported early last February recommended to that Government the appointment of waterway engineers for the training of rivers in Burma ?

(c) Has any of the other provinces besides Burma decided to appoint waterway engineers for the training of rivers ?

The Honourable Sir Bhupendra Nath Mitra : (a) The question of appointing engineers to train rivers is one primarily for Local Governments. Such Local Governments as are interested in the subject have already either appointed engineers or have the question of their appointment under consideration.

(b) Yes.

(c) Yes. The Bengal Government for example have engineers who have been trained in such work.

Mr. K. Ahmed : Is it not a fact that Mr. Lala Ram or Ganga Ram (An Honourable Member : " Rai Bahadur Rallia Ram "), Rai Bahadur Rallia Ram was making enquiries into the North Bengal flood in 1923 and 1924 and he submitted a report to the Government of India ?

I am sorry the Honourable Member does not appreciate the point. Is it not a fact, Sir, that Mr. Rallia Ram was deputed by the Government to make enquiries regarding the waterways on the occasion of the North Bengal floods in 1923-24, and he submitted a report recommending that more space should be afforded for waterways ? But still Government have not acted upon it in the recent floods. Do Government now propose to act upon that report ?

The Honourable Sir Bhupendra Nath Mitra : I did not quite catch the name of the particular engineer referred to by my Honourable friend, whether it was Ganga Ram, or Lala Ram. But whatever his name was, I have no recollection of any such report having been submitted to the Government of India.

Mr. K. Ahmed : Did not the Government of India in the year 1924 say, I think it was Sir Clement Hindley who said it, that they are awaiting a report by Mr. Rallia Ram, the engineer deputed to make inquiries about the waterways ?

Mr. A. A. L. Parsons : I do not remember the statement of Sir Clement Hindley, but it is quite possible he may have said something of the kind.

**Mr. K. Ahmed :** Is not the principle set out in that report grasped by the present members of the Government answering the question from those seats ?

SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS.

595. \***Maulvi Muhammad Yakub :** Will the Government be pleased to state :

1. When the question of the separation of the judicial from the executive was taken up for investigation by the Government of India ?
2. When were the Provincial Governments asked to give their opinions ?
3. Which of the Provincial Governments have submitted their opinions and to what effect ?
4. Which of the Provincial Governments have not yet submitted their opinions ? And what efforts have been made by the Government of India to obtain their opinions ?
5. Do Government propose to handle the matter seriously at an early date ?

**The Honourable Mr. J. Orerar :** As was explained in the Council of State last February, certain proposals were received from four Local Governments. These proposals have been considered carefully by the Government of India who are addressing the Secretary of State on the subject.

**Maulvi Muhammad Yakub :** The Honourable Member has not given a reply to part (5) of my question.

**The Honourable Mr. J. Orerar :** My reply on that point was that the Government of India are addressing the Secretary of State on the subject and I hope the communication on the subject will issue at a very early date.

**Mr. K. Ahmed :** Is it not a fact, Sir, that the first Resolution on the subject for the separation of the judicial from the executive was moved in the latter part of the first reformed Assembly by Mr. Mukherjee and it was carried in this House ? What are the Government doing since then ?

**Pandit Hirday Nath Kunzru :** May I know when the Government of India addressed the Secretary of State on the subject ?

**The Honourable Mr. J. Orerar :** I explained that the Government of India were about to address the Secretary of State on the subject.

**Pandit Hirday Nath Kunzru :** May I know when the opinion of the last Local Government was received ?

**The Honourable Mr. J. Orerar :** I think the last communication on the subject from a Local Government was at the end of 1924 or the beginning of 1925.

**Mr. Gaya Prasad Singh :** May I ask if all the Local Governments have submitted their recommendations ?

**The Honourable Mr. J. Orerar :** Only four Local Governments to which I have referred. Those were the Governments of the United Provinces, Bihar and Orissa, Bengal and Madras.

**Pandit Hirday Nath Kunzru :** Why have the Government of India taken 2½ years to address the Secretary of State ?

**The Honourable Mr. J. Orerar :** The question is one of great complexity and difficulty.

**Mr. K. Ahmed :** Is it not going to be barred by limitation ? Is it not a fact, Sir, that the Committee appointed by the Government of Bengal under instructions from the Government of India submitted its report on the separation of judicial and executive functions in 1924, and, if so, what have the Government done to it up till now ?

**Pandit Hirday Nath Kunzru :** Is it a fact that Sir William Vincent promised in 1921 that if there was any Local Government which approved of the separation of judicial and executive functions and came up to the Government of India, the Government of India would be prepared and give effect to its wishes.

**The Honourable Mr. J. Orerar :** It is correct that there was a debate on the subject and a Resolution was issued in which Local Governments were informed that if they decided to submit proposals they would be considered by the Government of India and if any legislation was required I think it was stated that the Government of India would be prepared to give effect to it.

**Mr. K. Ahmed :** If the Government of India acting in the name of the Secretary of State is tired of doing their work, do the Government of India propose to transfer this work to the Honourable Members over here in this Assembly who will be able to advise them on the subject ?

**The Honourable Mr. J. Orerar :** I do not think that question arises.

**Mr. K. Ahmed :** The Honourable the Home Member said the matter is under consideration. What is the difficulty ? Are there any points of law in it ? If so, they can be easily transferred to some talented brain for their solution.

#### NUMBER OF MUSSALMAN OFFICERS AND CLERKS ON THE BENGAL NAGPUR RAILWAY.

596. \*Maulvi Muhammad Yakub : What is the total number of officers and the clerks respectively on the Bengal Nagpur Railway and how many of them are Mussalmans ?

**Mr. A. A. L. Parsons :** I would refer the Honourable Member to Appendix F in Volume I of the Railway Board's Report on Indian Railways for 1925-26 and to Appendix C of Volume II of the same report which gives the available information.

#### REPRESENTATION OF MINORITY COMMUNITIES ON THE BENGAL NAGPUR RAILWAY.

597. \*Maulvi Muhammad Yakub : Was the communiqué of the Government of India relating to the representation of the minority communities communicated to the authorities of the Bengal Nagpur Railway ? If yes, what measures were taken by the Railway to give effect to it ? If not, why not ?

**Mr. A. A. L. Parsons :** The policy of the Government of India in this matter was communicated to the Bengal Nagpur Railway administration and to other railway administrations. With regard to the latter portion of the question, I can only invite the Honourable Member's attention to the reply given to him on the 27th January 1927 by the Honourable Sir Charles Innes.

RETURN TO INDIA OF INDIAN EXILES.

598. **\*Mr. M. S. Aney :** (a) With reference to the reply given on 3rd February 1925 in this House to starred question No. 744 put by Mr. N. C. Kelkar, will the Government be pleased to publish the list of 42 persons referred to in part (a) of the aforesaid question and reply ?

(b) Will the Government be pleased to state whether the Government are still entertaining the idea of taking action against them all on their return to India ? If not against all, then against whom do the Government propose to take action on return to their mother-country and for what offences ?

(c) Will the Government be pleased to publish the names of persons whose applications for passports were not granted till 3rd February 1925, specifying the two persons whom Government declined to afford facilities to return to India ?

(d) Will the Government be pleased to state whether they have received any application either directly or through the British Consuls in foreign countries from these Indian exiles from the date of the reply referred to above to the end of June 1927 ?

(e) If so, from whom and with what result ?

**The Honourable Mr. J. Orerar :** (a) The list was compiled by the *Forward* and published in its issue of the 24th February 1924, to which I would refer the Honourable Member.

(b) The attitude of the Government is the same as it has been (1) from the beginning, namely, that they will take individual cases into consideration when any of those concerned applies for facilities to return to India.

(c) Government do not propose to do this.

(d) and (e). In a few cases since February 1925 Government have received applications for permission of return to India from persons included in the above list. In none of these cases have Government refused the formal facilities for return.

GRANT OF FACILITIES TO PROFESSOR KHANKHOJE TO RETURN TO INDIA.

599. **\*Mr. M. S. Aney :** (a) Has the attention of the Government been drawn to the article appearing under the heading "An Eminent Indian exile, Professor Khankhoje and his deportation" in the issue of the *Bombay Chronicle* of 26th of June 1927 ?

(b) Will the Government be pleased to state clearly whether they are prepared to give the necessary facilities to Professor Khankhoje if he applies for a passport to the proper authorities in Mexico to return to India ?

**The Honourable Mr. J. Orerar :** (a) No.

(b) If and when an application is made, it will be dealt with on its merits.

#### DRAFT BERAR LAND REVENUE LAW.

600. **\*Mr. M. S. Aney :** (a) With reference to the reply given by Mr. E. B. Howell on the 7th February 1927 in reply to starred question No. 301 (3) will the Government be pleased to state whether they have arrived at any decision on the draft Berar Land Revenue Law passed by the Berar Legislative Committee on the 1st of December 1925 ?

(b) If the answer be in the affirmative will the Government be pleased to state what that decision is and when was it arrived at ?

**Sir Denys Bray :** (a) No, Sir.

(b) Does not arise.

#### LAND REVENUE SYSTEM IN BERAR.

601. **\*Mr. M. S. Aney :** Will the Government be pleased to state for the information of the Members of this House in a tabular form, the points of difference if any in regard to the principles of the Land Revenue system in Berar, between :

(a) The Berar Legislative Committee and the Government of India ?

(b) The Berar Legislative Committee and the Government of the Central Provinces ? And

(c) The Government of the Central Provinces and the Government of India ?

**Sir Denys Bray :** Government regret that they cannot supply the information asked for. But I may assure the Honourable Member that their views will in due course be placed before the Berar Legislative Committee.

**Mr. K. Ahmed :** How much of the land revenue collected in Berar is distributed between the Government of India, the Central Provinces and the local legislative committee, per year ?

**Sir Denys Bray :** I would ask for notice.

**Mr. K. Ahmed :** In view of the fact that Berar is in the possession of the Government of India under the perpetual lease granted by His Exalted Highness the Nizam, what course will Government propose to adopt and what principle will be followed in the repayment of the land revenue realised, in case Berar is to be returned to His Exalted Highness in future, as they say that there was no question of the granting of a perpetual lease to the Government of India when His Excellency the Viceroy, Lord Curzon, in 1902, had an interview with the Nizam in his Palace at Hyderabad ?

#### NUMBER OF OFFICES IN A POSTAL INSPECTOR'S SUB-DIVISION.

602. **\*Mr. M. S. Aney :** (a) Is it a fact that there is a rule in the Postal Department that an Inspector's sub-division should not ordinarily consist of more than 40 offices ?

(b) Is it a fact that at present the number of such offices have been increased from 40 to 60 and even more in certain cases ?

(c) If so, will the Government state in how many sub-divisions throughout British India and Burma, the number of offices exceeds 40 ?

(d) The question of the adequacy of the authorised strength of Inspectors with a view to reduce the bulk of work ?

**Mr. H. A. Sams :** (a) No.

(b) and (c). Do not arise.

(d) The question of the adequacy of the authorised strength of Inspectors is examined by me from time to time with a view to increasing their number when required.

#### APPOINTMENT OF CLERKS FOR THE OFFICES OF INSPECTORS OF POST OFFICES.

603. **\*Mr. M. S. Aney :** (a) Is it a fact that the All-India (including Burma) Postal and R. M. S. Conference has adopted resolutions recommending the appointment of a clerk for the office of Inspector of Post Offices since the last several years ?

(b) Do the Government intend to sanction the aforesaid appointment immediately ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) Yes.

(b) Government do not consider the appointment necessary at present.

#### INCREASE OF THE TRAVELLING ALLOWANCE OF OFFICIALS IN THE DISTRICT OF BERAR.

604. **\*Mr. M. S. Aney :** Is it a fact that the Central Provinces Government has increased the travelling allowance of officials in Berar (District of Berar only and not the Central Provinces) owing to the high cost of living about two years ago ?

**The Honourable Sir Basil Blackett :** The Government of India have no information on the subject.

#### INCREASE OF THE TRAVELLING ALLOWANCE OF INSPECTORS OF POST OFFICES.

605. **\*Mr. M. S. Aney :** (a) Will the Government be pleased to publish what decision the Postmaster Generals' Conference held in 1926 arrived at regarding the increase in travelling allowance of Inspectors of Post Offices who are not given mileage allowance at present ?

(b) Do the Government intend to sanction the increase at an early date ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) The Government of India are not prepared to publish such decisions.

(b) The matter is under consideration of Government.

**THROUGH TRAINS IN WHICH THIRD CLASS PASSENGERS ARE NOT ALLOWED TO TRAVEL.**

406. \*Mr. M. S. Aney : Will the Government be pleased to give the following information :

- (a) the names of through trains in which third class passengers are not allowed to travel ?
- (b) the number of first class and second class passengers that travelled in these trains in the years 1924-25, 1925-26 and 1926-27 ?
- (c) expenses charged to Capital and Revenue both recurring and non-recurring incurred on account of these trains during the same period ?

Mr. A. A. L. Parsons : (a) The names of through trains which do not provide accommodation for third class passengers are as follows :

- (1) Imperial Indian Mail between Calcutta and Bombay.
- (2) 1 Up and 2 Down East Indian Railway 61 Up and 62 Down North Western Railway.
- (3) 5 Up and 6 Down East Indian Railway Punjab Mails between Calcutta and Saharanpur.
- (4) 85 Up and 86 Down Bombay Mails between Lahore and Delhi ?
- (5) 5 Down and 6 Up Great Indian Peninsula Railway Punjab Mails between Bombay and Delhi.

(b) The information is not procurable except as regards passengers in the Imperial Indian Mail. Such figures as are available regarding that train will be obtained and furnished to the Honourable Member.

(c) Such information as is available will be called for and furnished to the Honourable Member.

**REVENUE FROM THE SALE OF TICKETS TO PASSENGERS TRAVELLING BY THE *train de luxe* SINCE ITS INAUGURATION.**

607. \*Mr. M. S. Aney : (a) Will the Government be pleased to state how much revenue is derived from the sale of tickets to passengers travelling by the *train de luxe* since it has begun to run to the end of July 1927 ?

(b) What was the expenditure incurred (capital and amount charged to revenue) recurring and non-recurring in building and fitting the train and running it till the end of July 1927 ?

Mr. A. A. L. Parsons : (a) and (b). The information is being obtained and will be furnished to the Honourable Member in due course.

†608.\*—609\*.



**AGGREGATE TONNAGE OF COAL CONSUMED BY THE MAJOR INDIAN RAILWAYS.**

610. \***Mr. N. C. Kelkar** : Will the Government be pleased to state what is the aggregate tonnage of coal consumed by the major Indian railways for the purposes indicated below the figures for each railway being shown separately :

- (a) running of mail and fast expresses,
- (b) running of passenger trains,
- (c) running of goods trains,
- (d) shunting ?

**Mr. A. A. L. Parsons** : I have sent a statement to the Honourable Member giving such information as is available.

**COAL FOR THE MAJOR INDIAN RAILWAYS.**

611. \***Mr. N. C. Kelkar** : Will the Government be pleased to lay on the table a statement showing the coal, described with reference to the collieries in which they are mined, which meet the requirements of each of the major Indian Railways under each of the following heads :

- (a) running of mails and fast expresses,
- (b) running of ordinary passenger trains,
- (c) running of goods train, and
- (d) shunting ?

**Mr. A. A. L. Parsons** : The Honourable Member is referred to the reply given to Mr. Neogy's unstarred question No. 54.

**USE OF COAL RAISED IN THE COLLIERY OF ONE STATE RAILWAY BY ANOTHER RAILWAY.**

612. \***Mr. N. C. Kelkar** : (a) Is it a fact that the coal raised in the colliery of one State Railway is used for another ? If so, will the Government furnish full particulars of all such recent instances in point ? Will the Government be pleased to state how the quota of each railway is determined when a colliery is jointly owned by two or three railway owners ?

(b) Is it a fact that the coal raised in collieries owned by State Railways is used on the Company-managed Railways ? If so, will the Government furnish full particulars of such instances in point occurring within the last two years ?

**Mr. A. A. L. Parsons** : The Honourable Member is referred to the reply given to Mr. Neogy's unstarred question No. 55.

**CONSTRUCTION BY THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY OF SPECIAL ENGINES TO SUIT THE CONSUMPTION OF SECOND CLASS COAL.**

613. \***Mr. N. C. Kelkar** : Is it a fact that the Bombay, Baroda and Central India Railway constructed some special engines three or four years

back to suit the consumption of second class coal thereon? If so, will the Government please state wherein exactly lies the speciality of such locomotives?

**Mr. A. A. L. Parsons :** The Honourable Member is referred to the reply given to Mr. Neogy's unstarred question No. 56.

#### ELECTRIFICATION OF RAILWAYS.

614. **\*Mr. N. C. Kelkar :** Have the Government now under contemplation any scheme of electrification of any section of any Indian Railway? If so, will the Government be pleased to state the full particulars of such scheme?

**Mr. A. A. L. Parsons :** Schemes are under investigation for the electrification of the suburban lines in the Calcutta and Madras areas and the Trichinopoly-Madura and Podanur-Pollachi sections of the South Indian Railway. The two latter are interconnected with the Madras Government's investigation into the Pykara Hydro-Electric Scheme. It is also proposed shortly to examine the possibilities of electrifying some sections of the North Western Railway with power obtained from the Punjab Government's Mandi Hydro-Electric Scheme.

None of these schemes are sufficiently advanced to permit of particulars being given of them yet.

#### AMOUNT OF CAPITAL OUTLAY SO FAR MADE BY THE PROPOSED RAILWAY COLLIERY IN THE TALCHUR FIELD AND IN RELIGARI-DARI.

615. **\*Mr. N. C. Kelkar :** Will the Government be pleased to say what is the amount of capital outlay so far made by the proposed railway colliery in Talchur field and in Religari-dari?

**Mr. A. A. L. Parsons :** The information asked for is being obtained and will be furnished to the Honourable Member when received.

#### AVERAGE PRICE PER TON OF COAL PURCHASED FOR THE RAILWAYS.

616. **\*Mr. N. C. Kelkar :** Will the Government be pleased to state what average price per ton was paid for coal purchased for the Railways, the figure being worked out for each year from 1906-07 to 1926-27?

**Mr. A. A. L. Parsons :** The Honourable Member is referred to the reply given to Mr. Neogy's unstarred question No. 58 on the same subject.

#### VETERINARY ASSISTANT SURGEONS OF THE ARMY VETERINARY CORPS AND THE ARMY REMOUNT DEPARTMENT OF THE INDIAN ARMY.

617. **\*Khan Bahadur Mahdum Syed Rajan Bakhsh Shah :** (a) Is it a fact that since 1916 Veterinary Assistant Surgeons of identical qualifications are recruited on different initial salaries in the Army Veterinary Corps and the Army Remount Department of the Indian Army?

(b) Is it a fact that before 1918 Veterinary Assistant Surgeons serving with units and in the Army Remount Department had equal starting pay while the prospects of the latter were much better than those of the former?

(c) Is it a fact that now besides better pay and prospects Veterinary Assistant Surgeons of the Army Veterinary Corps are entitled to free quarters, ration and clothing under the military regulations while the Veterinary Assistant Surgeons of the Army Remount Department having identical qualifications are denied those privileges ?

(d) Is it also a fact that though both the Army Veterinary Corps and the Army Remount Department are under the Quartermaster General and Veterinary Assistant Surgeons of both are liable to be sent to the front in the event of war, Veterinary Assistant Surgeons of the Army Veterinary Corps are rated as combatants ?

(e) Will the Government be pleased to state if they are prepared to consider the amalgamation of the Veterinary Assistant Surgeons of the Army Remount Department with the Army Veterinary Corps in order to remove this differential treatment towards men of equal qualifications serving under one and the same Quartermaster General ?

**Mr. G. M. Young :** (a) The Indian Army Veterinary Corps was not in existence before 1918. The initial rates of pay of Veterinary Assistant Surgeons of the two services have varied since that date, but the initial pay in both services is now Rs. 60 per mensem.

(b) The initial pay of Veterinary Assistant Surgeons serving in units and the Army Remount Department was nearly the same. The latter had slightly better prospects.

(c) Yes, because those in the Indian Army Veterinary Corps serve under military regulations whereas the others serve under Civil Service Regulations and are not subject to military discipline.

(d) Yes.

(e) Government have considered the amalgamation of the two services and have found it impracticable.

**APPOINTMENT OF RAI BAHADUR MANGAT RAI, AS OFFICIATING COMMISSIONER OF INCOME-TAX, PUNJAB AND THE NORTH-WEST FRONTIER PROVINCE.**

618. \***Khan Bahadur Makhdum Syed Rajan Bakhsh Shah :** (a) Is it a fact that the present Commissioner of Income-tax, Punjab and North-West Frontier Province, went on a few weeks' leave in May or June last, and R. B. Mangat Rai, Assistant Commissioner of Income-tax, Rawalpindi Division, officiated in his place ?

(b) Is it a fact that Mr. W. R. Pearce, Assistant Commissioner of Income-tax, Lahore Division, is senior in service to R. B. Mangat Rai ?

(c) If the answer to part (b) above be in the affirmative will the Government be pleased to state why Mr. Pearce was not granted the officiating chance ?

**The Honourable Sir Basil Blackett :** (a) Yes.

(b) and (c). The Government do not think it desirable to discuss on the floor of this House the relative claims or merits of individual officers or the reasons that have led to one officer being preferred to another for promotion.

**Mr. K. Ahmed :** Why was not Mr. Pearce given the opportunity to officiate and show his merit and ability and why was Mr. Mangat Rai, who is junior to him, promoted ?

**The Honourable Sir Basil Blackett :** Government are not prepared to discuss the question on the floor of the House.

**Mr. K. Ahmed :** The Government of India exercise their own discretion without giving a chance to the Members of this Assembly to know whether their action was right or wrong ?

**The Honourable Sir Basil Blackett :** I would ask the Honourable Member to realize that it is not in the interests of Government officials that their merits or demerits should be discussed on the floor of this House.

**Mr. K. Ahmed :** Is it not in the interests of the people of India, and for us, to see that the Government's action is right ?

**DISCHARGE OF M. BAHADUR KHAN, CLERK IN THE INCOME-TAX OFFICE AT CAMPBELLPORE.**

619. **\*Khan Bahadur Makhdum Syed Rajan Bakhsh Shah :** (a) Is it a fact that the services of M. Bahadur Khan, the only Muslim clerk in the Income-tax staff at Campbellpur, have been dispensed with by the Income-tax Commissioner, Punjab and he has been or will be replaced by some Hindu candidate ?

(b) Is it also a fact that the same M. Bahadur Khan was for sometime an Income-tax Inspector, but was humbled down to accept a clerkship of which, too, he has now been deprived ?

(c) If the answer to the whole or any portion of (a) and (b) is in the affirmative, the circumstances which have justified such action, may please be stated ?

**The Honourable Sir Basil Blackett :** (a) The answer to the first part is in the affirmative : the Government of India have no information as regards the second part.

(b) and (c). I do not think it is in the interests either of the Government or of the officer concerned to enter into details of the kind asked for. The officer in question was given a trial in more than one capacity but in the end his services had to be dispensed with on the ground of unsuitability.

**Mr. K. Ahmed :** In view of the fact that the Honourable the Finance Member cannot satisfy the Members of this Assembly.....

**Mr. President :** Order, order.

**Mr. K. Ahmed :** I will put it in a milder form, Sir.....

**Mr. President :** Order, order. Khan Bahadur Makhdum Syed Rajan Bakhsh Shah.

**PAUCITY OF MUSLIMS IN THE INCOME-TAX DEPARTMENT OF THE PUNJAB AND THE NORTH-WEST FRONTIER PROVINCE.**

620. **\*Khan Bahadur Makhdum Syed Rajan Bakhsh Shah :** (a) Is it a fact that out of the 3 Assistant Commissioners of Income-tax in the Punjab and North-West Frontier Province, none is a Muslim ?

(b) Is it a fact that out of 26 Income-tax Officers in the Punjab only 5 are Muslims ?

(e) Will the Government be pleased to state what has been the cause of such a minority?

(d) Are Government aware that the Muslims of the Punjab attribute the cause of this minority to the anti-Muslim policy of the present Income-tax Commissioner, Mr. Darling, and that they are highly dissatisfied with him?

(e) If answer to (c) above be that efficient Muslims are not available, will the Government be pleased to define the standard of efficiency required?

**The Honourable Sir Basil Blackett :** The answer to parts (a) and (b) is in the affirmative.

(c) and (e). Under standing orders, appointments of Income-tax Officers are made by the Commissioner, subject to the approval of the Local Government. The Government of India understand, however, that the Commissioner is also assisted by a Selection Committee appointed by the Punjab Government. The comparatively small number of Muslim Income-tax Officers is reported to be due partly to the difficulty which was felt, in the earlier years, of obtaining a sufficient number of Muslim officers with the requisite qualifications, and partly to the failure, in recent years, of Muslim officers to pass the departmental examinations, particularly in accountancy. The standards required are those laid down by the Punjab Government.

(d) I have every reason to believe that the suggestion in part (d) of the question is not in accordance with the facts. The officer in question is one to whom the Punjab and particularly the Punjab agriculturist owes a deep debt of gratitude.

**Mr. K. Ahmed :** Are the Government aware that they have acted unconstitutionally in not paying attention to the declaration of Lord Reading made in solemn terms at Belvedere to the Muhammadan community at the time of great difficulty and distress, which flattered them too much at the time, but now it is not acted upon?

**The Honourable Sir Basil Blackett :** Government are quite aware that they would not be acting correctly if they were not giving full effect to that promise. I would suggest that the Honourable Member is acting rashly in making the statement that they are not doing so.

**Mr. K. Ahmed :** Is it not a fact that Lord Reading in clear terms said that the representation of the Muslim community in the public services would not by any means be less than one-third? Is that so, yes or no?

**The Honourable Sir Basil Blackett :** If the Honourable Member will put his question down he will get an answer.

**NUMBER OF CHANCES GIVEN TO INCOME-TAX OFFICERS AND ASSISTANT INCOME-TAX OFFICERS IN THE PUNJAB TO PASS THE DEPARTMENTAL EXAMINATION.**

621. **\*Khan Bahadur Makhdum Syed Rajan Bakhsh Shah :** Will the Government be pleased to lay on the table information on the following points :

- (i) The number of Assistant Income-tax Officers and Income-tax Officers in the Punjab who had to appear four times to pass the Income-tax Officers' departmental examination? How many of them were Muslims?
- (ii) The number of Assistant Income-tax Officers and Income-tax Officers who had to appear more than four times to qualify? How many of them were Muslims?
- (iii) The number of Assistant Income-tax Officers and Income-tax Officers (excluding P. C. S. hands) who were exempted from the departmental examination or any part of it? How many of them were Muslims?
- (iv) The maximum number of chances taken by an Assistant Income-tax Officer or Income-tax Officer to qualify, giving names of officers who were allowed such chances?
- (v) The number of Assistant Income-tax Officers and Income-tax Officers now on probation? How many of them are Muslims?

**The Honourable Sir Basil Blackett :** (i) Five, of whom two were Muhammadans, two Hindus, and one a Sikh.

(ii) Two officers, of whom one was a Muhammadan.

(iii) Six, of whom two were Muhammadans, two Sikhs, one a Hindu and one a Christian. Four were exempted in one subject only, one in two and one in all subjects except accounts.

(iv) Five chances were given to two officers—one a Hindu and the other a Muhammadan. I am not prepared to give the names of the officers on the floor of the House.

(v) Thirteen, of whom seven are Muhammadans.

**Mr. K. Ahmed :** Has not the Honourable the Finance Member violated and shown disrespect to the solemn undertaking given by His Excellency the Viceroy, Lord Reading, and is not his Department doing gross injustice to the Muhammadan community?

**The Honourable Sir Basil Blackett :** I may assure the Honourable Member that gross injustice is not being done to the Muhammadan community.

#### NUMBER OF INCOME-TAX OFFICERS CONFIRMED IN THEIR APPOINTMENTS BEFORE PASSING THE DEPARTMENTAL EXAMINATION.

622. **\*Khan Bahadur Makhdum Syed Rajan Bakhsh Shah :** (a) Will the Government be pleased to state whether before confirmation it is necessary for an Assistant Income-tax Officer to pass or to be exempted from the Income-tax Officers' examination, while he is only to be confirmed as an Assistant Income-tax Officer and not as an Income-tax Officer?

(b) Will the Government be pleased to state the number of Income-tax Officers in the Punjab, if any, who were confirmed in the capacity of an Assistant Income-tax Officer or Income-tax Officer before passing the departmental examination? How many of them were Muslims?

(c) Will the Government be pleased to state whether the Muslim probationers will get the same number of chances as the non-Muslims have taken to qualify?

**The Honourable Sir Basil Blackett :** (a) The answer is in the affirmative.

(b) Four, of whom two were Muhammadans.

(c) The number of chances given has nothing to do with the religious faith of the officer.

**WITHDRAWAL OF THE CARD PASSES OF EMPLOYEES OF THE RAILWAY MAIL SERVICE.**

**623. \*Khan Bahadur Makhdum Syed Rajan Bakhsh Shah :** (a) Are Government aware of the fact that great difficulty is being experienced by the working as well as the supervising staff of the Railway Mail Service in the execution of their duty on account of withdrawal of card passes ?

(b) Is it a fact that the Postal Department offered to pay a subsidy to the Railway for the restoration of these passes ; if so, what is the cause of delay in restoring them ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) Government are aware that, owing to the withdrawal of card passes a certain amount of difficulty has been experienced by the supervising officers and officials of the Railway Mail Service.

(b) The Director General proposed to the Railway Board a scheme whereby a lump sum would be paid on the estimated cost of the passes required. As, however, the Railways are not in favour of this scheme, an alternative proposal is being considered.

†624\*.—626\*.

**RECOMMENDATIONS OF THE JOINT PARLIAMENTARY COMMITTEE REGARDING LAND REVENUE SETTLEMENT AND LAND ASSESSMENTS.**

**627. \*Mr. A. Rangaswami Iyengar :** Will the Government be pleased to state :

(a) What the present position is in regard to the steps that were directed to be taken by the Joint Parliamentary Committee in 1919 in regard to the enactment of legislation in the provinces to fix the principles of land revenue settlements and to bring land assessments within the purview of the Legislature ?

(b) What are the provinces that sent up Bills in this behalf for the sanction of the Government of India and what has become of these Bills ?

(c) What are the Bills (i) which the Government of India refused to sanction, (ii) in which the Government of India required modifications, and (iii) what is the basis and the substance of such modifications in each case ?

(d) Have the Government of India taken any steps to see that these enactments are completed before the next Statutory Commission in accordance with the Joint Committee's recommendations ?

**Mr. A. R. Dalal :** (a) Five provinces, namely, Madras, the United Provinces, Assam, the Punjab and the Central Provinces, have attempted

† Not put at the meeting, but the questions and answers to them will be found at pages 3630—31 of these proceedings.

legislation on the subject, but in no province have the proposed measures successfully passed into law.

(b) No Bills were sent up for the previous sanction of the Government of India under section 80 (a) of the Government of India Act, but all the provinces mentioned above sent up their Bills for consideration by the Government of India in their executive capacity.

(c) There was no occasion for the Government of India to grant or refuse sanction. The Government of India suggested certain modifications in the case of some of the Bills. They regret their inability to disclose the basis and substance of such modifications.

(d) In 1920 the Government of India drew the attention of all Local Governments to the recommendations of the Joint Parliamentary Committee upon this subject and have recently again impressed upon them the importance of introducing legislation at an early date.

**Mr. A. Rangaswami Iyengar :** May I know, Sir, when this "impression" was again made upon the Provincial Governments ?

**Mr. A. B. Dalal :** Recently.

**Mr. A. Rangaswami Iyengar :** I want to know more precisely.

**Mr. A. B. Dalal :** Very recently.

**Mr. President :** The Honourable Member has not quite answered the question put by the Honourable Member from Madras.

**Mr. A. Rangaswami Iyengar :** I want to know when these instructions were again sent to Provincial Governments. Was it after those questions were put down on the paper ?

**Mr. A. B. Dalal :** I could not say that definitely.

**Mr. A. Rangaswami Iyengar :** You will not deny that ?

**Mr. A. B. Dalal :** I am not sure of it.

**Mr. A. Rangaswami Iyengar :** Is it a fact that in consequence of modifications insisted upon by the Government of India, Provincial Governments were unable to get any land revenue legislation through in their provincial Legislatures ?

**Mr. A. B. Dalal :** If the Honourable Member will specify what the Provincial Government is, I may be able to answer his question.

**Mr. A. Rangaswami Iyengar :** I am speaking of my own province, Madras.

**Mr. A. B. Dalal :** In Madras I understand a Bill was introduced in 1924 which fell through.

**Mr. A. Rangaswami Iyengar :** I am putting it to the Honourable the Secretary in the Department of Education, Health and Lands whether the Bill that was introduced in the Madras Legislative Council in 1924 was introduced in virtue of the modifications insisted upon by the Government of India and, in consequence, whether that Bill could not get through the Legislature.

**Mr. A. B. Dalal :** I am not aware of that, Sir.

**Mr. A. Rangaswami Iyengar :** Is not the Honourable Member aware that the Honourable Sir Arthur Knapp specifically mentioned to the



Legislative Council that the original Bill as proposed by the Committee appointed by that Government was not accepted by the Government of India, and that therefore the Local Government was bringing in a modified Bill ?

**Mr. A. E. Dalal** : I am not aware of that, Sir.

**Mr. A. Rangaswami Iyengar** : Will the Honourable Member find it out and find us a way out of this trouble ?

**Mr. A. E. Dalal** : As I said, we have recently again addressed Local Governments, and perhaps the Honourable Member will await their reply.

#### CONSTITUTION OF A CENTRAL ROAD BOARD.

628. \***Mr. A. Rangaswami Iyengar** : Will the Government be pleased to state whether they have made proposals to or invited proposals from Provincial Governments in regard to the constitution of a Central Road Fund and a Central Road Board ? If so, will the Government lay the material proposals on the subject on the table of the House ?

**The Honourable Sir George Rainy** : In pursuance of the Resolution on the subject adopted by the Council of State last Session, it is proposed to appoint at an early date a Committee, including Members of both Houses of the Central Legislature, to examine the desirability of developing the road system of India, and in particular the means by which such development could most suitably be financed. The Committee will also no doubt consider any proposals that may be made for constituting a Central Road Board. But as Sir Charles Innes stated in the Council of State during the discussion on the Resolution, roads are a transferred provincial subject, and it is necessary to consult Local Governments before proceeding further. The matter has been referred to Local Governments, and it is being arranged to hold a conference of provincial representatives, including Ministers and their advisers on the 22nd of September, which is the earliest date convenient to all Local Governments. The Government have no papers to lay on the table at present.

**Mr. A. Rangaswami Iyengar** : May I inquire, Sir, if this conference of provincial Ministers and officers is to be held simultaneously with the conference of the Committee of the House that is proposed to be set up ?

**The Honourable Sir George Rainy** : When the representatives of the Local Governments come up, their meeting will be a conference and will last only a day or two, I should imagine. But the Committee which it is proposed to constitute, including Members of both Houses, must obviously last for a much longer time. I cannot indicate at present when they will be able to report, but it will be on a different basis from the conference.

#### CONSTRUCTION AND DEVELOPMENT OF LIGHT RAILWAYS OR TRAMWAYS.

629. \***Mr. A. Rangaswami Iyengar** : Will the Government of India receive any proposals from any Provincial Government for the construction and development of light railways or tramways coming under Item 6 (d) of Part II of Schedule I of the Devolution Rules ?

**Mr. A. A. L. Parsons** : The answer is in the negative.

RECOMMENDATION OF THE TAXATION ENQUIRY COMMITTEE REGARDING LAND REVENUES.

630. \*Mr. A. Rangaswami Iyengar : Will the Government be pleased to state what action has so far been taken on the recommendations of the Taxation Committee in regard to land revenue ?

Mr. A. B. Dalal : No special action has been taken by the Government of India. It has been left to each Local Government to take such action as it thinks fit upon the Taxation Enquiry Committee's recommendations.

Mr. E. K. Shanmukham Chetty : Is it a fact, Sir, that the Government of India brought up a special officer who had something to do with the Taxation Enquiry Committee, to consider what action the Government of India could take on that Report ?

Mr. A. B. Dalal : In connection with land revenue legislation ?

Mr. E. K. Shanmukham Chetty : In connection with the recommendations of the Taxation Enquiry Committee.

Mr. A. B. Dalal : This question relates entirely to the recommendations of the Taxation Enquiry Committee regarding land revenue.

So far as that part of the Taxation Enquiry Report is concerned, the Government of India have decided that it will be left to Local Governments.

Mr. A. Rangaswami Iyengar : May I assume that the decisions of Provincial Governments will not affect in any way the proposals of the Government of India in regard to the Taxation Enquiry Committee's recommendations ?

Mr. A. B. Dalal : It is impossible to anticipate what decisions the Local Governments will come to.

Mr. A. Rangaswami Iyengar : May I know, so far as this Assembly is concerned, whether this Assembly did not pass a Resolution last year asking the Government of India to proceed with the recommendations of the Taxation Enquiry Committee ?

The Honourable Sir Basil Blackett : This question is getting more general than the recommendations of the Taxation Enquiry Committee regarding land revenue. It is true that a special officer was brought up to examine all the recommendations of the Taxation Enquiry Committee, and as the result of his examination and of the examination of the Government of India in the matter, definite conclusions have been come to with regard to particular portions of the Report. As regards this particular portion, the view taken is that it is for the Local Governments in the first instance to consider what action to take ; and if that action affects the Central Government, they will no doubt communicate with the Central Government on the subject. As regards the last question, my recollection is that this House eventually decided that they did not want to discuss the Taxation Enquiry Committee's Report.

**THE METTUR RESERVOIR SCHEME.**

**681. Mr. A. Rangaswami Iyengar :** Have the Government of India been pleased to state :

- (a) On what dates administrative sanction may be accorded to the Mettur Reservoir scheme in the Province of Madras by the Government of India and by the Secretary of State ?
- (b) What were the final estimates of expenditure on which the scheme was sanctioned ?
- (c) Whether any and if so, what variations have been made in the scheme and whether sanction was obtained for them ?
- (d) Whether the scheme as well as the estimates were examined and sanctioned by the Government of India and the Secretary of State ?
- (e) Whether the Government of India took any steps to see that the Indian Stores Department was employed in the purchase of materials and machinery required wherever possible ?
- (f) Whether Indian cement was sought to be obtained through the Stores Department ?
- (g) What is the total amount of cement expected to be consumed and what are the orders therefor so far placed through (i) the Stores Department, and (ii) the High Commissioner for India ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) The sanction of the Government of India was not required under the rules to the Mettur Reservoir scheme. The Secretary of State accorded his sanction to it on the 3rd March 1925.

(b) The construction of the scheme was sanctioned at an estimated cost of Rs. 6,12,00,000.

(c) So far as the Government of India are aware, no material variations in the scheme sanctioned have so far been made or sanctioned. The Government of India have no information whether any minor variations have been made. The Local Government have power to sanction such variations without reference to the Government of India.

(d) Yes.

(e) The Government of India are not in a position to enforce the utilisation of the Indian Stores Department by major Local Governments which have full autonomy in this respect.

Officers of the Indian Stores Department have, however, visited Madras and explained to the authorities concerned the advantages of making purchases through that Department and the Government of India understand that departmental orders have been issued by the Government of Madras that all orders for plant and machinery required for this project, except special machinery for placing concrete, should be placed through the Indian Stores Department. Orders to the extent of Rs. 4,25,000 have actually been placed by that Department for stores, including plant and machinery, required for the project during the last and the current financial years.

(f) An indent was placed on the Indian Stores Department by the Chief Engineer, Mettur Project, in March 1927 for 7,000 tons of Indian

cement but was cancelled in April. It is understood that the cancellation was due to the fact that a final decision as to whether cement or lime should be used in the construction of the dam had not been reached.

(g) The Government of India are unable to state the total amount of cement which is expected to be used on the project. No orders have yet been placed, so far as they are aware, either by the Indian Stores Department or through the High Commissioner.

**Mr. A. Rangaswami Iyengar :** May I know whether, in respect of the statement made by the Honourable Member, while the indent for Indian cement was cancelled on the ground that no final decision was taken as to the use of cement or of lime in the construction of this dam, machinery for placing cement to the extent of 30 or 40 lakhs had already been ordered by the Government of Madras ?

**The Honourable Sir Bhupendra Nath Mitra :** I have no information on that point, Sir. As I have already said, the Madras Government have got full powers in regard to the matter.

#### REMOVAL OF THE CAPITAL OF THE UNITED PROVINCES FROM ALLAHABAD TO LUCKNOW.

632. **\*Mr. A. Rangaswami Iyengar :** Has the attention of the Government been drawn to the protests made by the people of Allahabad against the gradual removal of the capital of the United Provinces from Allahabad to Lucknow ? If so, will the Government be pleased to state whether they propose to take any steps in the matter, and if so, what steps ?

**The Honourable Mr. J. Orerar :** Government received certain representations a few years ago alleging that the capital of the United Provinces was being transferred to Lucknow. The Local Government then reported that there was not and had not been any question of the transfer of the capital to Lucknow. The memorialists were so informed and the Government of India do not intend taking further action in the matter.

**Pandit Hirday Nath Kunzru :** Are Government aware that one office after another is being removed from Allahabad to Lucknow ?

**The Honourable Mr. J. Orerar :** I am not aware.

**Mr. Gaya Prasad Singh :** Is the Honourable Member aware that a new Council House has also been built at Lucknow ?

**Pandit Hirday Nath Kunzru :** In view of the fact that Allahabad is the capital and that its important position might be affected, will Government inquire whether it is a fact that one office after another is being slowly removed to Lucknow ?

**The Honourable Mr. J. Orerar :** If any representations are addressed to the Government of India on the subject, they will no doubt be considered.

**Mr. A. Rangaswami Iyengar :** Will not the Government make an enquiry and let the House know whether it is a fact that office after office is being removed to Lucknow ?

**The Honourable Mr. J. Crerar :** The mere removal of individual offices is a matter entirely within the discretion of the Local Government. On the suggestions made, I do not think there is sufficient ground for addressing the Local Government.

**Mr. Gaya Prasad Singh :** Are we to understand then that there is absolutely no proposal to shift the capital from Allahabad to Lucknow ?

**The Honourable Mr. J. Crerar :** I am not aware that any such proposal is under consideration.

**PRESUMPTION OF THE DIRECT TELEGRAPH LINE FROM DELHI-SIMLA TO LUCKNOW DURING THE LEGISLATIVE SESSION.**

**633. \*Mr. A. Rangaswami Iyengar :** (a) Is it a fact that in spite of the growing importance of Lucknow, the telegraph office is still a second-class office there ?

(b) Is it a fact that in 1922 a largely-signed petition by the trading community and number of other citizens was addressed to the postal authorities ? If so, will the Government be pleased to state what steps were taken thereon ?

(c) Has the attention of the Government been drawn to numerous articles which have recently appeared in the *Indian Daily Telegraph* of Lucknow mentioning the inconveniences to which the public and the press of Lucknow are put by the present inadequate telegraph arrangements due to the limited hours of their work ? If so, will they be pleased to state what steps have been taken in connection therewith ? If not, why not ?

(d) Is it a fact that the Chief Editor of the *Indian Daily Telegraph* of Lucknow addressed the Director-General of Posts and Telegraphs in March last requesting resumption of the direct telegraph line from Delhi-Simla to Lucknow during the legislative Session, which was stopped in 1926 ? If so, will the Government be pleased to state what reply was given ?

(e) Is it a fact that after the Director-General's reply to the Chief Editor of the *Indian Daily Telegraph* of Lucknow, there was an article which appeared in the paper drawing attention to the loss which the Government were put to by the measures which the paper was obliged to take, consequent on the refusal to give a direct telegraph line from Delhi to Lucknow ? If so, are the Government prepared to reconsider their position ?

(f) Are Government in a position to state how long it will take to convert the telegraph office in Lucknow from second class to first class ? If not, why not ?

**Mr. H. A. Sams :** (a) There is no classification of telegraph offices into 1st and 2nd.

(b) No such petition was received in 1922. A representation was received from the Manager of the *Indian Daily Telegraph*, Lucknow, who was told in reply that there was no justification for keeping the office open throughout the night, as it would entail considerable expense, and the press traffic expected between 11 P.M. and 6 A.M., when the office was closed, would not pay its way.

(c) Only one article dated 26th February 1927 has come to notice, and in consequence orders were issued for the expeditious disposal of Multiple press traffic from Delhi to Lucknow via Calcutta. Arrangements have been made during the current Session of the Assembly for the Simla office to work the Lucknow office direct.

(d) Yes. No further action was taken in view of the action taken as indicated in the reply to (c).

(e) No such article has come to notice.

(f) Does not arise in view of the answer to (a).

+634\*—637.\*

#### THE INDIAN SANDHURST COMMITTEE'S REPORT.

638. \*Mr. K. C. Neogy : Will Government be pleased to state whether they consulted the Provincial Governments and the principal Army Staff officers on the Sandhurst Committee Report, and to indicate briefly their views, if obtained ?

Mr. G. M. Young : Provincial Governments have not been consulted. The principal Staff Officers were very fully consulted, as they are the chief military advisers of Government. Government are not prepared to publish their views.

#### FEDERATION OF THE EAST AND CENTRAL AFRICAN STATES AND MANDATED TERRITORIES.

639. \*Mr. K. C. Neogy : (a) Will Government be pleased to state whether the British Government consulted them on the publication of the White Paper, in July 1927, foreshadowing the federation of the East and Central African States and mandated territories ?

(b) Will Government be pleased to state the opinion, if any, given by them on this question ?

(c) Was the question of federation examined by the Kenya Committee of 1924, and if so, will Government be pleased to lay their opinion on the subject on the table ?

(d) Is it a fact that the Kenya Committee made definite recommendations for adequate Indian representation on the proposed Federation Commission ? If so, were these accepted by the Government of India and the Secretary of State ?

Mr. G. S. Bajpai : (a) The Honourable Member is referred to the reply given by me this morning to part (c) of Pandit Hirday Nath Kunzru's question No. 579.

(b) Does not arise.

(c) In connection with Sir Sydney Henn's motion, made in the House of Commons on the 8th April 1924, that the Secretary of State for the Colonies should send out a commission to Africa to report on the practicability of co-ordinating policy and services throughout the territories of Kenya, Uganda, Tanganyika, Zanzibar, Nyasaland and North

† Not put at the meeting, owing to the absence of the questioner, but the questions and answers to them will be found at page 3631—52 of these proceedings.

Eastern Rhodesia, the Colonies Committee of the Government of India, to which the Honourable Member is presumably referring, made certain suggestions regarding the representation of the Indian point of view on the proposed Commission, and the preparation and presentation of the Indian case before that body. The principle of federation was not examined by the Committee. Government regret that they are unable to comply with the Honourable Member's request to lay a copy of the Committee's memorandum on the table.

(d) As regards the first part of the question the Honourable Member is referred to the answer just given by me to part (c) of this very question. The two suggestions to which I have alluded were accepted by the Government of India and, it is understood, also by the Secretary of State for India.

†640\*—646.\*

**ENLARGEMENT OF THE POWERS OF RAILWAY ADVISORY COMMITTEES.**

647. \*Mr. Gaya Prasad Singh : (a) Is it a fact that members of the Committee of the Bengal National Chamber of Commerce met the Financial Commissioner of Railways, in Calcutta, recently ; and expressed their views that the Railway Advisory Committees " have proved unsuccessful, owing to the impotence that has been thrust on them. No self-respecting man wants to serve on these Committees twice..... At present the members have no authority to suggest any subject for discussion. The Agent can disallow any subject on the flimsiest ground " ?

(b) Are Government aware that the above view is shared by the general public, and by members of the Advisory Committees ; and do Government propose to consider the question of enlarging the powers of these Committees, and including more representative men in them ?

Mr. A. A. L. Parsons : (a) I had the pleasure of meeting the members of the Committee of the Bengal National Chamber of Commerce recently, but the quotation in the Honourable Member's question does not to my recollection, accurately represent what transpired at our discussion which was of an informal character. No statement was made to me by any member of the Local Advisory Committee that members of the Local Advisory Committee have no authority to suggest subjects for discussion ; so far from this being the case, I understand that the majority of the subjects discussed by Local Advisory Committees are suggested by members themselves.

(b) The answer to both parts of this question is in the negative.

**PROVISION OF QUARTERS FOR INDIAN EMPLOYEES OF THE EAST INDIAN RAILWAY.**

648. \*Mr. Gaya Prasad Singh : Is it a fact that about 80 per cent. of the Indian employees of the East Indian Railway have not been provided with railway quarters ? Are Government aware that at places like Asansol, Ondal, Dhanbad, Jharriah, etc., rented houses are not available ? Do Government propose to build railway quarters for them ?

Mr. A. A. L. Parsons : The required information is being obtained and will be supplied to the Honourable Member on receipt.

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† Not put at the meeting, owing to the absence of the questioner, but the questions and answers to them will be found at pages 3632—34 of these proceedings.

**ISSUE OF EIGHT-MONTHLY RETURN TICKETS BY THE NORTH WESTERN RAILWAY.**

649. \*Mr. Gaya Prasad Singh : (a) Is it a fact that the North-Western Railway administration does not issue 8-monthly return tickets at reduced rates ? If so, why ?

(b) Are Government aware that the Bengal and North-Western Railway proposed to issue first and second class 8-monthly return tickets at reduced rates for Simla or Kalka, but the North-Western Railway, when approached on the subject, refused to agree to the proposal ?

(c) Will Government kindly give the names of Railways on which the system of issuing return tickets is not in existence ? And do Government propose to take necessary steps to have the system introduced ?

Mr. A. A. L. Parsons : (a) The North-Western Railway do not issue 8-monthly return tickets. The matter is one which rests with the Agent of the Railway.

(b) Yes.

(c) All important railways issue return tickets though the conditions and the periods for which they are current vary on different railways.

The introduction of return tickets is a matter within the discretion of the Agent of the Railway concerned.

**DEVASTATION CAUSED BY THE RECENT FLOODS IN INDIA.**

650. \*Mr. Gaya Prasad Singh : Will Government be pleased to make a detailed statement regarding the devastations caused by the recent floods in different parts of the country, together with an estimate of the probable loss of life and property, and the measures taken to relieve the distress ?

Mr. A. E. Dalal : The floods in the Bombay Presidency caused serious damage in the Ahmedabad, Kaira and Broach districts and Baroda State territory in Gujarat and in parts of Kathiawar and considerable damage in the Thar Parkar and Hyderabad districts in Sind. The loss of human life in the British Districts in Gujarat was not large, but the damage in other respects has been heavy. The population of the tract affected is 1½ millions. The principal damage has been to house property. As for crops vigorous resowing operations are going on. The loss of cattle is not so serious as was originally conjectured. Communications have been re-established.

It is hoped to have a reliable estimate of the total extent of the damage and the amount of financial assistance required from provincial revenues within a few days.

The Government of Bombay is distributing *takavi* grants and making grants of timber and other building material. The Central Relief Fund in the Presidency has reached well over 7 lakhs. Other Funds such as the one started by the Honourable Mr. V. J. Pátel have also succeeded in collecting substantial sums. (Applause.) The Indian Peoples' Famine Trust are making a grant of Rs. 3 lakhs on certain conditions. (Applause.)



2. In Bihar and Orissa severe floods have occurred in the Singhbhum, Cuttack and Balasore districts and about 50 persons are believed to have lost their lives in the Bhadrak sub-division. There has been considerable damage to houses in the affected tracts, but much of the damage can be repaired without great expense. The damage to crops is not extensive. Serious damage has been caused to the main railway line. Grants for gratuitous relief for the next three months and for *takavi* for retransplantation of crops in August have been sanctioned by the Local Government, and further loans and contributions for house building and for the loss of cattle will be given if necessary. Arrangements for medical relief and for feeding the population affected have been made, and the situation is reported to be well in hand.

**Mr. B. Das :** In view of the distress described by the Honourable Member in Gujarat, Orissa and different parts of India, may I request the Government of India to see their way to appoint an all-India Flood Enquiry Committee, so that the permanent causes causing floods may be removed ?

**Sir Purshotamdas Thakurdas :** Has the Indian Peoples' Famine Trust Fund been approached by a non-official Committee for a grant from the Fund or for charitable relief ?

**Mr. A. E. Dalal :** No, Sir.

**Sir Purshotamdas Thakurdas :** Do Government think that there is scope for non-official relief to supplement Government relief measures in Bihar and Orissa ?

**Mr. A. E. Dalal :** That is for the people of Bihar and Orissa and the Government of Bihar and Orissa to consider.

**Sir Purshotamdas Thakurdas :** Has no non-official fund been started in Bihar and Orissa for this purpose ?

**Mr. A. E. Dalal :** I am not aware that non-official funds have not been started, but the Government of India have not received any application for help.

**Sir Purshotamdas Thakurdas :** If any application does come from non-official leaders in that Province, do I take it that it will be sympathetically considered ?

**Mr. A. E. Dalal :** That will depend on the circumstances and the facts represented.

**Mr. Gaya Prasad Singh :** Are Government aware that a non-official fund has been started under the auspices of some of the leading men of the Province ?

**Mr. A. E. Dalal :** I am not aware.

**Lala Lajpat Rai :** Is it a fact that Orissa has been affected by floods for the last several years consecutively ? Have any steps been taken to prevent those floods ?

**Mr. A. E. Dalal :** May I draw the attention of the Honourable Member to the reply given by the Honourable Sir Bhupendra Nath Mitra to a question this morning ?

**Mr. B. Das :** Have the Government of India ascertained from the Government of Bihar and Orissa the total estimate of losses to the villages caused by the recent floods ?

**Mr. A. B. Dalal :** I have read out the summary of the reports received from the Government of Bihar and Orissa just now and I dare say the Government of Bihar and Orissa will present a more accurate estimate of the losses in course of time.

**Mr. Gays Prasad Singh :** Will that statement be available ?

**Mr. A. B. Dalal :** If a question is put down to that effect, certainly.

**Mr. B. Das :** Do I take it that the Honourable Member takes it for granted that the mere description of the 60 per cent. loss in life and property does not in any way indicate the total estimate of damage and losses to the people of Orissa ?

**Mr. President :** The Honourable Member has not heard the answer given by the Honourable the Secretary for the Department of Education, Health and Lands.

**CIRCULATION OF THE QUESTIONNAIRE OF THE ROYAL AGRICULTURAL COMMISSION TO MEMBERS OF THE INDIAN LEGISLATURE.**

561. \***Mr. B. Das :** (a) Will Government be pleased to state why the questionnaire of the Royal Commission on Agriculture was not circulated to Members of the Indian Legislature ?

(b) What is the general practice of the Government in the circulation of questionnaires to representatives of the public ?

(c) Was this questionnaire circulated in the Provinces at the instance of the Provincial Governments or was it done on the sole responsibility of the Secretaries of that Commission ?

**Mr. A. B. Dalal :** (a) and (c). The procedure as regards the circulation of the questionnaire was settled by the Commission itself. The questionnaire after distribution to certain officials at the headquarters of the Government of India was circulated by the Commission to all Local Governments and Administrations, who were given a free hand to distribute it as they considered suitable.

(b) The Committees or Commissions issuing the questionnaires are left discretion as to their circulation.

**Mr. B. Das :** Do I take it that the Honourable the elected Members of this House are not the representatives of the public and that the Government of India are not responsible to advise the Commission that their questionnaire should be sent to the Members of this House in order that they may give their views and do I further take it that only the officials in the Agricultural Department were asked to give evidence before the Commission ?

**Mr. A. B. Dalal :** The Honourable Member is very well aware that it was not the official members of the Agricultural Department only who were consulted by the Royal Commission on Agriculture.

**Mr. B. Das :** Will not the Honourable Member forward a copy of this question and the previous question that was replied to yesterday by

my Honourable friend Mr. Bajpai to the Secretaries of the Royal Commission in order to draw the attention of the Commission that they have not done their duty properly ?

**Mr. A. E. Dalal :** We will certainly send copies of the questions and the replies to the Secretary of the Commission.

**PERMANENT APPOINTMENT OF THE TARIFF BOARD.**

562. \***Mr. B. Das :** (a) Will Government be pleased to state if they have come to any decision about the life of the Tariff Board ?

(b) Was it not a fact that Government wanted to approach the Legislature a year after the first appointment of the Tariff Board as to its future permanency ?

**The Honourable Sir George Rainy :** (a) As announced in their Resolution No. 291-T.-(27), dated the 30th June 1927, the Government have decided to extend the appointment of the Tariff Board for two years from the 5th July 1927.

(b) It is a fact that according to the Resolution of the Assembly of the 16th February 1923, the Tariff Board was constituted for one year in the first instance. Since then the appointment of the Board has been extended from year to year but it has not been proposed that the Board should be made permanent.

**Mr. B. Das :** Is the Honourable Member aware that there is no representative of the Assembly at present on the Tariff Board and no Member or ex-Member of this House is now a member of that Board ?

**The Honourable Sir George Rainy :** I think, Sir, that by the acceptance of the office of member of the Tariff Board, any Member of the Assembly who was so appointed would immediately have to vacate his seat under the Government of India Act.

**Mr. B. Das :** Was it not implied at the time that the Tariff Board was formed that one Member of the Assembly having the previous experience of this House would be a member of that Board in order to acquaint the Board with the procedure of this House ?

**The Honourable Sir George Rainy :** That is not within my recollection, Sir, but I would point out that the President of the Tariff Board, Sir Pestonji Ginwala, was an elected Member of this House before he was appointed to the Board.

**Mr. B. Das :** Why was not another Member of the Assembly substituted in his place ?

**Several Honourable Members :** Order, order.

**PERIOD FOR WHICH A MEMBER OF THE TARIFF BOARD HOLDS HIS APPOINTMENT.**

563. \***Mr. B. Das :** (a) Will Government be pleased to state if they have fixed any definite period for which a member of the Tariff Board can occupy that post ?

(b) If the reply be in the negative, will Government be pleased to state if they propose to fix the maximum period ?

**The Honourable Sir George Rainy :** (a) and (b). The Tariff Board is a temporary body and its life is extended from year to year. The Government have not yet found it necessary to fix a maximum period for the tenure of office by a member of the Board.

QUESTIONS NOT ASKED AT THE MEETING, OWING TO THE ABSENCE OF THE QUESTIONER, WITH ANSWERS TO THE SAME.

PROVISION OF ACCOMMODATION FOR POSTMEN AND LOWER GRADE STAFF ETC

586. \***Khan Bahadur Sarfaraz Hussain Khan :** (a) Are the questions of provision of accommodation for postmen and lower grade staff and the restriction of recruitment of outsiders in the clerical cadre so as to give preference to suitable candidates amongst postmen in service for appointments in such cadre, under the consideration of Government ?

(b) If so, have Government arrived at a decision ?

(c) If a decision has been arrived at, will Government please communicate their decision to the House ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) Yes.

(b) No.

(c) Does not arise.

ARRANGEMENTS FOR TRAINING MARINE WIRELESS OPERATORS AT THE GOVERNMENT WIRELESS TRAINING ESTABLISHMENT IN CALCUTTA.

587. \***Khan Bahadur Sarfaraz Hussain Khan :** (a) Have arrangements been made to give training to marine wireless operators at the Government Wireless Training Establishment in Calcutta ?

(b) If so, will Government please state what these arrangements are ?

(c) If the arrangements have not been made yet, will Government please state by what time the arrangements are expected to be completed ?

**The Honourable Sir Bhupendra Nath Mitra :** (a) and (b). The question is still under consideration.

(c) The decision is expected to be reached shortly.

THE ROYAL INDIAN NAVY.

588. \***Khan Bahadur Sarfaraz Hussain Khan :** Will Government please state :

(a) Whether the proposed Royal Indian Navy will be a part of the British Royal Navy or independent of it ?

(b) Whether the East Indies Squadron is a part of the British Royal Navy or independent of it ?

(c) Whether the Dominion Navies are parts of the British Royal Navy or independent of it ?

**Mr. G. M. Young :** (a) and (c). I would invite the attention of the Honourable Member to the reply given by me in this House on the 8th March, 1927 to starred question No. 790.

(c) The East Indies Squadron is a squadron of the Royal Navy.

**NOMINATION TO THE INDIAN CIVIL SERVICE IN INDIA SINCE 1922.**

608. \*Sardar Kartar Singh : (1) Has the attention of the Government been drawn to the Indian-edited Press, as for instance, the *Tribuna* of Lahore, dated 29th May 1927 and 2nd June 1927, on the matter of nominations in India to the Indian Civil Service since 1922 ?

(2) What is the number of Indians so far nominated to the I. C. S. in India since 1922 when the I. C. S. competitive examination was started in this country ?

(3) How many of them were Hindus, Muhammadans, Sikhs, Indian Christians, and Anglo-Indians, and what was the nationality of each nominee, that is to say,—British Indian subject or an Indian State subject ?

(4) In this principle of communal representation what matters are taken into consideration ?

(5) In determining the share of the Sikhs, are their military services to the State taken into consideration ?

(6) What is the population in India of Anglo-Indians, Indian Christians, and Sikhs, respectively, and how many of each have been so far nominated to the I. C. S. since 1922 ?

(7) Is it true that the Government have reserved this year seven posts to be given by nomination ?

(8) If the answer to question No. 7 is in the affirmative, do the Government intend to secure due representation to each of the four communities, namely Hindus, Muhammadans, Sikhs and Christians ?

(9) Is it true that the rule hitherto has been to take the said I. C. S. annual nominees from amongst the candidates who had sat for that examination ? Has any departure from it taken place hitherto ? If so, in how many cases out of the total number and why ?

(10) Are Government aware that the departure referred to in No. 9 causes discontent among the people ?

(11) Are Government going to observe this year the rule referred to in No. 9 ?

**The Honourable Mr. J. Orerar :** (1) Yes.

(2) The number of Indians (including Burmans) nominated to the Indian Civil Service since 1922 is 21.

(3) The information required is as follows :

Hindus	..	..	..	..	2
Muhammadans	..	..	..	..	7
Sikh	..	..	..	..	1
Indian Christians	..	..	..	..	3
Anglo-Indian	..	..	..	..	Nil.
Burmans	..	..	..	..	8

As far as I am aware one of these was the subject of an Indian State.

(4) and (5). The only consideration is that of preventing the preponderance of any particular communities in the Services.

(6) I would refer the Honourable Member to the Census Reports and to my answer to part (3) of his question.

(7) Yes.

(8) 4 Burmans, 2 Muhammadans and 1 Indian Christian are being appointed. These are included in the figures given in my answer to (3).

(9) and (11). Candidates are selected primarily from among those who have appeared in the competitive examination, but selections are made from outside the examination list where suitable candidates are not otherwise forthcoming. Up to and including the present year six candidates, all Burmans, have been so selected. The reason is that few Burmans have hitherto appeared at the competitive examinations. The whole question of improving the arrangements for recruiting Burman candidates is at present under consideration.

(10) No.

#### AMALGAMATION OF THE ORIYA-SPEAKING TRACTS UNDER A SEPARATE ADMINISTRATION, ETC.

609. \*Khan Bahadur Sarfaraz Hussain Khan : (a) Have Government under contemplation any scheme of placing the Oriya-speaking tracts under a separate administration and of separating the Benares Division from the United Provinces and amalgamating it with the Provinces of Bihar and Orissa ?

(b) If not, are Government considering the question of joining those tracts situated in the United Provinces where a permanent settlement exists with the Province of Bihar and Orissa ?

(c) Will Government please state the Districts situated in the United Provinces where a permanent settlement exists ?

The Honourable Mr. J. Orerar : (a) I refer the Honourable Member to the speech delivered in this House by Sir Alexander Muddiman expressing the view that for the present any idea of a separate administration for Orissa would be premature. Government have not in contemplation any scheme for the separation of the Benares Division from the United Provinces and joining it to the province of Bihar and Orissa.

(b) No.

(c) Benares, Mirzapur, Jaunpur, Ghazipur, Ballia and parts of Azamgarh.

#### FATAL ACCIDENT AT THE LEVEL CROSSING IN JAMALPUR, EAST INDIAN RAILWAY.

624. \*Khan Bahadur Sarfaraz Hussain Khan : (a) With reference to Government reply to starred question No. 789, on the 8th March, 1927, re fatal accidents at the level crossing in Jamalpur, East Indian Railway, will Government please state if the Agent has arrived at any decision ?

(b) If so, will they please communicate the decision to the House ?

**Mr. A. A. L. Parsons :** It has been decided to provide an overbridge for pedestrians and to interlock the existing level crossing gates with signals. And as a means of preventing pedestrians from using the level crossing while the gates are closed for vehicular traffic the existing wicket gates will be removed.

The work has been provided in the scheme for remodelling Jamalpur Yard which is under examination.

#### THE FILM INDUSTRY IN INDIA.

625. \***Khan Bahadur Sarfaraz Hussain Khan :** Will Government please state :

- (a) If there is any film producing business in India, and if so, how many ?
- (b) If it is not a fact that about 95 per cent. of the films are supplied by America ?
- (c) The amount of films imported into India during the years 1925-26 and 1926-27 ?

**The Honourable Mr. J. Orerar :** (a) The number of firms of standing producing films at the moment in India is small. Government have no detailed figures at present, but are considering the institution of a detailed examination of the position of the industry.

(b) About 60 per cent. of the films shown in India in recent years are of American origin.

(c) The figures for the two years were respectively 13,917,199 and 17,482,664 feet.

#### ESTABLISHMENT OF A CENTRAL ART INSTITUTE AT DELHI.

626. \***Khan Bahadur Sarfaraz Hussain Khan :** Will Government please state if they are now in a position to state their policy to the House in regard to the proposal to establish a Central Art Institute at Delhi (*vide* Government reply to starred question No. 816, on 9th March, 1927) ?

**The Honourable Sir Bhupendra Nath Mitra :** The scheme for the establishment of a Central Art Institute at Delhi did not find favour with the majority of Local Governments and in the absence of their co-operation it has not been found possible to proceed with the original scheme for the present. An alternative scheme for the encouragement of Indian art by providing facilities for decoration of the buildings in New Delhi has just been approved by the Standing Finance Committee.

#### CONSTRUCTION OF THE GAYA-SHERGHATTY RAILWAY.

634. \***Khan Bahadur Sarfaraz Hussain Khan :** (a) Have Government considered the project of constructing the Gaya-Sherghatty Railway and arrived at a decision ?

(b) If so, will they please communicate their decision to the House ?

**Mr. A. A. L. Parsons :** (a) Yes.

(b) As the project on the 5 feet 6 inches gauge line has been found to be unremunerative, it has been decided to abandon it, and to make investigations later on for a 2 feet 6 inches gauge line.

**CONSTRUCTION OF A RAILWAY FROM RAJBARI VIA KUMARKHALI TO JESSORE.**

635. \*Khan Bahadur Sarfaras Hussain Khan : Will Government please state how matters stand with regard to the proposed construction of a line of railway from Rajbari via Kumarkhali to Jessore ?

Mr. A. A. L. Parsons : The line has been examined and has been found to involve very heavy banks and bridging. An alternative proposal has therefore been surveyed taking off from Kalukhali on the Goalundo line and running to Bhateapara on the east bank of the Madhumati river with a branch to Kumarkhali. The total length of construction is 53 miles of which the branch to Kumarkhali is 7 miles. The survey report has just been received and is under examination.

**THE CHARSAJDA-SWABI RAILWAY.**

636. \*Khan Bahadur Sarfaras Hussain Khan : Will Government please state what progress if any has been made in respect of the Charsajda-Swabi Railway project since their reply to starred question No. 992, on the 21st March, 1927, that the project was being investigated ?

Mr. A. A. L. Parsons : The investigation is in progress, and it is expected that the report on the survey will be completed by October next.

**APPOINTMENT OF VAKILS AS CHIEF JUSTICES OF HIGH COURTS.**

637. \*Khan Bahadur Sarfaras Hussain Khan : (a) With reference to Government reply "the question of amending the law so as to make Vakils and Pleaders eligible for such appointment, has been referred to the Secretary of State", to my starred question No. 842, on 11th March 1927, regarding appointment of Vakils as Chief Justices of High Courts, will Government please state if they have received the reply from the Secretary of State ?

(b) If so, will they please communicate the reply of the Secretary of State to the House ?

The Honourable Mr. J. Ormerod : (a) Yes.

(b) The Secretary of State has stated that he is prepared, when opportunity offers, to recommend to His Majesty's Government and to Parliament, the amendment of section 101 of the Government of India Act so as to remove the disability referred to in question No. 842. He is however not in a position to indicate when such an opportunity will occur, in view of the exigencies of Parliamentary business.

**RECOMMENDATIONS OF THE INDIAN AUXILIARY AND TERRITORIAL FORCES COMMITTEE.**

640. \*Khan Bahadur Sarfaras Hussain Khan : (a) Referring to the recommendations of the Indian Auxiliary and Territorial Forces Committee, will Government please state if they have received the orders of the Secretary of State on their recommendations forwarded to him ?

(b) If they have, will they please indicate the nature of the proposals to give effect to the recommendations of the Committee ?



**Mr. G. M. Young :** (a) Yes.

(b) The Honourable Member is referred to the resolution published in the Gazette of India of 20th August.

UNIVERSITY TRAINING CORPS.

641. \***Khan Bahadur Sarfaraz Hussain Khan :** Referring to the question of University Training Corps, will Government please state :

(a) If there are any special reasons why the Patna University has got so small a number of " Officers and other ranks " as 2 and 159 respectively ?

(b) If the applications submitted by the Universities of Dacca, Nagpur, and Andhra, have been considered and Government have arrived at a decision ?

(c) If so, will Government please communicate their decision to the House (*vide* starred question No. 962 and its reply on 15th August, 1927) ?

**Mr. G. M. Young :** (a) The sanctioned establishment of the Patna University Training Corps is 165. The University has not yet supplied sufficient numbers to fill this establishment. The present strength of the unit is 5 officers and 134 other ranks.

(b) and (c). Government have decided to create University Training Corps at Dacca and Nagpur. The formation of a similar unit for the Andhra University must wait until more funds are available.

EXAMINER OF ACCOUNTS FOR THE ASSAM BENGAL RAILWAY AT CHITTAGONG.

642. \***Mr. Anwar-ul-Azim :** Will the Government in the department of Railways be pleased to state who is the Examiner of Accounts for the Assam Bengal Railway at Chittagong ? How many clerks are serving under him at present ? Their length of service, age and religion and what revenue district they belong to ? How many vacancies occurred under him during the last five years and how many of them were offered by him to the qualified Moslem candidates ? How long it will take for the qualified Moslem candidates to have preference in that department ?

**The Honourable Sir Basil Blackett :** As I have already stated in reply to the Honourable Member's question No. 223, the present Examiner at Chittagong is Mr. P. C. Nandi. The information asked for is being collected and it will be supplied to the Honourable Member in due course.

MUSLIM EMPLOYEES IN THE CHITTAGONG POSTAL DIVISION.

643. \***Mr. Anwar-ul-Azim :** Will the Government be pleased to state how many new appointments have been made in the Chittagong Postal Division during last three years, and how many of them have gone to Moslems ? How long it will take for the Mussalmans to make the statutory one-third in that division ? And how many of those recruits belong to the Revenue District of Chittagong ?

**The Honourable Sir Bhupendra Nath Mitra :** With respect to parts 1, 2 and 4 of the question the information is being collected and will be furnished to the Honourable Member in due course.

With respect to part 3 there is no statutory provision that one-third of the staff in each Postal Division should consist of Mussalmans.

#### TRANSFER OF OFFICERS IN THE CHITTAGONG POSTAL DIVISION.

644. \***Mr. Anwar-ul-Azim :** Will the Government be pleased to state the number of officers in Chittagong Postal Division, who are in their position undisturbed for the last three years? How often is an officer transferred in the Postal department in Chittagong?

**Mr. H. A. Sams :** The Superintendent of Post Offices, who is the only gazetted officer in the Division referred to, has held his appointment for over two years. Three years is the normal limit for holding such a charge within the same Division.

#### MUSLIM OVERSEERS, MAIL RUNNERS, PEONS, ETC., IN THE CHITTAGONG POSTAL DIVISION.

645. \***Mr. Anwar-ul-Azim :** Will the Government be pleased to state how many overseers, mail runners, peons, and other subordinates have been appointed by the Superintendent and the Postmaster at Chittagong, and how many of those posts have gone to Mussalmans for the last five years?

**Mr. H. A. Sams :** The information is being collected and will be furnished to the Honourable Member in due course.

#### MUSLIM EMPLOYEES IN THE POST OFFICES AT NOAKHALI AND TIPPERA.

646. \***Mr. Anwar-ul-Azim :** Will the Government be pleased to state how many employees are there in the Post Offices of Noakhali and Tippera and how many of them are Moslems?

**Mr. H. A. Sams :** The information is being collected and will be furnished to the Honourable Member in due course.

### UNSTARRED QUESTIONS AND ANSWERS.

#### PRESENT POSITION OF RAILWAY PROJECTS IN EASTERN BENGAL.

75. **Mr. K. C. Neogy :** Will Government be pleased to lay a statement on the table showing the latest position in regard to each of the different projects of railway expansion in Eastern Bengal which are included in the present quinquennial programme?

**Mr. A. A. L. Parsons :** A statement showing the information asked for is laid on the table.

#### *Statement showing the present position of railway projects in Eastern Bengal.*

1. *Ishurdi-Pabna (Bera).*—This project is being re-investigated. It is possible that with the construction of the Nawanganj-Abdulpur and Dinajpur-Buha lines, paddy from these railways will be diverted to the Pabna and Bera area via Ishurdi. If this happens the traffic prospects of the project will materially improve. This area, however, is well served by navigable rivers and competition with boat traffic will be severe.

2. *Singhani-Pingna-Tangail.*

3. *Mymensingh-Pingna.*—As a sequel to the Dacca Aricha Railway the Agent, Eastern Bengal Railway, now proposes a line from Dacca, via Tangail and Gopalpur to Mymensingh which would take the place of the above two lines. It is proposed to survey the alignment in 1928-29.

4. *Faridpur Charmaguria Barisal.*—This project was again examined during the year and the impossibility of keeping open an artificial harbour at Charmaguria established. It is proposed to re-examine the project as for a 2' 6" gauge line with ferries over the larger rivers instead of bridges.

5. *Serajganj Bogra.*—It is proposed to survey this line in 1928-29 as a broad gauge line.

6. *Dacca Aricha.*—The line has been surveyed during the past working season and the engineering and traffic reports and estimates are expected to be ready shortly.

7. *Rajbari Kamarkhali Jessore.*—The Agent, Eastern Bengal Railway, now proposes to build a line from Kalukhali, via Kamarkhali to Bhatapara in place of the above line. A report and estimate have just been received in the Railway Board's office for the alternative proposal and are being examined.

8. *Feni-Bilonia.*—This line has been surveyed and the report and estimates are expected to be ready during this month.

9. *Chittagong Fatikchhari.*—The report and estimates of this line are expected to be ready shortly.

10. *Sarachar Atharabari.*—The construction of this line is at present under consideration.

11. *Rajapur Kamchandrapur.*—The estimate for this line is at present under revision.

#### SERVICE CONDITIONS AND EMOLUMENTS OF TELEPHONE OPERATORS IN THE INDIAN POSTAL AND TELEGRAPH DEPARTMENT.

76. **Mr. K. C. Neogy :** (a) Have Government received any representations from telephone operators, serving under the Department of Posts and Telegraphs, regarding their service conditions and emoluments? If so, what action has been taken thereon?

(b) Is it a fact that telephone operators who were not holding permanent appointments in July 1919, have been placed on a non-pensionable footing; and that all recruitment thereafter has been on a non-pensionable footing, the operators being also liable to discharge on a month's notice?

(c) Is it a fact that signal room clerks, who were graded together with telephone operators till March 1917, on the same conditions of service, enjoy a pensionable status? If so, what are the reasons for the disparity of service conditions as between these two classes, as indicated in clauses (b) and (c)?

**The Honourable Sir Bhupendra Nath Mitra :** (a) Petitions have been and are being received by the Director-General who will consider the requests made.

(b) Yes.

(c) The reply to the first part is in the affirmative. It became necessary on administrative grounds to separate the telephone operators from signal room clerks as there was nothing in common between the duties of these two classes. The service conditions of each class were subsequently revised quite independently with reference to the dissimilar qualifications and nature of employment of the two classes.

**PROVISION OF FREE QUARTERS FOR POSTMASTERS.**

**77. Mr. Jambadas M. Mehta :** (a) Will Government be pleased to say if it is a policy of the Post Office Department that Postmasters shall be provided with free quarters and that where such quarters are not available, a house-rent allowance shall be granted in lieu of free quarters? And is it not the policy of the Department that the Postmasters shall live in the quarters wherever provided?

(b) Can the quarters intended for the use of the Postmaster be utilised for the residence of officers other than the Postmaster of the Office?

(c) Are there any proposals to give away the Postmaster's quarters at the newly constructed Government Post Office building at Dadar (Bombay) for the residence of a gazetted officer earning a house-rent allowance?

(d) If the answer to the above be in the affirmative, will Government be pleased to say if such use has their approval?

**The Honourable Sir Bhupendra Nath Mitra :** (a) Yes.

(b) Yes, if it is in the public interest.

(c) Proposals to this effect have recently been received.

(d) The matter is under consideration.

**ATTEMPTED BURGLARY IN THE PREMISES OF THE CLARE ROAD POST OFFICE IN BOMBAY.**

**78. Mr. Jambadas M. Mehta :** (a) Will Government be pleased to state whether it is a fact that there were two cases of attempted burglary in the premises of the Clare Road Post Office in Bombay?

(b) Is it a fact that as a precautionary measure cash and postage stamps of the Clare Road Post Office are daily required to be removed to the Byculla Post Office since the last attempt at burglary?

(c) If so, were these circumstances considered in renewing the lease of the said premises?

(d) Were the requirements of the Post Office in that particular locality duly advertised before the renewal of the lease?

(e) Is it a fact that after the renewal of the lease there has occurred a theft in the same building next to the said Post Office?

**Mr. H. A. Sams :** (a), (b) and (c). Yes.

(d) No.

(e) Information is not available.

**GRANT OF LEAVE ON MEDICAL CERTIFICATES TO NON-GAZETTED GOVERNMENT SERVANTS.**

**79. Mr. Amar Nath Dutt :** (a) Are non-gazetted Government servants permitted to obtain leave under the Fundamental Rules on support of the certificates of their medical attendants?

(b) Is there any provision in the Madras Medical Practitioner's Act that the registered medical practitioners certificate should be accepted by the authorities empowered to sanction leave?

(c) Have Government invested such authorities with powers to reject certificates granted by the registered medical practitioners or medical attendants ?

(d) Under what circumstances should a medical certificate be sent for countersignature by the authorities empowered to sanction leave ?

(e) Is the authority sending a certificate for countersignature authorised to direct the absentee on plea of illness to present himself for examination before the countersigning officer ? If not, is it the discretion of the countersigning officer to call for the absentee and examine him if necessary ?

**Mr. G. S. Bajpai :** (a) The Honourable Member's attention is invited to Rule 228 of the Supplementary Rules.

(b) No.

(c) The Honourable Member will observe from Rule 228 that the discretion to accept a certificate from the medical attendant of an applicant for leave, without counter-signature by a Presidency Surgeon or a medical officer-in-chief medical charge of the district, as the case may be, is vested in the authority competent to grant the leave. The normal rule is that the certificate of the medical attendant of an applicant should be countersigned by either of the officers referred to in the rule. The authority competent to grant the leave can reject the certificate of the applicant's medical attendant only if the applicant for leave cannot or will not, if required, get it countersigned.

(d) Countersignature is the normal rule and no special circumstances are prescribed under which countersignature shall be required.

(e) The answer to the first part of the question is in the negative and to the second part in the affirmative. With regard to the second part, the Honourable Member's attention is invited to rule 230 of the Supplementary Rules.

Copies of Rules 228, 229 and 230 of the Supplementary Rules are attached.

#### GRANT OF LEAVE ON MEDICAL CERTIFICATE TO THE EMPLOYEES OF THE RAILWAY MAIL SERVICE, T. DIVISION, TRICHINOPOLY.

80. **Mr. Amar Nath Dutt :** (a) During the month of June and July how many medical certificates were sent for countersignature by the Superintendent, R. M. S., T. Division, Trichinopoly, and how many were accepted without countersignature ?

(b) On what principle is the Superintendent to send the medical certificate for counter signature ? Is it by knowledge obtained by enquiry that the officials were not ill or on suspicion ? If the latter, in how many cases were certificates granted by medical attendants found unreliable ?

**Mr. H. A. Sams :** Government have no information nor do they propose to call for the information. If any official feels aggrieved at the action alleged to have been taken by the Superintendent it is open to him to appeal to the next higher authority.

**MEDICAL CERTIFICATE OF T. V. NANDAGOPAL NAIDU, AN EMPLOYEE OF THE RAILWAY MAIL SERVICE, T. DIVISION, TRICHINOPOLY.**

81. **Mr. Amar Nath Dutt** : (a) Did the Superintendent, R. M. S., T. Division, furnish a medical requisition addressed to the District Medical Officer, Tanjore, to T. V. Nandagopal Naidu, after he had produced a medical certificate dated 21st June 1927 from an M. B. B. S. at Trichinopoly ?

(b) Is it true that the Superintendent threatened Mr. T. V. Nandagopal Naidu with suspension if he did not obey his order to proceed to Tanjore for medical examination ?

(c) Is it true Mr. T. V. Nandagopal Naidu was absent from duty from 21st June 1927 ?

(d) Was the salary from 22nd June 1927 to 30th June 1927 disbursed ? If not why not ?

**Mr. H. A. Sams** : The information is being collected and will be furnished to the Honourable Member in due course.

**MEDICAL CERTIFICATE OF MR. RADHAKRISHNA NAIDU, AN EMPLOYEE OF THE RAILWAY MAIL SERVICE, T. DIVISION, TRICHINOPOLY.**

82. **Mr. Amar Nath Dutt** : (1) (a) Is it true that in his letter B.5-T. N. R., dated 18th July 1927, the Superintendent, R. M. S., T. Division, has remarked that one Mr. Radhakrishna Naidu's illness is not genuine ?

(b) Has he not produced a medical certificate from a doctor at Shoranur ?

(c) On what basis did the Superintendent write to the Medical Officer, Trichinopoly, such a remark ?

(2) Are Government prepared to direct the Director General of Posts and Telegraphs to make enquiries whether the Superintendent, R. M. S., T. Division, has deprived his subordinates of their legitimate rights ?

**Mr. H. A. Sams** : The information is being collected and will be furnished to the Honourable Member in due course.

**SPECIAL BAG DESPATCHED BY THE SUPERINTENDENT, RAILWAY MAIL SERVICE, T. DIVISION, TO MR. ASLAM, SUPERINTENDENT OF POST OFFICES, MADURA DIVISION.**

83. **Mr. Amar Nath Dutt** : (a) Is it a fact that on the 10th November 1926 one special bag from the Superintendent, R. M. S., T. Division, to Mr. Aslam, Superintendent of the Post Office, Madura Division, (camp Kodaikanal), was despatched by section T-4 Out to the Sub-Postmaster Ammayanakanur, for delivery to the addressee ?

(b) Is it also a fact that the section T-4 Out did not receive this bag in the usual manner from the connecting section T-2 In from Madras to Trichinopoly but loose ?

(c) What were the contents of the bag ?

(d) Is it true that the Superintendent, R. M. S., T. Division, at the time was the brother-in-law of the Superintendent of Post Offices, Madura ?

(e) Are Government prepared to enquire if an authorised use of transport by railway has been made for articles intended for the personal use of the officer ?

**Mr. H. A. Sams :** Government have no information. An enquiry is however being made and the information will be furnished to the Honourable Member in due course.

**ABOLITION OF THE LOWER DIVISION SCALE IN THE OFFICE OF THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.**

**84. Mr. Amar Nath Dutt :** (1) Is it a fact that the entire lower division work was strongly recommended to be classed as upper by the several Deputy Accountants General ?

(2) Is it a fact that Mr. J. C. Mitra, the A. G. P. T. in his D.O. No. 571, dated 28th July 1921, to the A. G. Railways, considered that the lower division scale might be abolished, if it was possible to enforce the lower efficiency bar strictly ?

(3) Is it a fact that the lower division clerks submitted a memorial to the Auditor General on 31st August 1921 ?

(4) Is it a fact that the Auditor General in his reply to the said memorial assured the lower division clerks that their prayer (in clause "B" if the classification be maintained a time scale of pay of Rs. 60—6—210 may be sanctioned) will be considered in time of revision (will see to this in time of revision) ?

(5) Is it a fact that the upper division scales in offices under the A. G. P. and T. were distributed according to the province, i.e.

	Rs.
in Calcutta .. .. .	60—230
in Madras, Nagpur .. .. .	60—175
in Delhi .. .. .	60—200

(6) Is it a fact that no such distinction of province was preserved in the lower division scale, i.e., an uniform scale of Rs. 40—80 was sanctioned for all ?

(7) Is it a fact that the lower division clerks in other Government Offices enjoy a better scale than those of the A. G. P. and T. ?

(8) Will the Government lay on the table the lists of lower division scales which have been sanctioned for the different Government offices ?

(9) Do Government propose to reconsider the lower division scale under the A. G. P. and T. at an early date ?

(10) Was the scale (Rs. 60—6—210) asked by the lower division men in their memorial of 31st August 1921 also promised by the Auditor General ? Are Government prepared to recommend this scale ?

**The Honourable Sir Basil Blackett :** (1) and (2). The Government are not prepared to publish the opinions of their officers in such cases.

(3) and (4). The attention of the Honourable Member is invited to the final reply conveyed to Mr. Jogiah's starred question No. 1241 in the Finance Department letter No. D.1251-F.E., dated the 16th April, 1927, a copy of which is in the Library of the House.

(5) and (6). The attention of the Honourable Member is invited to the final reply conveyed to his starred question No. 677 in the Finance Department letter No. D. 2585-F.E., dated the 12th September 1925, a copy of which is in the Library of the House.

(7) and (8). The Government do not propose to call for this information as the results are unlikely to be commensurate with the labour involved.

(9) and (10). The attention of the Honourable Member is invited to the concluding portion of the final reply given to Mr. Jogiah's question No. 1241 referred to above.

**PAY OF TELEGRAPH MASTERS, TELEGRAPHISTS AND CERTAIN CLASSES OF POSTAL OFFICIALS.**

85. **Mr. Amar Nath Dutt :** (a) Will the Government be pleased to lay on the table a copy of the India Office letter No. 4349/22, dated 17th October 1922, for regulating the pay of postal officers according to what is technically called the 'point to point' system?

(b) Do Government intend to consider the case of senior men above 20 years in service in allowing the principle of 'point to point' system being applied with effect from March last?

(c) Has the Director General, Posts and Telegraphs, withheld such amplified orders of the Secretary of State? If so, what are the reasons and under what authority?

**The Honourable Sir Bhopendra Nath Mitra :** (a) A copy is laid on the table.

(b) No.

(c) No. The second part of the question does not arise.

No. P.W.-4349/22.

INDIA OFFICE,

WHITEHALL,

London, S. W.-1.

17th October 1927.

*Pay of Telegraph Masters, Telegraphists and certain classes of Postal Officials.*

Sir,

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 31st August No. 1634-P.W. and to inform you in reply that he confirms the orders already issued by the Government of India regulating the pay (i) of Telegraph Masters and Telegraphists on transfer between the General and Station services, and (ii) of certain classes of postal officials transferred from one to another of the time scale sanctioned for the same class.

I am, Sir,

Your Obedient Servant,

Sd. W. STANTIALL.

The Secretary to the  
Government of India,  
Public Works Department.



No. 1634-P.W.

GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.

POSTS AND TELEGRAPHS ESTABLISHMENTS.

From

Colonel Sir S. D'A. Crookshank, K.C.M.G., etc., Secretary to the Government of India,

To

His Majesty's Under Secretary of State for India,

India Office, London.

Simla, the 31st August 1932.

**SUBJECT:**—*Regulation of the pay (i) of Telegraph Masters and Telegraphists on transfer between the General and Station services, and (ii) of certain classes of postal officials transferred from the one to another of the time-scales sanctioned for the same class.*

SIR,

I am directed to report, for the approval of His Majesty's Secretary of State for India, the orders issued by the Government of India in the following cases.

2. First, in sub-paragraphs (2) and (3), paragraph 2 of the Resolution of the Department of Commerce No. 1629, dated the 30th April 1920, a copy of which was forwarded with the despatch from Lord Chelmsford's Government No. 385, dated the 12th August 1920, the Government of India laid down the method of bringing Telegraph Masters and Telegraphists on to the revised scales of pay at corresponding points according to length of service, on the introduction of the Station Services approved in paragraph 4 of the Resolution, transfers from the General and the Local Service to the new Station Services were admitted with effect from the 1st September 1920, and the Director General of Posts and Telegraphs rules that the method referred to above should be adhered to in fixing the initial pay of the officials thus transferred. It has now been brought to notice that these orders are not in accordance with Fundamental Rule 22 and as they are not covered by the orders contained in Mr. Stantiall's letter No. P.W.-1552/22, dated the 4th May 1922, the principle applied requires approval by the Secretary of State. The intention of the Government of India in issuing the orders contained in sub-paragraphs (2) and (3) of the Resolution in question was that transfers from one parallel scale of pay to another should be made at the corresponding point and not in accordance with the rule in Article 157 of the Civil Service Regulations, which would have proved both costly and unsuitable. There can be no doubt, therefore, of the propriety of the procedure actually followed, and in view of the desirability of regularising the position as soon as possible, the Government of India have issued orders, in anticipation of the formal sanction of the Secretary of State, approving the application of the general principle laid down in the Resolution of the 30th April 1920 to the cases mentioned above and also the cognate cases of transfers from the Station Service to the General Service and between the Station Service "A" and "B" with effect from the 1st September 1920.

3. The other matter which the Government of India desire to submit relates to the regulation of pay in connection with transfers which have occasionally to be made from one to another of the different time-scales sanctioned respectively, for

- (a) the clerical staff in post offices,
- (b) sorters in the Railway Mail Service, and
- (c) postmen and village postmen,

in the Resolutions of the Department of Commerce Nos. 6458, 6584 and 4737 of 1920, copies of which were forwarded to you with the Finance Department letter No. 1076-E.A., dated the 5th May 1921. As the various scales for each of these three classes of officials were fixed with reference to the cost of living in the different localities embraced and were intended to be equivalent, the Government of India issued orders

that an official on transfer from one time-scale to another should receive the pay which he would have drawn if during the whole of his previous service he had been on the time-scale to which he was transferred. This is obviously the only fair principle which could be applied in the cases in question, which were in fact not contemplated when the Fundamental Rules were issued. At the same time, the principle is not in conformity with rule 22 of those rules, and as such also calls for confirmation by the Secretary of State.

4. I am to request that His Majesty's Secretary of State may be moved to confirm the orders of the Government of India in the cases referred to above.

I have the honour to be,

SIR,

Your most obedient servant,

Sd. S. D'A. CROOKSHANK,

Colonel,

Secretary to the Government of India.

#### REVISED PENSION RULES.

86. Mr. Amar Nath Dutt : (a) Is it a fact that the Secretary of State for India has sanctioned revised pension rules ? If so, will the Government kindly lay on the table a copy of the same for the information of this Assembly ?

(b) Is it a fact that no provisions have been made for widows of deceased pensioners who on account of premature death could not enjoy the pension ? If so, will the Government be pleased to state the reasons ?

The Honourable Sir Basil Blackett : (a) No. The Secretary of State has not sanctioned any revised pension rules.

(b) Does not arise.

#### BARs IN THE TIME SCALE OF PAY OF POSTAL EMPLOYEES.

87. Mr. Amar Nath Dutt : (a) Is it a fact that the Postal Enquiry Committee recommended only two bars in the time scale of pay of the postal employees ? If so, have the Government accepted the same ?

(b) Is it a fact that the Deputy Accountant General, Posts and Telegraphs, Calcutta, has allowed the reckoning of three bars in bringing the men held at Rs. 92 stage into the revised scale of March last ?

(c) Will the Government be pleased to intimate what orders have been passed in the appeal made by G. N. Mukherji, clerk, Burdwan H. O., and Sib Ch. Bhattacharya, Sub-Post Master, Burnpur (Burdwan) ?

Mr. H. A. Sams : (a) Yes.

(b) No. The second efficiency bar of the revised scale of Rs. 40—140 is fixed at the Rs. 100 stage.

(c) The cases of both the officials are under consideration.

**APPOINTMENT OF RELATIONS OF RETIRED POSTAL OFFICIALS IN THE POSTAL DEPARTMENT.**

88. **Mr. Amar Nath Dutt** : (a) Is it a fact that the sons and relations of retired Postmasters and sub-postmasters do not get any consideration in securing appointments in the Postal Department ?

(b) Is it a fact that the Local Governments show special favour to such candidates for appointment in the Police, Excise, Registration and many other Departments under them ? If so, are Government prepared to grant the same privilege to the postal candidates related to the retired staff ?

(c) Will the Government be pleased to state the number of candidates related to the retired staff appointed, and the total number of vacancies during the last 12 months in the Calcutta G. P. O. and its sub-offices ?

**The Honourable Sir Bhupendra Nath Mitra** : (a) No.

(b) Part I—The Government of India have no information.

Part II—The answer is in the negative.

(c) Government do not possess the information nor do they propose to call for it as the expenditure of time and money involved in the collection will not be justified by the advantage to be gained thereby.

**ALLEGED ASSAULTS ON POSTAL EMPLOYEES.**

89. **Mr. Amar Nath Dutt** : (a) Has the attention of the Government been drawn to letter No. P.R.-88, dated 18th May 1927, from the General Secretary, Provincial Postal and R. M. S. Association to the Deputy Postmaster General, Railway Mail Service, Eastern Circle, and the letter No. R.L.-12-P., dated 20th May 1927, from the Deputy Postmaster-General, Dacca Range, to the Postmaster, Dacca, published in the "Samity", an organ of the Dacca District Postal and R. M. S. Association in its issue of June and July 1927 ?

(b) Is it a fact that the assault was made by a deck passenger on the porter and mail Agent at Tarpassa steamer station and it was immediately reported to Babu Raj Kumar Mukherjee, Inspector, Railway Mail Service, 3rd Sub-division, who refused to identify the accused before the Police at Narayanganj and thereby frustrated the prosecution of the accused ?

(c) Is it a fact that Babu Raj Kumar Mukherjee has been transferred as Inspector, Railway Mail Service, Sadar Sub-division, and the Mail Agent who reported the case to the Inspector to Narayanganj by way of punishment by Babu Mohini Mohan Lahiri, Superintendent, Railway Mail Service, S. Division ?

(d) Is it a fact that Mr. Querry, Superintendent of Police, Dacca, assaulted Rajendra Chandra Das, a postman, Ramna Post Office, while he was on duty and the Deputy Postmaster-General, Dacca Range, did not think it worth while to take any action for the protection of the Government servant within his jurisdiction ?

(e) Are Government aware of the fact that an European officer at Kharagpur railway station assaulted a postman of the Kharagpur Post Office ?

(f) Do the Government propose to take any action against the officials concerned who assaulted the postal officials and those for whose neglect the prosecution was frustrated ?

(g) Do Government intend to take steps for the future protection of postal employees from such assaults ?

**Mr. H. A. Sams :** The information is being collected and will be furnished to the Honourable Member in due course.

#### EXAMINATION OF RESERVE CLERKS IN THE POST OFFICES.

90. **Mr. Amar Nath Dutt :** (a) Has the attention of the Government been drawn to letter No. A.S. 18-11, dated 22nd June 1927, from the Director-General, Posts and Telegraphs, to the Postmaster-General, Bengal and Assam Circle, prescribing the examination of the reserve clerks in the Post Offices after a year or in case of their failure a second examination after 18 months by the Deputy Postmaster-General or Personal Assistants of the Postmaster-General at different centres ? Is this in direct contravention of rule 24 of the Fundamental Rules ?

(b) Will the Government be pleased to state if the order is meant to be put in force in the Bengal and Assam Circle only or throughout India ?

(c) Will Government state the expected amount of expenses to be incurred for travelling expenses on account of holding the examinations at different centres of the Deputy Postmasters-General and the Personal Assistants in the Bengal and Assam Circle and other Circles of India ?

(d) Is it in contemplation of the Director-General to appoint substitutes in place of the Deputy Postmasters-General and Personal Assistants during their absence at different centres for management of the office work ? If the reply be in the affirmative is it a fact that the number of the Deputy Postmasters-General and Personal Assistants are in excess over the actual requirements ?

(e) Will the Government be pleased to state if in any other service in any other department of the Government, probationary clerks are discharged after a certain period on such examination to the ruin of their prospects ?

(f) Is it a fact that the Divisional Superintendents and first class Postmasters take in the reserve clerks after holding a departmental test examination ?

(g) Why was the old system of recruiting reserve clerks by the Divisional Superintendents and the first class Postmasters done away with ?

**Mr. H. A. Sams :** (a) Yes. The letter was addressed to all Postmasters-General. It is not in contravention of Fundamental Rule 24.

(b) Throughout India and Burma.

(c) No additional expense on account of travelling allowance of officers holding the examination is anticipated.

(d) No. The second part does not arise.

(e) The information is not readily available and Government do not propose to ask for it.

(f) No. A copy of paragraphs 1 and 2 of Rule 469, Post Office Manual, Volume II, is attached.

(g) It has not been done away with.

## POST OFFICE MANUAL, VOLUME II.

## APPOINTMENTS.

469. *Rules to be observed for the recruitment and training of candidates for reserve clerkships in the Post Office.*

1. The leave reserve sanctioned for the post office should be a trained reserve and for this purpose there should be a recognised body of candidates in each Division and first class Head Office group recruited in the manner below :—

- (a) In connection with each permanent vacancy which is due to occur owing to the retirement of an official, a candidate should be selected and his training begun just early enough to admit of its completion by the date of the vacancy. The time of selection will, of course, depend on whether it is necessary to train the candidate in both telegraph and postal work or only in the latter. Care should be taken to have a suitable proportion of the candidates trained in telegraphy, and the period of postal training, which in the case of men who are to be trained in both classes of work should precede their deputation to the Telegraph Training class, should ordinarily not exceed 3 months. If this matter receive the attention that it deserves, there should seldom be an interval between the completion of a candidate's training and his appointment as a reserve clerk.
- (b) In addition to the men referred to in the preceding paragraph, a few candidates (the number being fixed by the Head of the Circle according to the requirements of the Division or Head Office group) should be selected from time to time and after being trained for the requisite period should, while waiting for reserve clerkships, be employed as far as possible in filling vacancies due to—
- (1) the creation of temporary or season appointments or
  - (2) the deputation of postal signallers temporarily to departmental telegraph offices or
  - (3) The deputation of officials to field service in Iraq, etc., or
  - (4) the placing of officials under suspension.

While not filling such vacancies, the candidates should be required to attend the post offices at the places where they live.

These candidates should be appointed as reserve clerks in vacancies due to death or the creation of new permanent appointments. As it is most undesirable that such candidates should have to wait for appointments for any considerable period after their training is complete, it will be necessary for each Superintendent and 1st class Head Postmaster to gauge his requirements in this respect with great care and, in order to satisfy himself that this is being done, the Head of the Circle should demand an explanation in every case in which a trained candidate is not provided with a reserve clerkship within 6 months of the completion of his training.

- (c) No candidate should either before or after training be employed in filling the place of an official on leave.
- (d) Heads of Circles should submit for the Director-General's information at the beginning of each official year a statement showing the number of candidates enrolled in each Division and 1st class Head Office group and containing in respect of each candidate the following particulars :—
- (i) Date of enrolment as candidate ;
  - (ii) Period of training ;
  - (iii) Period of employment in acting or temporary vacancies ; and
  - (iv) Date of appointment as reserve clerk.

2. The chief conditions required of a candidate for clerical appointments in the Post Office are the following :—

- (1) That the candidate should not be above 35 years on the date he is appointed as a reserve clerk ;
- (2) That evidence has been produced by him of having passed the educational standard prescribed for the locality concerned which standard should ordinarily be the matriculation examination of a recognised University, or its equivalent ;

- (3) That a satisfactory certificate of moral character has been produced from some respectable and trustworthy person ;
- (4) That the candidate's handwriting is neat and legible and that he is quick at figures ;
- (5) That he is willing to furnish security for Rs. 300 ;
- (6) That before commencing work he produces a certificate of physical fitness signed by a Civil Surgeon.

**ALLEGATIONS AGAINST BABU MOHINI MOHAN LAHIRI, SUPERINTENDENT,  
RAILWAY MAIL SERVICE, S. DIVISION.**

91. **Mr. Amar Nath Dutt :** (a) Will the Government be pleased to state the rule of the Civil Service Regulations or Fundamental Rules under which a Divisional Superintendent is competent to issue standing orders refusing leave on medical certificate ? If there is no such rule, will Government be pleased to state under what authority Babu Mohini Mohan Lahiri, Superintendent, Railway Mail Service, issued standing orders declining to accept medical certificates in certain cases and refusing the leave recommended by medical practitioners as stated in reply to question 90 (d) of the last Session of the Assembly ?

(b) Are the Government aware of the orders issued by Sir Ganen Roy, late Director General of Posts and Telegraphs, urging the relief of the officials who apply for leave on medical certificate ?

(c) Will the Government be pleased to state in how many cases (giving the names of particular individuals) leave on medical certificates was refused to the employees ?

(d) Will Government be pleased to state the number of transfers made by Babu Mohini Mohan Lahiri during his administration in the S. Division and the amount of travelling expenses paid for such transfers and to enumerate the particulars of interest of public service for which this amount has been spent out of the public revenue in the shape of travelling expenses ?

(e) Is it a fact that Babu Mohini Mohan Lahiri never examined the vans on running railway sections and the condition of service of the sorters ?

(f) Is it a fact that all the vans except one of the S.-13 section are so small that during the working season in winter the space is quite insufficient to contain the mail and parcel bags and the Calcutta mails are being carried from Narayanganj to Dacca in ordinary third class passenger trains and Babu Mohini Mohan Lahiri failed to take any preventive action for the safety of the mails ?

(g) Has the attention of the Government been drawn to letter No. P.R.-15 (2), dated the 23rd July, 1927 published in the "Samitee" issue of August, 1927, an organ of the District Postal and Railway Mail Service Association, addressed to the Deputy Postmaster General Railway Mail Service, Eastern Circle from which it appears that Babu Mohini Mohan Lahiri abused in damaging and defamatory manner Babu Sarat Chandra Chakraborty, a mail guard and caused him to be criminally prosecuted under the Penal Code and the Post Office Act and has kept him under suspension though the court of justice acquitted him without framing any charge ?

(h) Are the Government aware that Babu Mohini Mohan Lahiri on one occasion abused the Sub-Postmaster, Kulaura Railway Junction Post Office, and the General Secretary, Provincial Postal and Railway Mail Service Association, Bengal and Assam, brought the facts to the notice of the higher authorities ?

(i) Are Government prepared to consider the question of re-instating Babu Sarat Chandra Chakraborty, the mail guard, and issuing orders for payment of his pay with effect from his date of suspension ?

**Mr. H. A. Sams :** The information is being collected and will be furnished to the Honourable Member in due course.

**RETRANSFER TO RAILWAY MAIL SERVICE, S. DIVISION, OF BABU KASISWAR LALA, ETC.**

92. **Mr. Amar Nath Dutt :** (a) Are Government aware that due to the patronage of Babu Mohini Mohan Lahiri, present Superintendent, Railway Mail Service, S. Division, Babu Kasiswar Lala secured a re-transfer in the S. Division wherefrom he was transferred in the year 1911 by way of punishment ?

(b) Will Government be pleased to state the number of sorters in the S. Division whose senior claims were overlooked by Mr. Mohini Mohan Lahiri, the Superintendent, Railway Mail Service, in conferring on Babu Kasiswar Lala the post of Sub-Record Clerk as stated in reply to question No. 89 during the last winter Session of the Assembly ?

(c) Are Government aware whether any attempt was made to test the efficiency of the senior sorters to prove that they were unfit to hold the charge of Sub-Record Clerk ? If not, will Government be pleased to state the ground on which the Superintendent arrived at a decision that Babu Kasiswar Lala is the only man capable to hold the charge ?

(d) Will Government be pleased to state the educational and other qualifications for which Babu Kasiswar Lala has been given preference to by Babu Mohini Mohan Lahiri, the present Superintendent ?

(e) Is it a fact that no less than 13 sorters have been transferred during this short tenure of service of Babu Kasiswar Lala in the interests of public service from the Narayanganj Railway Mail Service office to distant parts of the S. Division and two of them were retransferred to Narayanganj for the same reason ? If the reply be in the affirmative, will the Government be pleased to state the particular interests of public service that these transfers served and the amount of public revenue spent for the transfers ?

(f) Will the Government be pleased to state the action taken, if any, for putting the sorters in double and triple duty by Babu Kasiswar Lala as admitted in reply to question No. 90 in the last winter Session ? If the reply be in the negative will Government state why he has been set free ?

(g) Are Government aware of the fact that the Sub-Record Clerks at Tinsukia and Gauhati in Assam under the Superintendent, Railway Mail Service, S. Division are senior to Babu Kasiswar Lala and have been serving long in more unhealthy and costly stations while Babu Kasiswar

Lala, although recruited from outside the S. Division has been posted by Babu Mohini Mohan Lahiri, the present Superintendent, at Narayan-ganj without considering their claim ?

(k) What action do the Government propose to take in this matter ?

Mr. H. A. Sams : (a) The facts are not as stated in the question.

(b) It was not stated in the reply to question No. 89 in the last winter Session of the Assembly that the claims of any senior men were overlooked when Babu Kashiswar Lala was appointed Sub-Record Clerk.

(c) and (d). Government have no information except that Babu Kashiswar Lala was considered by the authority competent to fill the appointment to be best fitted for it. They do not propose to call for any further information. If any official felt aggrieved by the appointment of Babu Kashiswar Lala, it was open to him to appeal to the next higher authority.

(e) Government have no precise information about the various details, nor do they propose to waste time and money in endeavouring to collect it. The particular interest of public service served by transfer is its efficiency.

(f) No action was taken, because no action was considered necessary.

(g) and (h). The facts stated are not wholly correct. Further, it is understood that the present men at Gauhati and Tinsukia are unwilling to be transferred.

#### INSPECTION OF POST OFFICES BY AUDIT OFFICERS.

93. Mr. Amar Nath Dutt : (a) Will Government be pleased to state if the information as assured by the Honourable Finance Member in reply to starred questions Nos. 355 and 356 on the 14th February 1927, regarding inspection of post offices by Audit Officers, is now ready ? If not, when is the information expected to be furnished ?

(b) Has the attention of the Government been drawn to letter No. H-13/d., dated 31st March 1927, posted at the Ramna Post Office on the 1st June, 1927, from the Deputy Postmaster General, Dacca Range, to the Secretary, District Postal and Railway Mail Service Association published in the *Namitee*, an organ of the Association in its issue of June and July, 1927 demanding "either to establish the truth of the allegations or to withdraw them within 15 days" ?

(c) Will the Government be pleased to state the result of the enquiry promised ? If no enquiry has yet been made do the Government propose to expedite the enquiry ?

(d) Are Government aware that an Audit Officer other than the one referred to by the Postmaster General, Bengal and Assam Circle, went to inspect the Chittagong Head Office in the month of June 1927, but the Postmaster, Chittagong, did not allow him to inspect the office until sanction of the Postmaster General was received ? If the reply be in the affirmative, will Government state why this irregularity was committed ?



(e) Do Government propose to discontinue the system of inspection of maffasil post offices by the Audit Officers ?

(f) Will Government state the amount of travelling expenses incurred for inspection of maffasil post offices by the Audit Officers and particulars of serious irregularities detected by them during the last five years in India ?

**The Honourable Sir Basil Blackett :** (a) and (c). A complete reply to the Honourable Member's questions Nos. 355 and 356 was sent to him on the 15th March 1927 and a supplementary reply, containing the results of the enquiry referred to by him, on the 6th May 1927. A copy of the replies is in the Library of the House.

(b) and (d). Government are enquiring into the points raised and a further reply will be sent to the Honourable Member in due course.

(e) No. As stated in the reply to part (b) of question No. 356, Government attach the greatest importance to these inspections.

(f) Government do not consider it necessary to obtain any further information beyond what was given in reply to question No. 355 (a) and (c).

#### FLOODS IN ORISSA.

**Secretary of the Assembly :** Sir, in reply to the message of sympathy from this House for the distress caused by the floods, the following telegram was received from the Government of Bihar and Orissa on the 22nd of August last :

" His Excellency the Governor of Bihar and Orissa greatly appreciates the message of sympathy which the Legislative Assembly has communicated through him to the people of Orissa who have suffered from the devastations of the recent floods. His Excellency desires to thank the Legislative Assembly for their cordial interest in the welfare of the afflicted and to assure it that the Local Government have already undertaken comprehensive measures for the relief of distress and generous aid has been received from charitable organisations."

#### THE GOLD STANDARD AND RESERVE BANK OF INDIA BILL—*contd.*

**Mr. President :** The House will now resume further discussion of the motion made by the Honourable Sir Basil Blackett, namely, that the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India, as reported by the Joint Committee, be taken into consideration.

**Mr. Vidya Sagar Pandya (Madras : Indian Commerce) :** Sir, I beg to rise to speak on the motion and also to move my amendment, of which I have given notice, that the Bill to establish a Gold Standard for British India and constitute a Reserve Bank of India, as reported by the Joint Committee, be re-circulated for the purpose of obtaining further opinion thereon.

The Standing Orders have a very wise provision in Rule 44 that, after the presentation of the final Report of a Select Committee on a Bill, it is open even to the Member in charge of the Bill, if he is dissatisfied with the reshaping of the Bill by the Select Committee, to move that the Bill be

[Mr. Vidya Sagar Pandya.]

re-committed either without limitation or with respect to particular clauses or amendments only, or to make additional provisions in the Bill.

Why does not the Honourable Member feel inclined to appeal to the Committee? Does he feel that it is no use appealing to Philip drunk again? Does he feel that the Committee is not sober enough to be appealed to? Or the Honourable Mover has no new convincing arguments to persuade them to come to his point of view? If he is confident that he is in the right and he can carry the country with him, it was open to him under the same Rule 44 to move that the Bill, as reported by the Joint Select Committee, be re-circulated for the purpose of obtaining further opinion thereon. If he had done so, the Honourable Mover of the Bill would have fortified himself with the view of the public and then approached this House to reconsider his original Bill. But what do we find? The Honourable Member in charge of the Bill, who has been in petulant mood from the beginning, instead of taking this wise course, has sent a series of amendments which practically seek to restore his own old Bill. Is this not insulting the Joint Committee of both the Chambers of the Indian Legislature? Twenty-five gentlemen of both the Houses went to Bombay and Calcutta at considerable inconvenience to themselves in the hottest part of the year and spent a full fortnight in their deliberations, and the Bill and the Report are the result of their labours. If he wanted to have his own Bill only to be considered and adopted, why did he waste the time of the members of the Joint Committee, and why was all the expenditure incurred? The Joint Committee was constituted of the Honourable the Finance Member's own free choice and nomination. He probably felt that by constituting a Joint Committee of both the Houses he had a better chance to get support for his Bill. He thought the Members of the obliging Upper House would give him greater support. But he did not reckon with his host. The credit is due to the Members of the Upper House who sat on the Joint Committee that they took a firm attitude and a broad outlook in shaping the Bill. We must thank the majority of the Committee for their work. In justice to the Joint Committee the Honourable Member in charge of the Bill should have moved the House that the Bill, as reported by the Committee, be re-circulated for the purpose of obtaining further opinion thereon. The majority has made what improvements they could under the peculiar circumstances they had to do their work. Unfortunately they did not go far enough. The reasons are obvious. On several occasions, the Honourable the Finance Member threatened to drop the Bill altogether, if the Committee did not agree to what he or the packed Royal Commission called the fundamental essentials of the Bill.

**The Honourable Sir Basil Blackett (Finance Member) :** On a point of personal explanation, Sir. May I ask the Honourable Member what authority he has to say that certain things happened inside the Committee, that I said this or I said that? I take strong exception to that because the reports in the Press were entirely unauthorised and they were sometimes very misleading. I think it is unfair that I should be accused in this House of a statement of fact which is obviously only a statement of hypothesis.

**Mr. Vidya Sagar Pandya :** I may say in this connection that this was even mentioned in the House yesterday. The Members were led to

believe that the country would lose the wonderful benefits of the so-called gold standard and the Reserve Bank if they insisted on making the changes they wished to make in the interest of India. The Damocles' sword of withdrawal of the Bill was always hanging over their heads. The result is that we have got a Bill passed by a narrow majority with a number of minutes of dissent. I feel the majority would have been greater but for the fear of losing the whole Bill. Even this House was similarly told yesterday that if the Bill is dropped the responsibility will lie on the opposition. But what is the use of the Bill if it is not in the full and best interests of the country ?

I shall give some of my reasons in requesting this House to accept my amendment. This Bill is a very important measure which vitally affects everybody in the country. It should not be fought on pugilistic grounds, as the Honourable Sir Basil Blackett is reported to have rightly said elsewhere when he was probably in his calmer mood. The various interests of this vast continent should be convinced that the measure is really in their own interests and not devised to suit the European needs first and to allay the fear of the United States of an immediate and direct setback from any action in India. The United States has an exaggerated fear that the gold coinage and the gold coin circulation in India would mean a withdrawal of about 500 million dollars worth of gold within the next ten years and would correspondingly accentuate the decline in world prices. In fear of the additional depression and further complication in an already depressed financial situation the experts of England unanimously opposed any proposal for gold coinage and gold circulation in India and the American witnesses supported their position before the Royal Commission on the close lines of whose recommendation the original Bill is drafted. Thus the Indian public must be given ample opportunity to compare and scrutinise both the Bills, that is, the original Bill drafted on the lines to suit first the alien requirements on alien recommendations and the draft now submitted by the chosen Indian representatives who have their own country's interest at heart and have re-drafted the Bill though not so fully as they might have, if they were not threatened at every stage with the dire calamity and responsibility of losing the very first measure of fiscal autonomy. Is it not therefore very necessary that the Bill should be circulated for further opinion thereon before we proceed with the Bill ?

Another reason for this re-circulation is that in their Report the Committee themselves say they have made a number of changes—several of them of considerable importance. For instance, as they say, and rightly too, that they have made what is perhaps the most important alteration to substitute a bank with a capital supplied by the Government in place of one with private share capital. It is no use creating another East India Company to exploit the country in partnership with the Imperial Bank of India with several of the wholesome restrictions on the nature of the business to be done by them in future removed and also the Government control withdrawn. But the Honourable Sir Basil Blackett's amendment goes to create an East India Company. (Laughter). I am sure the country would approve of the State Bank only if other safeguards provided by the amended Bill are also carried out. It is no use forcing a scheme down the throat of the people and yet saying we are getting rid of the octopus of the Secretary of State and giving India fiscal autonomy.

[Mr. Vidya Sagar Pandya.]

What the shareholders' bank as devised by the original Bill amounts to is transfer of control of currency from the Secretary of State in England responsible to Parliament to the alien exploiters and imperious bureaucracy here, which may mean a change probably from King Log to King Stork.

We had again been regaled with the great advantages of having a shareholders' bank. The Honourable the Finance Member regards it as fundamental that the majority of the members of the Board must be chosen by constituencies independent of the State, and he and his colleagues are by their experience convinced that the device of private share capital, which is well understood in other countries, is the method best calculated to serve India in this connection. The objects of share capital, we are told, are firstly that a body of directors elected by persons who have subscribed some share capital would have greater interest in the institution and command more confidence than directors selected by other means. Secondly, the Bank would be conducted from the point of view of commercial advantage and of what is best in the economic interest of the country. Thirdly, the object is to create a democratic constituency to which the controlling body of directors would be responsible.

I have been connected with banking in India for the last quarter of a century and with the courtesy of the India Office I had the rare privilege of acquainting myself with the inside working of the Bank of England and the five big banks of England when I went to give evidence before the Chamberlain Commission, and I had the opportunity of comparing the banking system both in England and in India. From my experience in India, I find that the three objects are very nice in theory. But in practice the control and direction of the Bank is vested in a group of men responsible to nobody but themselves without any effective supervision and check by shareholders whose interest does not go beyond fat dividends. The directors at the shareholders' meeting are practically left to pass accounts submitted by themselves to re-elect themselves or the partners of the firms to which they belong, or their successors, if any of them are removed by the hand of death and to appoint auditors of their own choice to audit their own accounts. This applies to the Imperial Bank and the old Presidency Banks. Owing to the general apathy of the shareholders the directors simply comply with just the formalities required by law and issue a report and balance-sheet. They are not inclined to give any information to the shareholders.

Lest it may be considered I am exaggerating matters I have in my hand a list of attendance at the shareholders' meeting of the Imperial Bank for the last five years. The Imperial Bank is our present State Bank under the ideal scheme of shareholders. Here is the attendance at the general meeting of the shareholders of the Imperial Bank of India for the last five years. In 1921, the meeting was held at Calcutta and only 11 shareholders were present, 9 Directors and Managing Governors, and only 2 gentlemen from outside out of 5,000 shareholders.

**Nawab Sir Sahibzada Abdul Qaiyum** (North-West Frontier Province : Nominated Non-Official) : Whose fault is that ?

**Mr. Vidya Sagar Pandya** : It is the fault of the system. In 1922, at Bombay, there were 33 present in person and 881 were present by what they call proxy. In Madras, in 1923, 41 were present in person and 1,621

were present by proxy. In 1924, at Calcutta, 16 were present in person and 908 were present by proxy. In 1925, at Bombay, 34 were present in person and 841 were present by proxy. In 1926, at Madras, 13 were present in person out of 5,000 shareholders, while 788 were present by proxy. I may just here explain why in 1923, in Madras, 41 were present in person and 1,621 by proxy. The occasion was that some of the Indians were anxious to have an Indian auditor. Both the Bank and the friends of the auditor had worked to secure proxies. I may also say that a large number of proxies are always registered and remain with the Bank, and that is why you find in the amendments to the Imperial Bank Act a request that the proxies should not be transferred from one office to another whenever there is a meeting.

Now, Sir, as I have explained, out of about 5,000 shareholders distributed all over the continent of India, except on any rare occasion, the directors and the officers of the Bank are left to conduct meetings held only once a year.

The directorate of a bank practically becomes a close borough confined only to certain favoured firms. The directors by mutual courtesy have a freehold and life-long tenure of their offices. The Government have tried on the old Presidency Banks' funeral additions of one or two Government officers in the past, probably to restrain the exuberance of commercial directors, but of what earthly use they were to the Bank it is difficult to say, as they too were generally mute like other directors. The Bank of Bombay failed in spite of an official director on the Board. If there are any independent directors, they and their firms languish under the cold shade of the Secretary or Managing Governor's displeasure and their contempt is seldom purged. Under the present system, a seat on the direction of the Imperial Bank becomes apparently an asset in the partnerships of certain firms but is not a wise or prudent one. The directors in a shareholders' bank in India have not much independence. In the hands of a strong Secretary or Managing Governor, they become dummies or pawns to play with. In short, the Bank is in the pocket of the Secretary or Managing Governor.

**Mr. N. M. Joshi** (Nominated : Labour Interests) : Is that true of all shareholders' banks ?

**Mr. Vidya Sagar Pandya** : Of a number of banks even under European management.

Take another case, the case of the Alliance Bank of Simla, Limited. I have seen some of the shareholders' lists some years before it failed. We had a galaxy of European high officials including Viceroy's, Commanders-in-Chief, Members of Council, Secretaries to the Government, etc., among the shareholders. What interest did they take in the Bank as shareholders ? We know how miserably it failed. How a Bolton got hold of the Bank under the ideal arrangement of a Bank with private capital and on commercial lines !

Now I shall take the case of France which is practically a State institution in the form of a limited liability company. I shall read an extract from a book based on information supplied from an official source.

**Mr. H. G. Cocks** (Bombay : European) : What is the name of the book ?

**Mr. Vidya Sagar Pandya :** I will tell you, Sir. An Honourable gentleman wants to know the name of the Book. Here it is—"French Public Finance in the Great War and To-day" by Harvey E. Fiak, published in New York by the Bankers' Trust Company. I have got it by the courtesy of our Imperial Bank.

"*Ownership (of the Bank of France.)* The bank is entirely owned by its stockholders. For many years none of its stock has been held by the State, that which was originally purchased having been disposed of to the public. The stock is 182,500,000 francs divided on December 24, 1921, among 33,781 stockholders. The par value of the shares is 1,000 francs, equal at par of exchange to \$ 200. Its market value at the close of 1921 was 5,530 francs—say, \$ 1,106. There were then 11,952 stockholders holding only one share of stock each. There were 7,398 persons who had only two shares and 7,509 who held between three and five shares. Thus 10.6 per cent. of the stock was held by those who owned two shares or less, and over 20 per cent. by those who owned five shares or less...."

That means that probably 30 per cent. had no right of voting.

".... A very large percentage of the stockholders are women...."

That is, out of the 33,781 stockholders a very large proportion are women.

".... Only the 200 largest stockholders have a voice in the management of the bank."

Now we can understand what a shareholders' bank implies. Out of 33,781 shareholders, we have got only 200 people to manage the whole show. Thus it is clear there is hardly any control of the shareholders on the Board of Directors in a commercial Bank even under European management, and the idea to create a democratic constituency to which the controlling body of Directors would be responsible is moonshine at present so far as India is concerned.

There appears to be a sort of conspiracy to finally make this new Reserve Bank of India a sort of annexe to the Bank of England. That is why they are so keen about making the Bank as a shareholders' bank for it would be difficult to do so with a State Bank. The Governor of the Bank of England and of the Bank of France had been on a visit to the United States in this connection and an officer of the Bank of England had been to Australia on such a mission. Here I have got a copy of a letter from Australia which would be of some interest to the House. It says :

"Another aspect of the matter which we ourselves are keeping prominently before us is the desirability of the establishment of central reserve banking throughout all the self-governing parts of the Empire, all such institutions working in co-ordination with the Bank of England, which may be described as the Mother Central Reserve Bank of the Empire. At the present time we are enjoying the privilege of a visit by Sir Earnest Harvey, K.B.E., Controller of the Bank of England who has, by the courtesy of the Governor of the Bank of England, come to Australia to give us at first hand the benefit of his wide knowledge and experience. We feel that as a result of this visit the establishment of Central Reserve Banking in Australia on broader lines and conforming to the practices of the Bank of England will eventuate."

Another important alteration made by the Standing Committee is the selection of three directors each by the elected Members of the Central and Provincial Legislatures. The Honourable the Finance Member in his Minute of Dissent waxed eloquent as under :

"Our objection to members of the Legislatures being eligible for the office of Director applies with even greater strength to the proposal that the Indian Legislature, and the Provincial Legislatures should be formed into constituencies for the election of members of the directorate. Such a proposal seems to us to be fatal to the scheme

of a Reserve Bank altogether. Under this proposal eight out of fifteen voting members of the Board will be chosen by the Central Executive or the Central Legislature, while three more will be chosen by the Provincial Legislatures, making eleven out of fifteen voting members (in addition to the non-voting Government officer) who will owe their presence on the Board to State intervention. We regard it as fundamental that the majority of the members of the Board must be chosen by constituencies independent of the State. Only so can the full independence of the Board be secured. The proposal further offends against the principle...."

I want to draw special attention to this sentence :

"The proposal further offends against the principle that the constitutional functions of the Legislature do not and ought not to extend to the exercise of executive functions, such as the appointment of persons to specific posts. In so far as such a function has to be exercised at all in the case of the Reserve Bank by or on behalf of the State, it is a function of the Executive and not of the Legislature."

Really a Daniel has come to judgment ! When this House asks for the separation of the judicial and executive we are told that it is impracticable. Why do these Members sit here in the Legislative Councils and also lord as Members of the Executive Councils ? How do they reconcile their principles with practice ? Why do they in their own case allow constitutional functions of the Legislature to extend to the exercise of executive functions, such as appointment of persons to specific posts ? Why not ask the country what they want ? But the Government is imperious and would not consult the country but wishes to force the change. The Government which is itself the biggest political party in the country choose to call the directors elected by the Legislatures as politicians ! What are the members of Government and their nominees ? They represent the Government politics. Yet the kettle calls the pot black !

Then, we come to another very important but halting change about the gold standard coin. The Joint Committee, though they regard it as a matter of first importance that gold standard coin should be introduced, yet hesitate to give the public the right to take the gold bullion to the mint to get the gold mohurs proposed by themselves. They talk of the "gold mohur" as a definite proof that the Indian currency has been linked to gold, but leave it to the absolute discretion of the most unwilling Governor General in Council to coin it or not. We are told that only two gold mohurs will be struck in the mint as the conspicuous and visible sign of the linking of our currency to gold ! One probably will be sent to the next World Exhibition, and the other kept in Imperial Delhi as a souvenir of the momentous coinage ! This kind of linking of our currency to gold proposed by the Committee reminds me of the platonic marriages where the connection does not extend beyond the sacramental marriage tie as in the famous Russel case. Here also our currency is linked to gold, but the gold goes to the third party. The gold standard is ours, but the gold goes to aliens for remittances abroad, and every effort is made to deprive or rather to cheat Indians of their gold. It is a mercy that sovereigns are retained as legal tender by the Committee, but Sir Basil wants to torpedo them. I remember to have seen a war cartoon in the *Punch* wherein John Bull proudly points at a big gold sovereign and says : "This is not torpedoed". But Sir Basil desires to do so in India in peace times.

Similarly, there are other important matters such as about the bank notes, etc. If the provisions of the Bill are carried out, currency notes, specially under Rs. 5, become practically inconvertible. The determination is to force paper currency on the country, and yet it is called a gold stand-

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ard. If Sir Basil Blackett's ideas are to be carried out fully, I shall have ~~to mention a man~~ which was in vogue in the times of Pitt :

"Of Augustus and Rome,  
The poets still warble,  
How he found it of brick,  
And left it of marble."  
"So, of Blackett and India,  
Men say without vapour,  
That he found it of gold,  
And left it of paper."

Another feature unfortunately approved of by the Committee is the total exclusion of the directors of other banks from the Board of Directors of the Reserve Bank.

Mr. N. M. Joshi : It is the greatest defect.

Mr. Vidya Sagar Pandya : While in other countries banks are given a special direct share in the capital and representation on the Boards of the Central Reserve Banks, here the Committee considers it a distinct disqualification. Directors of other Banks have sat on the Board of the Imperial Bank for the last 5 years. Government themselves have nominated directors of other Banks who had the additional sin of being Members of the Legislature on the Central Board of the Imperial Bank. What calamity has befallen the Imperial Bank ? How have they abused the confidence ? Now, all of a sudden, the directors of other Banks are treated like lepers and left out. Even on the Board of the Bank of England which is held up as a model, there are out of 26 directors, 15 persons who are connected with joint-stock banks and leading banking firms. Why is an exception made in the case of India ? In England members of Parliament are not disqualified. In fact, the Bank of England had, and has, on its Board members of Parliament, though one or two. Though they are not nominated by Parliament, they are not debarred from sitting on the Board of the Bank of England simply because they are members of Parliament.

I do not wish to take up any more time of the House. But there are similarly other important matters in which changes are made in the framework of the constitution proposed by the Royal Commission. The public have no knowledge of these important changes. The Joint Committee's Report and Bill reached us only on the 19th instant. It was first published in the Gazette only on Saturday last. While we are discussing it here, the public outside has not yet seen it, much less studied it. Standing Order No. 42 requires that the Report of the Select Committee with the amended Bill shall be published in the Gazette. The object is to give the public ample opportunity to study and offer its opinion and criticism. The Bill was published in Simla on the 27th instant and contains very important changes as shown by me. It has not yet reached all parts of the country. For instance, it could not have reached Madras, Rangoon, Karachi and it could not have reached some people yet, for we have got some letters from other places asking us to send copies of the amended Bill and the Report. Representing as I do the commercial community of the Madras Presidency, I had not enough time to consult either the important bankers, merchants or the Chambers and commercial associations in the Madras Presidency. It is no use our assenting to the Bill without



first consulting the important Chambers and trading associations and other public bodies who have a stake in the country. Nothing is lost by postponing the consideration of the Bill till opinions are expressed by the country, especially the commercial and public bodies.

Further, all the papers connected with the Report should be laid before the public and I am sure that if the full report of the proceedings of the meetings of the Joint Committee at Bombay and Calcutta are published, they will go a great way to clear the matter. The Committee has postponed the date of starting the Bank and Sir Basil Blackett has shifted certain dates still further, and if the new Bank is started after another 12 months or so, it will even further simplify the question of the agreement with the Imperial Bank and the amount to be handed on account of the over-generous terms still allowed to the Imperial Bank can be saved and the Government can distribute the agencies of the Reserve Bank among a number of banks. The various commercial and financial bodies as the Chambers and the Banks who are so closely connected with this important measure have had no time even to read, much less to study and express their views or to instruct their representatives to press their views here. We must also take into consideration the views expressed in the minutes of dissent like Sir John Bell and others and there is a large body of the business community represented by him who cannot and must not be overlooked. They would be opposed to the views of the majority report. They must equally have an opportunity to express their views, specially in view of the differences among the members of the Joint Committee. All the papers laid before the Joint Committee and the full report of the proceedings of their meeting must be made available to the public. I hope I have made out a good case in support of my amendment, and I move that the Bill to establish a Gold Standard and constitute a Reserve Bank of India as reported by the Joint Committee be re-circulated for the purpose of obtaining further opinion thereon.

**Mr. B. K. Shanmukham Chetty** (Salem and Coimbatore *con* North Arcot : Non-Muhammadan Rural) : Sir, I am glad to have an opportunity of intervening so early in this important debate ; for curiously enough on this occasion it has fallen to the lot of Members sitting in the Opposition Benches to effectively support the motion moved by Sir Basil Blackett and it has fallen to his lot more to criticise the Report that he has presented than to speak in support of it. From what I have seen of the amendments of which Sir Basil Blackett has given notice, it is evident that on almost all the fundamental issues raised in this Bill he has thrown to the winds the recommendations of the Joint Committee and is anxious to go back to the Bill as it was originally presented by Government. My Honourable friend in making his motion yesterday remarked that on most of the technical matters he had accepted the recommendation of the Joint Committee, but it was only on the question of shareholders' *versus* State Bank and on the question of the gold mohur that there was difference of opinion between Government and the majority of the Joint Committee. I beg to submit that it is not merely on these two questions but on almost all the other technical questions as well that the amendments given notice of by Sir Basil Blackett will have the effect of upsetting the decision of the Joint Committee. Sir, to my mind the most fundamental clauses of the Bill are those relating to its constitution, its management, to the composition of the currency reserve and the question of the gold mohur, and

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I maintain that on all these points Sir Basil Blackett is endeavouring to upset the decision of the Joint Committee.

As a member of the Joint Committee I would like to take this opportunity of explaining to the House some of the salient features of that Report. So far as the question of shareholders' *versus* State Bank is concerned, my task has been made considerably easy by the very lucid exposition which the Honourable the Pandit gave last evening. I do not therefore wish to speak at any great length on that point; but I would like to add one or two words on this subject. In support of a private shareholders' bank it is no good either for Sir Basil Blackett or for any Honourable Member of this House to rely upon what has been said on this point by the Royal Commission on Indian Currency and Finance; for I submit that the Royal Commission has not taken into consideration the question of the advisability of having a State Bank. They proceed on the assumption that it must be a private shareholders' bank and in paragraph 91 they remark:

“There is no need nor is it in fact desirable that a Central Bank should be endowed with any very great amount of capital”

They have not sufficiently considered the question whether it is necessary and desirable for a Central Bank to have share capital subscribed by private shareholders. In paragraph 89 they take it for granted that every true Central Bank must contain in its charter a provision for private shareholders, and I therefore submit that they have not devoted their attention at all to this aspect of the question. Even if the other countries of the world may have Central Banks constituted on a private shareholders' basis, under the peculiar circumstances of the case of India it would not be desirable to have a State Bank. My Honourable friend Sir Basil Blackett in support of his scheme of a private shareholders' bank said that a bank constituted on that basis would be one that is most easily understood by other countries of the world. I realise, Sir, that most of the Central Banks of the world are banks with private shareholders' capital, but I ask this House to consider whether there is not one fundamental difference in the conditions that exist in the other countries of the world and in the conditions that exist in India, which would justify us in discarding this precedent of Central Banks in other countries. Sir, if I am not mistaken one of the fundamental provisions of the charters of Central Banks all over the world is that every shareholder must be a person belonging to the nationality of that country and, even in those banks where persons who do not belong to the nationality of the country are allowed to be shareholders, they are not allowed to exercise the right of voting at meetings. I ask whether Sir Basil Blackett would for a moment be prepared to concede this fundamental point which is incorporated in the charter of every Central Bank in the world? Would he be prepared to say that no one except an Indian can be a shareholder in the Reserve Bank of India; or as an alternative that even if outsiders who are not Indians are permitted to be shareholders they will not be permitted to exercise the right of voting at general meetings? Sir, if my Honourable friend is prepared to concede that, I would straightaway agree to the constitution of a Central Bank with private shareholders.

**The Honourable Sir Basil Blackett :** May I say that I shall be perfectly willing to add to the draft amendments I have that no one who is not an Indian or a British subject ordinarily resident in India should have a vote.

**Mr. R. K. Shanmukham Chetty :** Sir, that does not satisfy the point that has been raised by me. If the right to vote is confined to Indians and Indians alone, persons belonging to the Indian nationality—in which statutory natives represented by my friend Colonel Gidney would be included—I for one would have no objection to a shareholders' bank. But that is not practicable. We on this side know that Government would not even look at such a proposal. But my Honourable friend Sir Basil Blackett said yesterday that we might introduce certain special safeguards, as, for instance, that the majority of the shares should in the first instance be given to Indians and those who are resident in India. But I ask him whether in practice it would be possible to put this restriction upon the future transfer of shares. I maintain that it will make the working very complicated and cumbrous if we are going to say that not merely in the first instance but even in the case of future transfers the majority of the shares shall always be held by Indians or persons ordinarily resident in India. Our apprehension against having a shareholders' bank is this ; we cannot keep members representing European commercial interests from being shareholders in such a bank. And whether our apprehension is right or wrong, the impression remains that the interests represented by European commercial men come very often directly into conflict with the interests represented by Indian commerce. And so long as that state of affairs continues it is not possible for us to agree to any scheme which would hand over the management of the entire financial system of our country to foreign capitalists. Even if the management of the financial system of the country were to be entrusted to Indian capitalists, I would still have some objection to such a course. I do not want that on an important concern like this vested interests should be created. For we all know as a result of the experience of almost every joint stock concern, not merely in India but all over the world, that the control exercised by the small shareholder is absolutely negligible if not non-existent. The managing agents or directors of any joint-stock company will tell you how ineffective and unreal the general control of the shareholders of the affairs of a corporation is. It is therefore no use to say that provisions might be made in the Bill to ensure that persons should not be allotted more than a certain number of shares, thereby safeguarding against the passing of control into the hands of a few capitalists.

Sir, to look at this problem from the point of view of a shareholders' *versus* a State Bank is, I submit, not the correct way of looking at it. For ever: the scheme which has been evolved by the Joint Committee does not provide for a State Bank in any real sense of the term. I submit that the use of the word "State" in this connection is in a very loose sense. The Central Bank, as recommended by the Joint Committee, is not a State concern in the sense that it is to be managed and controlled by the State. The fact that the Governor and Deputy Governor and certain Directors are to be nominated by the Government does not necessarily make it a State Bank subject to the control of the Government. I would like to give to the House an analogy in support of my contention. The Judges of the High Court are appointed by the Executive. They are paid by the Government,

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but is it for a moment contended, Sir, that the High Court is under the control of the Executive, that the Judges of the High Court are subordinate to the Executive? We have again the recent example of the Public Service Commission, the members of which are appointed by the Executive. But is it for a moment contended that the Government of the day controls the actions of the Public Service Commissioners? I maintain it does not. The fact therefore that a certain number of Directors are to be nominated by the Government and that Government subscribes 5 crores does not necessarily make this bank a State Bank in the real sense of the term. Sir, what is it that makes Sir Basil Blackett insist upon having a private shareholders' bank? Is it because he wants to find this 5 crores of capital which is to be subscribed by the shareholders: or is it because he wants to devise an electorate which will be independent of Government control? Obviously a shareholders' bank is not wanted simply for the purpose of finding this 5 crores of rupees, because even if this is so subscribed, look at the huge assets, the solid assets which the Government will be handing over to the shareholders' bank. From the Currency Reserve some 230 crores will be handed over to the bank; and apart from this there will be the Government balances, amounting at times to 40 or 45 crores of rupees. Is it contended, Sir, that a shareholders' bank subscribing 5 crores of capital should be entrusted with these huge reserves amounting to about 270 crores of rupees? I submit that it is not the proper thing to do. And the fact that Government is going to contribute 5 crores of rupees would not, I submit, make the bank necessarily a State Bank.

Sir, I am at one with the Honourable the Finance Member in wanting that the bank that we are to establish must be entirely free from the control either of the Government or of the Legislature. There is not the slightest difference of opinion on that point. I am sure nobody on this side contends that in the day to day management of the affairs of the bank or in the control or direction of the general policy of the bank either the Executive Government or the Legislature of the country should have any voice at all. If it is taken for granted that there is no serious difference of opinion on this point, I submit there is no meaning in the Honourable the Finance Member still insisting that the shareholders' bank is the most ideal scheme that can be devised. Having thrown out the idea of a private shareholders' bank the Joint Committee devised what appeared to them the best scheme of management possible under the circumstances. One very important provision that we made is that of the Governor and Deputy Governor, one of them at least must be an Indian. I find now that the Honourable the Finance Member has given notice of an amendment to delete this provision. We are accused of introducing racial discrimination in this matter. Sir, it is unfortunately in this country that we have to make provision that these high appointments have to be given to Indians. In other countries the idea of giving these appointments to anybody who does not belong to the nationality of the country will not be entertained for a moment. We are told that the best man available must be chosen irrespective of the fact whether he is an Englishman or an Indian. Sir, if Government are to ask us to subscribe to that dictum, I ask the Honourable the Finance Member to state whether, if the best man available for the Governorship of the Bank happens to be a Czecho-slovakian, are Government prepared to

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nominate him to that post ? If the best men available among Englishmen only are to be appointed, we want to restrict the choice further : "appoint the best man available among Indians", and surely it is not an unreasonable request to make. And I would draw the attention of the House to the necessity of seeing that this safeguard is kept in the Bill, for, if it is left to future developments and to the promises that might be made on the floor of this House, those promises would suffer the same fate that other promises have suffered in the past. By bitter experience we have realised that there is no more use pinning our faith even to solemn declarations made on the floor of this House : and nothing short of a statutory provision of this nature will satisfy the Honourable Members on this side of the House. I want the House to bear in mind this, that if the first Governor or Deputy Governor is not to be an Indian, for 15 years you may not have an Indian for these posts. If the first Governor and Deputy Governor happen to be non-Indians, we may have to wait for 15 or 20 years to get an Indian Deputy Governor on the Board ; and I would therefore implore the House to bear the importance of this proviso in mind.

Apart from this provision that we have made in the directorate, the Joint Committee devised a scheme of management which, as I have said, seemed the best under the circumstances. The scheme as finally settled by the Joint Committee has come in for a good deal of criticism at the hands of the Honourable the Finance Member, especially that portion of it in which we make provision for the representation of the Legislatures. Well, Sir, I want to make my own position clear, and I am sure that is the view shared by many others who have been associated with me on the Joint Committee. I did not subscribe to that scheme on the assumption that the representation of the Legislatures was a fundamental principle which we could not ignore. The only principle that I wanted to be accepted is that the Board must consist of a majority of elected Indian members. If my Honourable friend the Finance Member is prepared to give us an alternative scheme or schemes, which will ensure that there will be on the Board a majority of elected Indian members, then, Sir, I for one am prepared to consider the matter. I did not and do not consider representation of the Legislature as a *sine qua non*. That being the case, it is no use for the Honourable the Finance Member to say : "Now that you have thrown overboard my shareholders' scheme, it is for you to devise an electorate". I confess it is very difficult to devise a suitable electorate. That does not necessarily mean that we must go back to a scheme which according to some of us is very vicious at least under present circumstances. Sir, I may assure my Honourable friend, the Finance Member, that if the scheme is to be wrecked merely on this one issue, he may rest assured that we will not allow that to be done. It will depend upon the Honourable the Finance Member to give us a satisfactory alternative which will ensure a majority of elected Indian members on the Board.

Sir, so much for the constitution and management of the Bank. I would now like to say a word or two about certain other salient features of the Bill as amended by the Joint Committee. The clauses referring to the business that can be transacted by the bank are a very important part of the Bill, and in amending these clauses we have always kept in view the one fundamental principle that the Reserve Bank should not come into competition with the ordinary commercial banks of the country. We have

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kept that limitation absolutely clear in our minds. But the provisions of clause 12 of the Bill have come in for a good deal of criticism from certain quarters. In that clause provision is made that under certain circumstances the Reserve Bank will be permitted to enter the open market for transactions. This, it was represented to us, would give to the bank the power to come into competition with the ordinary commercial banks. But the Joint Committee thought that a provision of this nature was necessary if the bank is to discharge effectively the obligations imposed upon it, and we have taken good care to see that this provision would not be abused under any circumstances. Provision has been made that, if this clause is to be brought into operation, it can only be by a majority of two-thirds of the directors present at a meeting, and we have also provided that the directors should decide to put into effect this clause only if they are satisfied that it is necessary in the interests of Indian trade and commerce. Sir, it may be necessary that, on certain occasions, to make its discount policy effective, the bank may have to go to the open market to neutralise the activities of the ordinary commercial banks, and under such circumstances I submit it would be very unwise to take away this power of entering the open market completely from the Central Bank. The provision of clause 11 (3) has also come in for a good deal of criticism. That clause refers to the exchange business that might be conducted by the bank. It was pointed out to us that the only function of the bank, so far as exchange was concerned, was to intervene when exchange touches the upper or lower gold points; and that in conducting the remittance operations of the Government, the bank should act only as the agents of Government and not on its own independent responsibility. The main argument that was advanced in support of this contention was that if the Reserve Bank is given unlimited powers of operating on exchange, it might gamble in exchange with a view to make money. No doubt there is a danger, but we have provided that, normally, the bank should enter the exchange market solely to conduct the remittance operations of the Government of India and to conduct remittances on behalf of *bona fide* customers. I maintain it is essential, if the bank is to undertake the obligation of maintaining the exchange, that they must be given perfect freedom to remit money at the time which in their opinion seems suitable. To give this discretion to the Government would, I submit, perpetrate the evils of the present system.

Sir, I would now turn my attention to the composition of the currency reserves which is covered by clause 25. An analysis of this clause would show that it is provided that the gold assets of the currency reserve must be not less than 40 per cent. and that the bullion portion including the coin must be at a minimum of 30 crores of rupees, but that at the end of the 5th year it must be 20 per cent. of the total and at the end of the 10th year it must be 25 per cent. of the total; and we have also made a provision that at the end of the 10th year the gold securities should not be more than half of the gold assets. I find that the Honourable the Finance Member wants to delete this important proviso that at the end of the 10th year the gold securities should not be more than half of the total gold assets. I submit that the provisions as embodied in this clause are the result of a compromise. If we are to have our own way we would provide that at least 40 per cent. of the reserve must be gold bullion and gold coin; but as a measure of compromise, we accepted the proposal of

Government subject to this important proviso that at least at the end of the 10th year the gold securities should not exceed half of the total gold assets. We have also made a provision that 85 per cent. of the gold in the reserves must be held in British India. These provisos, which the Joint Committee thought it necessary to embody in the Bill, are meant to secure a free inflow of gold into the country and also to ensure that most of the gold bullion would be held in British India.

With regard to the obligation imposed upon the bank to sell gold or gold exchange, the Joint Committee has made a very important amendment. The obligation to sell gold is restricted to obligation to sell gold only in India and not in outside countries. This amendment was made by the Joint Committee with a view to enable them to press that a greater percentage of gold should be held in India than would otherwise be possible. The obligation imposed upon the bank to maintain exchange at the lower gold point is, I submit, achieved by the obligation to sell gold exchange at that point. It is not therefore necessary that the obligation to give gold in foreign countries should be imposed upon the bank and thereby introduce complicated provisions in the Bill.

Sir, I now come to an important matter on which the Honourable the Finance Member wants to upset the decision of the Joint Committee, and that is the provisions relating to the gold mohur. In this matter again, I submit, the decision of the Joint Committee was in the nature of a compromise. If some of us had our own way, we would have liked to see that provision is made that gold coins must be minted and circulated in India immediately. People who demand that would be dubbed as extremists, but even the moderates would ask that if not in the immediate present that at least at some very defined and definite future the obligation to redeem notes in gold coins must be imposed upon the bank. But, Sir, we did not press either of these points, and the provisions as finally agreed to are in the nature of a compromise. Now, what are those provisions? It provides for the minting of a gold mohur worth Rs. 20. Discretion is entirely left with the Governor General in Council to coin and issue such quantities as the Governor General in Council may think proper. We do not want to impose upon the bank the obligation to give gold mohurs in exchange for bank notes. At first sight, it would appear that the provision that we have made is so innocuous that one cannot understand the opposition of Government to such an innocuous provision. But what is the reason which made us insist upon a provision of this nature? To have a provision of this nature would ensure, and visibly ensure, that the standard coin of India is a gold coin. Whether that gold coin is actually in circulation or not is a different matter. But we want to establish the principle that our standard of value is no more a silver rupee but a gold coin. But my Honourable friend Sir Basil Blackett would say: "You have got that even now; the rupee that you have got is in effect a gold rupee (as he would call it); the rupee represents 8.4 grains of gold and not so many grains of silver". Sir, that was the impression under which the Indian public had been labouring all these years, and it was only very recently that we were told that we were wrong in that impression, that the value of the rupee is a value that the Finance Member may choose to attach to it. If the value of the rupee had represented certain grains of gold there would not be any justification for any Finance Member to alter that standard of value. That standard of value has, as we all know, been

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altered in the last Delhi Session. Sir, we do not want that anything of that nature should happen in the future. I know that the imposing of the obligation to give gold bars in exchange for currency would be considered as a safeguard against the recurrence of any such danger ; but I want our people to realise that after all our standard of value has been founded upon a gold coin and the question of that gold coin coming into active circulation will be a question only of time. I am really very surprised that the Honourable the Finance Member should have thought fit to oppose this innocuous provision that we have made. The importance of this provision would be seen from the stoutness of the opposition which the Honourable the Finance Member gives to that, and I would request the House not to agree under any circumstances to delete this important provision that we have made.

Sir, these are some of the salient points that have been embodied in the Bill as finally amended by the Joint Committee. If Honourable Members will look at the Schedule to the Bill, as amended by the Joint Committee, they will find that the list of banks included in the Schedule has been greatly enlarged. While under the original proposal of Government only a few select banks were included in the Schedule, we thought it fit that as many banks in the country as possible should be brought into this reserve system, and we finally decided that every bank which has got a total paid-up share capital and reserve of over Rs. 3 lakhs should be included in the membership system of the Reserve Bank. These are the main changes that we have made in the Bill and the Honourable the Finance Member has been very much perturbed over these. Sir, this measure for the establishment of a Reserve Bank for India has been heralded as the greatest measure of financial liberalism ever offered to India. It has been received in certain quarters with a certain amount of scepticism, if not with suspicion. There is no need to go into hysterics either over the merits of this measure or over the defects that may lurk in it. It must be conceded that to place the financial system of our country on a sound and secure basis there must be a co-ordination of the currency and the banking reserves of the country and a unified policy in these two matters. Now, this co-ordination and this unified policy cannot be achieved without the establishment of a Reserve Bank. For obvious reasons no Government in the world can have control over the banking reserve, and if the financial system of a country is to be placed on a sound basis, there must be a co-ordination between the banking and the currency reserve. I would submit to the Honourable the Finance Member that the Bill as it has emerged from the Joint Committee is certainly a very good measure. Let him not be frightened at it. I would like to conclude my speech with the metaphor which the Honourable Member himself used when he brought his pet child before this House in the last Delhi Session, we thought that, though it was not quite a monster, it was an ugly, unwashed and uncouth child. There were those in this House who thought that, under no circumstances could this child be made to look decent. Sir, we thought we might nurse this child in the Joint Committee, and with that object we undertook in our hands the care of this child. In June we took this child to Bombay. Some people may think that Bombay in June is not a sanatorium for a sickly child. But, Sir, we took it there with the hope that, even though the climate of Bombay may not be quite suitable, in that city we could seek



for expert medical advice. And when we took the child to Bombay to our consternation on the very first day there was the danger of the child succumbing to the baneful effects of the unhealthy and mosquito-infested marshes of the Back Bay of Bombay. Fortunately, the child survived and we took it again to Calcutta, and after breathing the fresh air of the beautiful maidan there, the child revived life. Sir, we now present to the House that child, washed and clothed, and more healthy than it was when presented by the Honourable the Finance Member. And now the Honourable the Finance Member wants to disown it. Sir, if he wants to disown it, the blame will not rest on our shoulders. If this Bill fails to become law, I can assure the Honourable the Finance Member the blame will rest upon him and upon him alone and not upon Members on this side of the House. (Applause.)

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

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**Mr. M. K. Acharya** (South Arcot *cum* Chingleput : Non-Muhamadan, Rural) : Sir, I had no mind to make any very long speech on the Bill before the House ; and indeed I should not have been tempted to stand up at all, but for the excellent thought-provoking paper that was read to us this morning by my Honourable friend Mr. Vidya Sagar Pandya. I think I listened to one of the very best speeches in this House which yet was a little too good for the official Benches who had almost cleared away at the beginning of his speech. But I think the Honourable Sir Denys Bray was here listening to the speech of Mr. Pandya and he seems to have relished that speech as much as I relished it myself. I am glad, Sir, that with the long experience in banking that Mr. Pandya commands he has given his ideas on this technical subject with a literary grace and ease, enlivened with the great humour and illustrated with a lot of facts, which as I said I greatly relished. I thought it was a great pity that the Honourable Member in charge of the Bill was not present to listen to the very trenchant criticisms that Mr. Pandya made and which I thought should weigh with most people to give up once for all the idea of a shareholders' bank. He quoted from the annals of the Imperial Bank of India as to how the directors were conducting the business of that bank year after year during the past five years ; and the figures that he placed before us were such as not to encourage any man with a free mind, such as I think all of us should have, to vote for a new shareholders' bank which might be managed no better, possibly much worse than the Imperial Bank as it is at present managed. I therefore thought that there was very great cogency in Mr. Pandya's arguments when, considering the divergencies of opinion between the Honourable the Finance Member and his great desire to present the Bill as originally introduced by him on the one hand and the divergencies to be found in the Bill as it has come out from the Joint Committee on the other. I thought there was very great cogency in Mr. Pandya's contention that the Bill might well be sent back for opinion to the country, to those who may be interested, to all who ought to be interested and who indeed will be vitally interested in the passing of a Bill of this kind. However, Sir, I am not very sanguine

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that Mr. Pandya's amendment for referring the Bill back to the country for opinion would be acceptable to the majority of the Members. Unfortunately in the very imperfect world in which we live, in my own philosophical way, the only consolation that I can give to my Honourable friend Mr. Pandya is that arguments do not always carry the day ; no, not at all in this imperfect world of ours. If arguments alone would weigh with us, I think Mr. Pandya's arguments were cogent enough to send back this Bill to the country for opinion ; and it is only after such public opinion has been elicited that the Government will be justified in proceeding further with the amendments that have been put forward either by the Government Benches or by very many of my friends on this side, who, of course, claim to be all experts over this banking Bill. Luckily, I do not claim to be an expert. As I have already said, I have scrupulously taken care to keep myself out of the danger zone of pullings, counter-pullings, re-pullings and things of that kind ; and I hope it will be vouchsafed to me to be able to give my vote in a perfectly free manner.

Only one word more I wish to say ; that is, on behalf not of the commercialist, who of course always will have his interests safeguarded, not on behalf of the great industrialists who will be able to take care of themselves and whose interests indeed almost everybody here seems to be very particular about ; I only wish to say a word about the interests of the vast bulk of the people who really contribute to the revenues of the Government and whose money, therefore, in reality would form the bulk of the money in any State Bank. I wish to put in a word that their interests should be adequately safeguarded. Just at present, from what I have heard, I do not believe there is going to be any very great contest as to whether it should be the old shareholders' bank or the new State Bank. If what I hear is true, if all that the little bird that has been whispering in my ear turns true, I think the Honourable the Finance Member will act up to the old adage that discretion is the better part of valour and give up his shareholders' proposal, for even the empty benches here, I am sure, will be quite loud in imposing their will against him on that point. (Laughter). Therefore, if it is going to be a State Bank of some kind, the only other moot question is going to be, I fear, with respect to the directorate. On that directorate, however formed, as I have already said, I am perfectly sure that in all human probability the rich men, the rich landlords, the rich merchants, the rich industrialists and the rich capitalists and so on will all be more than adequately represented. I do not hold a brief for any of the above-mentioned men. I do not represent them. I represent the average man. I represent the vast bulk of the people in India, the great agriculturists. My constituency specially consists of those who pay land-revenue varying from very small sums of money, such as Rs. 50, Rs. 75, Rs. 100 to Rs. 200, and so on. I would appeal to the Honourable Sir Basil Blackett that in any scheme of directorate that he is going to evolve—I dare say the pot is melting and something will come out soon which will be acceptable to all parts of the House—in any scheme that he is going to evolve the interests of the vast bulk of the agricultural people of this country would be adequately safeguarded. At present, in the Bill as it is drafted and placed before the House, I find there is only one member given to what are called the co-operative banks. I do not believe that is quite adequate. I am not going to waste my

breath in opposing that clause, as I hear it is not going to be the final thing at all. Some other thing is being talked and talked, and talked over and talked about. Therefore when the final thing is shaped, when the members in the directorate are fixed, I urge very strongly that at least three or four members should go to represent what I call the great bulk of the people, the ordinary tax-payers, not exclusively the great big income-tax-payers who pay Rs. 1,000 or Rs. 2,000, not these exclusively. The vast bulk of people contribute small sums of money, it may be; but it is really these small sums that will go to make up the large capital of the State Bank that is going to be established. I would make an earnest appeal to all, officials and non-officials alike, and I hope that this will be made a non-party point, namely, that at least three or four directors should be drawn from people who will represent the great agricultural masses of this country. My only point, I repeat, is that agricultural interests should be adequately represented on the directorate; but as to what the electorate that would represent them should be, I hope those who are going about doing very restlessly the melting and the remoulding business will look to it. Whether after all it is to be through agricultural registered societies or through co-operative banks or through any other medium, to me it does not matter, the only point I am keen about is this—that there ought to be adequate or sufficient representation on behalf of the great millions of the people, who, I hope, it will be worth repeating, contribute the largest share to the credit of the State Bank or in fact to the finances of the country. These are the few remarks that I wish to offer. Once more, at least so far as I am concerned, I wish to tender my hearty thanks to my Honourable friend Mr. Pandya for what I consider to be the best speech that has been made during this Session. Indeed I hope, when his speech is printed and read, the official Benches who were conspicuous by their absence all with the exception of Sir Denys Bray, and two others—I am proud to observe that both of them were Madrasis, setting a better example to their official Superiors—I hope that these absentees will feel sorry that they were not here to enjoy the good humour with which Mr. Pandya's speech abounded and which relieved the sharpness of the very strong thrusts which otherwise he made into the position of those who would contend for a shareholders' bank. For the very good reasons advanced by him I should have indeed supported the amendment of Mr. Vidya Sagar Pandya; but I fear there is no chance of its being carried through. I therefore content myself with once more urging the claims of the agricultural population of India to have adequate representation in any scheme of directorate that may be finally evolved; and I trust that this point will receive the sympathetic consideration of the Honourable the Finance Member.

**Mr. Kikabhai Premchand** (Bombay: Nominated Non-Official): Sir, I rise to support the principle of the proposed Reserve Bank with great pleasure, since it has won my approval through the slow educational process of conversion, but I cannot support the Report of the Joint Committee. When the project of a Reserve Bank was first broached, it was my feeling then that this could best be accomplished through the medium of the already existing Imperial Bank. Although I have veered from this opinion, I still believe we morally owe that institution certain obligations, if only in proper protection to the investors in its stock. I cannot concede that the terms proposed are over-generous. To those who would charge me with inconsistency in this connection, I would say that

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I have endeavoured at all times to keep open the avenues of my mind for the reception of new thoughts and ideas, and I disavow mental obstinacy.

The outstanding merit of the suggestions now embodied in this Bill is the aim, for the first time in the history of our currency, towards bringing the control of both currency and credit under a single institution through healing the breach from which so many shortcomings of the administration of our currency have accrued. Of no less importance to my mind, is the first concrete proposal to give the main provisions of our currency system the use of law. It is quite simple to make out a strong case for the thesis that many of the difficulties and disadvantages we propose repairing to-day have arisen from the decision adopted, when the gold standard was officially accepted, that it be left for development by administrative action and not in accordance with the ruling of law. I recognise that when funds were fluid it was desirable to admit of a certain degree of latitude in pursuing this new objective. I also appreciate the skill and fidelity with which the succession of Finance Members endeavoured to make the principles of the standard effective. Circumstances were too strong for them largely because they were not reinforced by the authority of the Statute. Now these great ends—the linking of credit with currency under commercial management and the establishment of the rule of law for the practice of administrative discretion—are of such vast importance to India, that all things being equal, the proposals should command our unhesitating acceptance.

Examining the Indian situation in the light of these necessities, my first reaction to the recommendations of the Currency Commission relative to the Reserve Bank was a feeling of regret that the Commission had not set their gaze on the development of the Imperial Bank into a Central institution, charged with the true functions which it is now proposed should be committed to the Reserve Bank. Some of the Members in this House may be acquainted with my correspondence with the Honourable the Finance Member on this subject. The Imperial Bank has a franchise from the Legislature, on the authority of which large investments, some of them of a semi-trustee character, have been made in its stock. The Imperial Bank is the chief institution which by the rapid opening of new branches, can coax into circulation the very large "stores of value"—I will not call them hoards—which will strengthen our financial system. Anything which might impair the power of the bank to prosecute this activity would be detrimental to our true interests. However, I am satisfied, from a close examination of the Bill before us, that the interests of the Imperial Bank and its shareholders are not sacrificed, but rather that the terms proposed are equitable in view of the suggestions to broaden the scope and increase the usefulness of that institution. I am further satisfied now that there are very serious practical difficulties in entrusting to one institution the note issue and the handling of Government balances and remittances, especially when that institution, namely, the Imperial Bank is to be made still freer, than under the present Act, to carry out its fundamental work, the extension of banking facilities in India. For all these reasons, which have not been easily accepted, I am convinced that the establishment of a Reserve Bank on the broad lines now proposed is out of true Indian interests.

Sir, I believe it erroneous to hold that the greater latitude which we propose conferring on the Imperial Bank will result in unfair competition to indigenous banks or that their scopes of operations will thereby be curtailed. There is surely room for all and there is not yet in existence, nor is there likely to exist, any institution capable of replacing the Imperial Bank in resources or in ability to develop mufassil credit. In past periods of depression our industries have been courageously upheld by this great corporation and to shackle it now with the fetters which would necessarily be imposed on any bank entrusted with a note issue, would scarcely be to our industrial and commercial interest.

*Sovereigns* : Sir, I believe the argument for the retention of sovereigns and half sovereigns as legal tender coins to be untenable, for they have at no time in the past been employed as legal tender coins.

*Gold Mint* : I can see no advantage in the opening of a gold mint at this particular juncture ; in fact, it will wholly defeat the object of the gold bullion standard. A gold mint would retard the strengthening of our gold reserves ; it would add to the difficulties of maintaining a stable exchange ; it would depreciate our holdings of silver, and it would disturb the gold standards of other countries, with resultant suffering to the trade of India. For the same reason, despite the value attached to the sovereign, I accept the necessity of demonetising that coin, for such a step is imperative if we are to prosecute successfully the gold bullion standard and ultimately pave the way for an effective gold standard.

*Shareholders' Bank* : Sir, there should be no need to lengthily discuss the necessity of a Reserve Bank as this is generally accepted by the responsible commercial community, and having made mention of the desirability of its co-operation with the Imperial Bank, I now turn to the all important subject of the ways and means by which the desired end may be most effectively achieved. I am unable to support in the interest of trade and commerce a Reserve Bank without share capital or the manner in which it is suggested by the majority of the Joint Committee that the directors be elected. In establishing a banking institution, the most important function of which is to control and stabilise credit and note issue, every precaution should be taken to ensure its direction by qualified men. It is my sincere belief that the most efficient operation of such a bank is to be obtained only by means of a shareholders' bank, for directors who have much at stake through their ownership in industry and allied commercial interests, will obviously be more concerned with the success of the bank and its subsequent utility to the public than mere political office holders. Furthermore, there is the likelihood, that if a Reserve Bank is established without shareholders' capital, politicians will canvass votes from various public bodies having the right to nominate members to the Board of Directors.

I also cannot agree with the opinion expressed that a directorate responsible to private shareholders would tend to be controlled by vested interests or that conflicting motives would arise within the management between Indian and foreign capital. As for the fear that foreign interests might gain control, I would point out that if the majority of the Board is to be Indian as recommended, there is nothing to prevent its refusing to permit objectionable individuals having any interest in the Bank. This fear

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may be allayed, by fixing the value of the shares to the small denomination of one hundred rupees instead of five hundred each as suggested by the Currency Commission, by limiting at allotment the amounts to be individually held and also by the reduction of the maximum rate of interest to 6 per cent. in order that small investors will have very little temptation to part with their holdings.

Granting, Sir, without prejudice to my opinion, that it may be desirable to start a bank without a share capital, it is certainly contrary to the interest of any bank to have its directors nominated by Legislatures. This procedure inevitably results in the consignment of the bank to the mercy of the political party in power, and with so many parties in the various Legislatures, it is easy to understand that it would prove extremely difficult for them to select qualified and practical men to conduct the business of a bank. As a result, we would have at the helm men of many masters, with possibly very little knowledge of finance. An equally grave defect resulting from this procedure would be the lack of continuity in bank policy due to political dictation. Political control and political agitation are factors which should not be permitted to affect the operations of any bank, especially a note issue bank. It seems to me that since the one great objective in establishing a Reserve Bank is to exclude currency and exchange from the hands of the Legislature and Government, there is every sound reason to keep the authority which controls currency out of politics. If, by investing control in the Legislature and Government, the bank is brought under their control, its worthy object will be completely defeated. I therefore maintain, Sir, that a shareholders' bank is the sole solution for keeping politics and banking apart, particularly in a bank of this type.

For these reasons I cannot support the motion before the House.

**Mr. Jamnadas M. Mehta (Bombay City : Non-Muhammadan Urban) :** I rise to support the motion for taking this Bill into consideration. The Honourable the Finance Member in his speech on the motion spoke in a hyperbolic and panegyric strain about the virtues of this measure. He described them more as a rhetorician than as a sober business man that he is credited to be. But, Sir, when robbed of the rhetoric and the verbiage with which he has surrounded this Bill, I cannot help feeling that much ado is being made about nothing, in particular, in his insistence on the starting of the Reserve Bank. The first question is whether a Reserve Bank is at all necessary. It is said that it is a measure of unexampled liberalism in finance and that it will bring in its train beneficent consequences which this country has never enjoyed before. In the latest issue of the paper, *the Financial News*, which the Chairman of the Currency Commission edits, he also has written of this Reserve Bank as the greatest boon which this country has ever received. Therefore, Sir, let us examine in a sober mood whether a Reserve Bank is after all such a great boon as is claimed.

There are two opinions about a Reserve Bank. Some think a Reserve Bank should be the foundation stone under the shelter of which banking will develop in a country, and under which production will be stimulated, trade will be encouraged, and the social life of the people, as a result of a stabilised currency, will proceed on a more normal

course. Others, on the contrary, hold that until a network of banking institutions has been developed in a country, there is no necessity whatever for such a luxury like the Reserve Bank. The curious part of all this is that, while this country is being given this alleged boon, almost all the British Dominions and Colonies refuse to have a Reserve Bank, and even in England there is nothing like the Reserve Bank that is proposed here. There is no Reserve Bank in Canada, there is no Reserve Bank as such in Australia. I do not know that there is a Reserve Bank in New Zealand, and a Currency Commission recently appointed in Ireland came to the conclusion that it was not necessary to have a Reserve Bank in the present stage of the development of that country. The only unfortunate country that has so far got a Reserve Bank is South Africa, and ours is the second country within the British Commonwealth, as it is called, which is being subjected to this experiment. Canada, Sir, is most fully developed in banking. It has a bank for every 2,500 of population, while in India in a population of 315 millions all the banks and their branches do not come to more than 360. That shows that Ireland which is undeveloped in a banking sense, and Canada, which is most developed in a banking sense, both of them do not consider that either for their credit or for their currency policy there is any necessity whatever for a Reserve Bank. But it is said that outside

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the British Empire there are Reserve Banks in European countries and in the United States and that more Reserve Banks are being started. Sir, not one of the Reserve Banks which existed in the pre-war days except to some extent perhaps the Federal Reserve Board in America can be said to have deserved all the praises that are being bestowed on them. Almost in every European country under stress of war the Reserve Bank failed to maintain stability of exchange or of prices. In most countries currency became depreciated and in some the notes were entirely repudiated. In France even to-day the franc is barely one-fifth of the value which it used to have in pre-war days; it cannot be suggested that the history of the pre-war Reserve Banks encourages the idea that a Reserve Bank is either a haven of rest or safety; and the post-war Reserve Banks need not be considered at all because they have been started to meet a wholly different state of things. Most of the European countries became bankrupt during the War and the Genoa Conference was more concerned with making them stand on their legs again than with dealing with normal countries. The problem before that Conference was not the starting of Reserve Banks for normally constituted countries, and, as Professors Joshi and Wadia pointed out before the Royal Commission, it is misleading to quote that Conference as any guide for a normally constituted country. Therefore, Sir, I do not think that either the pre-war banks or the post-war banks of the reserve character lead us to any sure and reliable guidance for the purpose of starting such a bank in India, and I ask the House not to expect too much, not to build any hopes of an extravagant character on a Reserve Bank even if we start one. After all it is an instrument for doing something. It is not the thing itself. The more important thing is the stability of the currency itself, and, Sir, unless there was an honest standard, honestly maintained, no Reserve Banks could ever give us that stability which we all desire. Although Government called it a minor point we know that the substance lay in the ratio question and not in the machinery with which we are concerned to-day. But I do not

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say that a Reserve Bank of a properly constituted character under national control is not desirable even in a backward country. The second point therefore is whether it was not possible to have converted the Imperial Bank into a Central Bank of reserve instead of having this multiplicity of institutions. I do not want that there should be any misunderstanding in this matter. I do not suggest that the Imperial Bank should have been allowed to retain its present shareholder character; but the Imperial Bank has been doing the work of centralising credit in this country for several years past and with a proper modification of its charter we might well have entrusted this existing institution with the work which the Reserve Bank will do; well-informed opinion in the initial stages of public discussion of this question was in favour of entrusting the Imperial Bank with the function for which the Reserve Bank is to be started. The *Times of India* published voluminous correspondence between the Finance Member and my Honourable friend Mr. Kikabhai last year. At that time no one strove harder than Mr. Kikabhai in favour of the Imperial Bank. To-day he has been educated, he says, into acceptance of the Reserve Bank. I know that he has got the best tutor in the Finance Member of the Government of India. (*The Honourable Sir Basil Blackett*: "Thank you".) I know that Mr. Kikabhai could be educated into almost anything by the Finance Member of the Government of India. He is the aptest pupil. Although he has to-day spoken strongly in favour of a shareholders' bank, his education is proceeding at such a rapid rate that if to-morrow the Finance Member accepts a State Bank, Mr. Kikabhai will be forthwith educated into accepting it.

But, Sir, let us lay aside all these considerations whether a Reserve Bank is necessary and whether the Imperial Bank could have been constituted into a Reserve Bank. The Joint Committee has now definitely said that we must have a separate bank from the Imperial Bank. Then the question arises whether it should be a shareholders' bank. A controversy has been raging over it ever since the Bombay sitting of the Joint Committee and that controversy is not yet over. Why is so much stress laid by Government on the shareholders' bank? They profess to believe that the shareholders' bank will be a bank, independent of any control either of Government or other agency. Now, Sir, why is so much faith being placed in a body of shareholders who invest their money primarily for earning dividends? The shareholders' bank is a bank where people invest their money for making more money. A tailor, a tinker, a motor driver, any man can invest his money in a shareholders' bank, and I would like respectfully to invite the protagonists of the shareholders' bank to tell me whether a tailor or a tinker is really qualified to be entrusted with the control of the banking reserves and the currency reserves of any country and, if so, why. What is the special qualification of a tailor or a tinker of which the Finance Member is so enamoured?

**The Honourable Sir Basil Blackett**: What is the present qualification of people other than tailors and tinkers?

**Mr. Jannadas M. Mehta**: At least they are on equal terms. I am not making light of the qualifications of a tailor. He has to dress us all well but he cannot dress this thing. That is quite certain. Therefore,



Sir, I have been unable to understand the great stress that is being laid on the private shareholder. Is he qualified to control a Reserve Bank? Is there any guarantee that you will obtain qualified shareholders? Is it to be laid down as a condition in the share application form that only those who understand currency and banking will be allowed to become shareholders? Certainly not. It will never pass the mind of an investor in a shareholders' bank that his institution is going to take care of the banking and currency reserves. 99.9 per cent. of the shareholders of this bank will never give a single thought to the object with which this bank is concerned. Why then so much insistence on a shareholder's bank? Even supposing we get a qualified body of people—supposing by some miracle in a shareholders' bank you get people who are educated enough to understand the position—of course we know that many of those who will buy shares will be interested in nothing but their dividends—but supposing some qualified people do come there, does the Finance Member realize that shareholders of a corporation like this will be scattered all over India and that the meeting at which they are supposed to exercise their control will be held once a year in one centre only? And is it possible to imagine that any man who holds from one to five shares will go to the extent of travelling from, say, Lahore or Calcutta to Bombay, to attend a meeting when his sole interest in it is a matter of six rupees or 30 rupees, while the cost of the journey is 60 rupees? It is absurd and on the face of it ridiculous to expect such a body of shareholders, disorganized, scattered, interested only in small dividends, ignorant of the whole object with which this bank is to be brought into being, to take an intelligent interest in its operations. The idea has only to be stated to be scouted by any intelligent man. It is said that the shareholders will elect the directors who will therefore be independent. I invite anybody in this House to tell me when the shareholders of any limited company in any part of the world have ever effectively asserted themselves in the election of the Board of Directors. I have in my hand a book written by Mr. Hartley Withers, who will not be regarded as unqualified to speak on the subject. Writing about the Board of Directors of the Bank of England, which is a body of shareholders, Mr. Hartley Withers says that the shareholders do not really take any part in the election of the Board of Directors. I shall read the quotation from his book on the "Meaning of Money", page 215. The Board of Directors in the Bank of England is called the Bank Court. Mr. Hartley Withers says :

"The Bank Court is a Committee recruited chiefly from the ranks of the accepting houses and merchant firms and its members are nominated by itself subject to the purely formal confirmation of the shareholders."

That is how the Bank of England elects its Board of Directors, and we have that on the authority of a great banker and publicist. So I say, the mystery remains why such stress is laid by Government on a shareholders' bank. There is another objection to the shareholders Bank. The 8 per cent. which was going to be paid to them is now reduced to 6 per cent. cumulative. What does that mean? Government could today borrow at 4 or 4½ per cent. Why should the income of this new bank be frittered away in paying 6 per cent. cumulative interest to a body of 5,000 people at the cost of 320 millions when Government can get that money at 4½ per cent.? From all points of view therefore, economy,

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control, intelligent interest, and even the safety of the bank itself, a shareholders' bank, is absolutely unacceptable. In a private shareholders' bank started for ordinary banking business we need capital, because the larger the capital the greater the security for the depositors who will then have confidence in the security of their deposits. But here this shareholders' bank is going to have a capital of 5 crores, and we are going to entrust to it nearly 300 crores, or even more, of our currency assets which may increase to 400 or even 500 crores; in addition there will be large public deposits amounting to crores again, and then Provincial Governments and public bodies will also necessarily bank with the Central Bank; and can all these crores be secured by this paltry capital of 5 crores? What then is the idea of this shareholders' bank? From every point of view it is altogether unacceptable and ought to be rejected by this House. But the mystery why Government insist on it remains, and I will attempt to solve it. In the shareholders' bank in addition to the Governor and Deputy Governor some of the Directors also will be nominees of the Government and the remaining 9 people will be elected by the shareholders. These last will be elected at a meeting which will be meagrely unattended. As Mr. Vidya Sagar has pointed out, the number of people who take an interest in the annual meetings is so small that practically the Governor and Deputy Governor will nominate the remaining 9 directors, most of those present will be their followers; and the Board will be constituted as the Governor and Deputy Governor desire. The Governor and Deputy Governor under the Finance Member's brilliant idea are to be the nominees of the Government. They will owe their office to Government; they will be the creatures of the Government. The moment they pretend to any independence they will be deprived of their jobs. (*An Honourable Member*: "Why"). Yes, there is no doubt about it. Therefore the whole body of directors will be virtually the nominees of the Government of India and the Secretary of State. And what will be the result? The policy against which this country has been crying out for 30 years and more, which has been pronounced by a packed Commission to be wrong and undesirable, that policy will be continued as it is under the screen of a so-called independent shareholders' bank. That is the mystery behind the insistence on a shareholders' Bank. In another portion of his book Mr. Hartley Withers points out that the directors, customers and depositors in a bank are mainly merchants trading on borrowed capital; these people will never have the courage to stand up against the Governor and Deputy Governor on a point of policy. For if they do so, as Mr. Hartley Withers says, the next time they want accommodation they will be met with a frigid and discouraging countenance. And I would like to see in this world the commercial man who will have the courage to oppose the Governor and Deputy Governor who hold the strings of his solvency in the hollow of their hands.

**Mr. Kikabhai Premchand**: The same thing will happen with the other directors too.

**Mr. Jajnadas M. Mehta**: I am not quite prepared to say it will not happen, but I am glad you admit it will happen under this. That is the greatest condemnation of a shareholders' bank. Mr. Kikabhai himself admits that this thing will happen in the shareholders' bank.

**Mr. Kikabhai Premchand**: But it will be the other way too.

**Mr. Jamnadas M. Mehta** : The " same thing " means " this thing will happen ". (Laughter.)

**Mr. Kikabhai Premchand** : I did not say that.

**Mr. Jamnadas M. Mehta** : If there is any meaning in language, it means you admit, now because your conscience is not being educated, (Laughter) that this thing is sure to happen in a shareholders' bank.

Sir, I am sure I have convinced this House that for all these reasons the idea of a shareholders' bank has only to be stated to be rejected. Sir, if there is to be no shareholders' bank, the substitute is provided in the Joint Select Committee's Report. We have heard from the Finance Member the most severe condemnation of that part of the scheme of the Joint Select Committee. I am here to maintain, and I am sure I shall do so to the conviction of this House, that in the present circumstances of this country, the scheme of the personnel of the Board of Directors evolved by the Joint Select Committee offers the only safeguard against such a bank drifting into the conditions which I have described in regard to a shareholders' bank. Believe me, Sir, even a State Bank has no charm for me unless it is a State Bank under national control: a State Bank without national control is a shareholders' bank minus the capital. Therefore, even a State Bank, unless it is controlled in the interests of the nation, is not acceptable to me, and I hope it will not be acceptable to this House. The Joint Committee's scheme, Sir, I submit, is a most moderate scheme; in this country it is impossible to have a control which is fully national. (*Mr. N. M. Joshi* : " Why ? ") Because the House will not accept it; the House is not national on the whole; and it was not possible for us in this Joint Committee to secure national control in the full sense of the word. In any country outside India the question would never arise as to who should be the directors. The Germans may be a very competent body of financiers and bankers (some of them are). Dr. Schacht is supposed to be the greatest banker in Germany and one of the greatest bankers in Europe, but he would never, however clever he is, be elected a director of the Bank of England. In the Bank of England only Englishmen will be elected (Laughter), I mean or ' Scotchmen ' will be elected directors, because they belong to the same country. I will say, " Britisher "—a Britisher alone will be allowed, no Frenchman, no German and of course no Indian; however clever Sir Purshotamdas Thakurdas is, he can never hope to be a director of the Bank of England (Laughter), and Mr. Kikabhai may rest assured he will never be one. I of course do not even aspire to it. But, Sir, my point is that in the Bank of England no man but a Britisher can become a director. In Germany the same will be the case. I have also got with me the text of a statutory provision about the Irish Currency Board which says that only those who reside in that country will be eligible for election to that Board. (*An Honourable Member* : " Reside ") Yes, reside, not be birds of passage like you, reside as *bona fide* traders, citizens and subjects who want to make India their home, not as visitors for the purpose of making money or a career and then going off to England. In this country, however, we have to say that because the British have financial interests in India they must find a place on the Board of this Bank. There are many Germans with financial interests in America, but no German will be admitted to be a director because he has financial interests. I have got a letter from a gentleman

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very well acquainted with Wall Street financial operations. He is in touch with the best bankers and statesmen of America. He himself is a great financier. He writes to warn me about the personnel of the Board of Directors of this Bank. (*Honourable Members*: "Who is he? Name, Name"). Why should you want to have the name? It is enough that he is a big man, a financier acquainted with the best brains, bankers and statesmen in America. He knows what is going on there, and writing to me about this Reserve Bank, he refers to one Mr. Paul Warburg. (*Mr. Kikabhai Premchand*: "Who"?). Mr. Paul Warburg—you don't know even the name? Mr. Paul Warburg is the author of the Federal Reserve Board; the great scheme of the Federal Reserve Board, for which America is so celebrated to-day, was due to his initiative, and the President of the United States offered him during the war the post of Governor of the Federal Reserve Board. But he was a Jew of German extraction, and although settled in America, he said the prejudice against his German origin would be so great that for any financial disaster which might overcome America, he would be charged with having German sympathies and with having brought about that disaster. "Therefore in the interests of America I am not going to remain on the Board of Directors of the Federal Reserve Board" said Mr. Warburg.

**The Honourable Sir Basil Blackett**: Is the Honourable Member aware that Mr. Paul Warburg was for many years a member of the Federal Reserve Board?

**Mr. Jamnadas M. Mehta**: But is he aware of this—which is more important—that he refused to accept the Governorship of the Federal Reserve Board because he was of German extraction? And that shows that he must have understood the feeling in America that foreigners are not wanted. But here in this country we had to provide. I am ashamed to say in the Joint Committee we had to provide, that the European commercial interests must be represented. It is therefore, I say, a moderate scheme. If we had our way, there would not have been a single European on the Board of Directors of this Reserve Bank. That would have been the straightest and the most direct course for any country to follow, but under our moderate scheme we had to accept two representatives of European commercial interests, and, further, we had also to accept the Governor and Deputy Governor as Government nominees. Then, again, Sir, we gave Government the power of nominating two Indians, so that there will be even under the Joint Committee's Report two nominees of the Government as Governor and Deputy Governor, two nominees who will be Indians and two Europeans—and the Government guard their interests and they guard the interests of Government. Thus under this scheme of the Joint Committee, practically six representatives of Government, will be on the Board of Directors. Then we said "Having provided six for you, give us at least a majority of Indians whom we can trust, and whom we can elect according to our best judgment." We have provided that there will be two representatives of Indian commercial interests; in addition three will be elected by the Central Legislature, through its elected Members, and three more will be elected by the elected Members of the various Provincial Councils and one will be elected by the co-operative banks. In addition to that there is going to be an officer of the Finance Department of the Government of India who will have no vote; although

we have only 9 out of a body of 15 which are elected by representative institutions, the Finance Member says that he cannot accept that under any circumstances. Why, Sir? This Reserve Bank is not a private bank. It is to be charged with the custody, safety and control of the currency reserves of this country. The currency reserves of a country are for the safety of the note issue and the stability of exchange. Is there anybody in this House who will tell me that only commercial men are interested in this? Stability of exchange and the safety of note issue are not subjects in which commercial men only are interested. Every humble man, every villager who has got a rupee, every petty clerk who has got a five-rupee note in his pocket, is equally interested, because the safety of the five-rupee note, the stability of exchange of the money he has got in his pocket, will depend on this bank. Therefore this bank is not an institution where the so-called qualified commercial men should alone be represented. Sir, as this Reserve Bank is to be entrusted with the safety and custody of our note issue and the stability of exchange, on which depend the stimulus to production, the safety of trade, and the improvement of the social life of the nation, when these very things, the foundations of a well organised State depend on this bank, when not the dividends of a few petty shareholders, not the speculation of capitalists and multi-millionaires, but the safety of the small savings of the villager and the petty clerk depend on the personnel of the Board of Directors of this bank, why on earth, may I ask, should these men be kept out of the Board of Directors? Sir, the Joint Select Committee did the wisest thing in having a Board of Directors who will look after the interests not merely of the commercial men, not merely of the capitalists, but of the humble villager, the petty clerk and everybody who has got a coin or a note in his pocket.

**The Honourable Sir Basil Blackett :** And of the tinker and the tailor.

**Mr. Jamnadas M. Mehta :** Yes, it should be representative. The tailor as a constituent I want, not as master. You want to make the tailor my master. I want him as a fellow citizen. I repeat that the Joint Committee did the wisest thing in having a Board of Directors who will look after the interests of the agriculturist, the trader, the clerk, the poor man, the man in the street, the wage-earner and everybody; and these Legislatures,—next to the Indian National Congress,—these Legislatures are the only bodies which represent public opinion in this country. I say here with the greatest confidence that if the Indian National Congress was given the power, the Board of Directors constituted will be the most competent and most efficient body that ever could be thought of in this country. But I know it cannot be expected in a Joint Committee of this House and the other House. Therefore, we had to turn to the Legislatures. Government have created the electors, franchise is fixed by them; voters' lists are framed by them. There you find agriculturists, income-tax payers, householders, those who pay rent, wage-earners, everybody is represented on the roll of electors of the various Legislatures, and the chosen representatives of these people represent all interests not merely political interests as is being suggested. This House is not a mere political body. It does not deal merely with political questions. This House deals with political, military, industrial, social and commercial questions; every conceivable interest of the nation is considered and finally adjudicated here. Yet, why should it be branded as merely

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a political institution? Because Government know that if this House was given the power, if elected Members only were given the power, then the game would be up. That is the real objection. Otherwise, Sir, the local and the Central Legislatures are under the present conditions the best custodians of the country's interests. We may be politicians, but it is wrong to say that on a non-political issue we cannot bring to bear a non-political outlook. It is a libel; it is calculated defamation, and is done with the deliberate object of throwing mud at the people's representatives. I claim, Sir, that the Joint Committee evolved a scheme under which you could constitute a Board which will be independent, reliable, and representing every interest in the country. But the Finance Member is dead against it; he has carried on a campaign against it. For the last 10 days this House is convulsed with the various moves and counter-moves. We find that there was a conference at Viceregal Lodge with the best intention to find out a solution. The object of the conference was very laudable. But, I submit, Sir, that the intervention of the head of this Government in so controversial a matter, however well intentioned, is a grave constitutional impropriety. Sir, the Governor General has to assent to a Bill before it is placed finally on the Statute-book. He has to make up his mind whether he should give his assent or not; and if he is made a partisan before the Bill is considered in this House, grave consequences will ensue jeopardising the confidence of the country in the impartiality of the head of the administration. It was a most improper course adopted by busybodies. The House will resent this. The Viceroy was made, I am afraid, a catspaw by officious men. This grave constitutional impropriety will, I hope, never be repeated—the intervention of the third party to legislation who is finally to assent to every piece of legislation. I am glad, Sir, I was not a party to it. Only an accident saved me. (Laughter.) Thus, Sir, for the last 8 or 10 days we have been in this great difficulty. The Finance Member would not hear of election by the Legislatures although I say they are the best and most competent bodies. Well, I am bound to give him an alternative. If he is genuine in his protestations that he made yesterday; "If you simply eschew the Legislatures", he said, "I am willing to have a Board with an Indian outlook, Indian majority and so on", I am prepared to give an alternative if he is willing, if he is really in a mood to give us an independent elected majority on the Board of Directors of this Bank. Sir, the municipalities and district boards of this country represent all interests. The local boards represent the agricultural communities in the widest sense of the term; they are in touch with local life and local interests in all parts of India; the municipalities of this country are in touch with the city life of this country in all its aspects. I say, Sir, if the Government are willing to substitute an equally effective personnel of Board of Directors of this Bank in place of the Legislatures, here is an alternative which I am offering them for consideration, namely, that the elected Presidents of the local boards and the municipalities in every province be constituted into an electoral college and they elect one man from each province on the Board of Directors of this bank. In this way every class of people will be represented on the Board of Directors.

The elected heads of these bodies in each province constituted as an electoral college to elect one representative will be, in my opinion, the only effective substitute for what is really the best scheme, namely, the election

by the Legislatures. I hold that Legislatures would have been the best, but if you must reject them, here is an alternative which, in my humble opinion, is an effective substitute if you want an independent Indian Board.

Sir, I have now disposed of the most contentious part of the Joint Committee's Report and I will only touch on one or two more points before resuming my seat. The first is the constitution of the reserves as adopted by the Joint Committee on the principle of proportional reserves. Sir, I am not in favour of them. I stand for the fixed fiduciary system: every civilized country, so long as it has not reverted to a state of barter, must have a certain minimum volume of currency which will always remain in circulation and which will never come for conversion into gold. Therefore, you might treat that minimum as a fixed fiduciary amount not requiring gold backing. Against that currency you can have securities of a corresponding amount. That will be the fiduciary portion of your reserves. That will never come for conversion into metal. You can fix the fiduciary amount as large as you like taking into account the rise of prices, the state of development of the country and all other considerations, but when you have done so, you should have all other notes backed by gold cent per cent. That is what is called the fixed fiduciary system. The superior merit of that system has been amply demonstrated; while currency in most parts of the world, except perhaps America for which there are special reasons, could not stand the strain of the war, it is only the currency of England, based on the fixed fiduciary system, which could return to the gold standard earliest in spite of its great travail during and after the war. To-day, if England has a gold standard, I say it is due to this fixed fiduciary system. England is called the banker of the rest of the world because there you can at any time have gold for any credit instrument that you present. Why should not the system which has been the admiration of the entire world to-day be instituted in this country, and why instead should we be asked to adopt a system which the bankrupt nations of the world are compelled to resort to? I will develop this question more when my amendment comes up for discussion in the House. But, in the meantime, the House ought to take a warning that these proportional reserves are dangerous. They are devices of the post-war Reserve Banks of Europe? The bankrupt European States want loans from England and America and a beggar cannot be a chooser. Because they want money they have to accept any terms on which the creditors would lend them the money. The proportional reserves which the Reserve Banks are adopting in Europe are due to the fact that, unless they did so, neither England nor America would give them loans. Why should India follow them? Do not be under the misapprehension that the fixed fiduciary system has been played out and that this new-fangled system is the last word in currency wisdom. The fixed fiduciary system has been tested by experience and has since the war been investigated three times on behalf of the Bank of England and found satisfactory. The Honourable the Finance Member who asks us to adopt these proportional reserves will not be surprised when I tell him that he was a member of one of those committees which upheld the fixed fiduciary system. He will have to explain to this House why with his signature on the report upholding the fixed fiduciary system he recommends the proportional reserve system to this country? On the report of that Committee, dated the 8th December 1919, the fourth signature is that of "Basil P. Blackett". This document endorses the findings of a preliminary report stating that the

[Mr. Jamnadas M. Mehta.]

fixed fiduciary system based on the Bank Charter Act of 1844 is the safest and the soundest.

**The Honourable Sir Basil Blackett :** For England.

**Mr. Jamnadas M. Mehta :** Very well. The House will take note of that qualification. If it is the safest for England, why do you not recommend the safest course for India also? The Finance Member attaches his signature to a document in which he affirms that the fixed fiduciary system is the best and yet, for reasons which we have yet to understand, he says India should not have gold cent per cent. against its notes. We will be very pleased to hear from him the reasons for this change. But until then the House will understand that the Finance Member speaks with two voices—one for India and the other for England. The fact is, England wants gold. I have got heaps of papers showing that England wants gold, more gold and nothing but gold. Under the system of reserve which is to be adopted in this country 40 per cent. is to be gold coin, gold bullion, gold securities; and gold securities may be one-half of that 40 per cent. after the end of the tenth year. It means that if we have 400 crores of currency notes and rupees in circulation, we will have 160 crores of gold and gold securities, out of which 80 crores of gold securities may be kept in England or elsewhere, but in England mainly. This could not have been accomplished, under present circumstances by the Secretary of State for India without arousing bitter opposition and protest. It is, therefore, sought to be done with our consent in the name of a sound reserve system. I trust, Sir, the House will realise that the fixed fiduciary system is the best and not the proportional reserve system.

Now, Sir, I want to refer to the grave breach of faith which the.....

**Mr. President :** Order, order : If the Honourable Member is not fortunate enough to catch the eye of the Chair next time, he must thank himself.

**Mr. Jamnadas M. Mehta :** Now, Sir, I only want to draw the attention of the House to the grave breach of faith which the Honourable the Finance Member has committed. I am not privileged to tell the House what happened in the Joint Committee, but now its Report is before the House. The Committee recommended that Government will not sell the silver in the currency reserves except in circumstances of extreme necessity. He accepted the recommendation of the Committee and before the ink was dry on that acceptance and before we reached our homes from Calcutta, we read in the newspapers that 42 lakhs worth of silver had been sold to the great detriment of the holders of silver and rupee securities in the country.

**The Honourable Sir Basil Blackett :** Sir, a personal charge like this requires an immediate answer. What the Joint Committee said was that the Government should be cautious in selling silver. I was at considerable difficulty at that time because I knew we were selling silver cautiously, but to say that there is any charge against me for agreeing to something which I did not agree to is not correct and I object to it strongly and can only characterise it as something that ought not to be said in this House. *(Applause from the Official Benches.)*



**Mr. Jammadas M. Mehta :** The Honourable the Finance Member may charge me with what he likes. That is his habit when he has no real explanation for his actions. The Report is before the House. Let the Honourable Members read what the Joint Committee has recommended and what the Honourable the Finance Member has agreed to, and I would be surprised if they do not come to the same conclusion. Yesterday the Honourable the Finance Member was in a fighting mood when he said that the scheme of the Joint Committee was a monstrosity. In my opinion that scheme is the best. His scheme, as I have already said, seeks to maintain the existing control of the Government of India and the Secretary of State under the guise of an independant shareholders' bank. It is the same old jackdaw in peacock's feathers. Sir, with these words, I agree to the motion that the Report of the Joint Committee be taken into consideration.

**Sir Alexander Murray** (Associated Chambers of Commerce : Nominated non-official) : Sir, I have listened with very great interest and a good deal of profit to the speeches delivered on both sides of the House. I have listened to the Honourable the Finance Member protesting that there is very little difference, only one or two points, between him and the other side. I have listened to speakers strongly differing from that statement. Undoubtedly there have been changes made in the Joint Committee, changes in the form of capital, changes of constitution, changes regarding coinage and other minor details, which are debatable but not worth referring to at the present moment. The Minutes of Dissent also indicate that all parties are not of one mind and differ rather materially ; but I will leave it to the Leader of the House to deal with the gentlemen on the other side. I would, however, like to make one or two remarks regarding some of the statements made yesterday by my Honourable friend Pandit Madan Mohan Malaviya. The Pandit, in particular, referred to Professor Keynes and said that in 1913 he advocated a State Bank for India. Now it is quite true that in pre-war days, the Professor did use the words " State Bank " and drew a distinction between the form of Central Bank in force in England and the type of Bank on the Continent. But I do not think that what he had in view was the form of a State Bank that is particularly referred to here to-day as distinct from the ordinary Central Bank with shareholders' capital which we are accustomed to now-a-days. The Pandit also relied on something that my Honourable friend Sir Purshotamdas Thakurdas has said in his minority report. The Pandit paid a tribute to the knowledge of Sir Purshotamdas Thakurdas regarding currency and exchange matters as shown by the report. I would like, Sir, to associate myself. (Hear, hear), with what the Pandit has said. I was for six or seven months closely associated with him, seeing each other almost every day, and I can assure you, Sir, that I have never met anybody who tried to get at the root of the problem and who worked out each detail for himself in the manner Sir Purshotamdas Thakurdas did. I have sat on more than one Committee with him and all I can say is that whenever there is a committee to be constituted in which both sides of a question must be closely looked into and in which both points of view must be carefully considered, I do not know anybody whose name would occur to me sooner than that of my Honourable friend Sir Purshotamdas Thakurdas.

**Mr. President :** That is not the question at issue.

**Sir Alexander Murray :** The Pandit said that Sir Purshotamdas advocated a full-fledged State Bank. With all due respect to the Pandit, I must say that Sir Purshotamdas Thakurdas did nothing of the kind. He advocated converting the Imperial Bank into a full-fledged Central Bank. I would like here to refer to the actual words used by Sir Purshotamdas. He said :

“Whilst fully appreciating the reasons which have induced my colleagues to propose the creation of a new Central Bank, and recognising that this is perhaps the ideal system, in the special conditions of India, I am of opinion that the ends in view for as far ahead as we can see will be better served by developing the Imperial Bank of India into a full-fledged Central Bank”.

I agreed with a good deal of what Sir Purshotamdas said in his minute of dissent as regards a Central Bank for India. For instance, in particular, I entirely agree with Sir Purshotamdas in this sentence, which is the only sentence in which he refers to State as distinct from Central or Reserve Bank or anything else. He says :

“It is admitted that in India none but a State-aided bank has either found it possible systematically to develop branches, or is likely to be able to do so in future”.

That is to say, in order to develop branch banking in India, it would be necessary in my Honourable friend's opinion to give State aid, and as a matter of fact I also hold the same opinion, and it is for the reason that I am somewhat disappointed that the Joint Committee in their wisdom thought it advisable to cut down the provisions that have been made for State aid being given to the Imperial Bank with a view to continuing their programme of developing branches in India. My Honourable friend Sir Purshotamdas' main objection, as I understand it, to the Imperial Bank and the Central Bank operating side by side in India was that we would have two banks fed by Government funds to a great extent. My Honourable friend Pandit Madan Mohan Malaviya used the same argument. Let us see, Sir, what that amounts to? The recommendations of the Joint Committee which have been approved by them are to the effect that the Imperial Bank for twenty years should be allowed the use for the first five years of 3 crores interest-free, for the next five years of 2 crores interest-free and for the next five years of 1 crore interest-free while in the second period of five years, they also were to get one crore subject to two per cent. interest, for the third term of five years they were to get two crores subject to two per cent. interest and in the last term they were to get three crores subject to two per cent. interest. Now, what are the facts. The Government must keep their cash balances in some bank and in the past they have been keeping them in the Imperial Bank. Ordinarily they would keep them in the Reserve Bank whenever it is constituted. My Honourable friend, Mr. Kelkar, yesterday asked for figures from the Honourable the Finance Member who referred him to the blue-books. I have looked up the blue-book to which Mr. Kelkar was referred and I find given there the figures of the cash balances belonging to the Government of India held in the Imperial Bank during the years 1924-25, 1925-26 and 1926-27. These are the monthly averages 21 crores, 16 crores and 20 crores, apart altogether from the balances in the Government Treasuries, spread over the last three years. That means that there was loose cash in the Imperial Bank of India belonging to the Government of India averaging each month a sum of 19 crores. Now, what is it that is suggested that the Reserve Bank should give to the Imperial Bank in future? It is suggested that

they should have an average of  $1\frac{1}{2}$  crores interest-free and  $1\frac{1}{2}$  crores interest-bearing per annum. What are 3 crores per annum out of an average of 19 crores per annum which is the monthly average that lies in the Imperial Bank. There are three parties affected apart from the Imperial Bank ; there is the Government, there is the public and there is the indigenous banker. Now the Government suffers no loss because in the past they have been accustomed to carry 19 or 20 crores every month free of interest.

The public are suffering no loss for the reason that they presumably  
 4 P.M. are getting money cheaper than they would otherwise be doing, and the only party who suffers, as far as I can see, is the indigenous bank. I agree that the indigenous bank does suffer to a certain extent, though ultimately it probably benefits as a result of the increased banking facilities that come through the free use of this money being given. It was because I agreed with Sir Purshotamdas Thakurdas as to the necessity for State aid being given to some bank or another to continue ordinary banking, the development of ordinary banking that I was strongly in favour of the Imperial Bank being allowed to carry on that work apart from the Reserve Bank, and it was on this point that Sir Purshotamdas and myself differed for the first time as regards the Imperial Bank and the Central Bank. You may have noticed that in the interesting minute of dissent of Sir Purshotamdas which extended to 153 paragraphs, only 4 paragraphs are devoted to the question of the Central Bank of India, whereas in the Report of the rest of the Members of the Commission, more than one-third of their Report is taken up with the question of the Reserve Bank and the best means of giving effect to the idea of a Central Bank in India. I think it is apparent on the face of it that there was pretty general agreement between Sir Purshotamdas and the rest of us as regards banking in India, the only difference between us being whether the Imperial Bank should be converted into the Reserve Bank, as Sir Purshotamdas desired, or whether we should have an entirely new Reserve Bank. Now, I would like to give you some of the reasons that influenced myself in thinking that it would be a mistake to carry on the Imperial Bank as the Reserve Bank. The Imperial Bank is the successor to the old Presidency Banks, the Bank of Bengal, the Bank of Bombay and the Bank of Madras. These Banks for over 100 years the Bank of Bengal goes back to the beginning of last century and the others to the early part of that century—these Banks have done a good deal for banking in India. Banking in India consisted mainly of three branches. There were the Presidency Reserve Banks which I have named ; there were the Exchange Banks, and there were the indigenous banks. Now, in 1921, the Presidency Banks were amalgamated in order that there might be a Central Bank. These words you will find in the debates that took place in 1921 in the old Council. The intention was that the Imperial Bank should be made a Central Bank ultimately, and I personally tried to persuade myself that it was only right that the Imperial Bank should be carried on as a Central Bank. But when I came to details I found that it was impossible. As one Member of the Commission said when we spoke of the amalgamated Presidency Banks and wondered whether it would be possible to recreate them with a view to allowing the new Imperial Bank to go on as the Reserve Bank, it was easy to

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scramble eggs, but very difficult to unscramble them after it had been done. If you can conceive, Sir, the Imperial Bank being converted into a Reserve Bank, and nothing else taking its place in the ordinary banking system of India, we will have a new Reserve Bank in the air and with the old Presidency Reserve Banks and their successor dropped out, nothing between the Reserve Bank up in the air and the Exchange Banks and the indigenous banks down below. That may be all right from the Exchange Banks' and the indigenous banks' point of view, but I personally could not bring myself to see that it was in the best interests of India that a void should be created, that all the Presidency Banks and their successor, the Imperial Bank, should be wiped out and nothing left to take their place. It was for that reason that I—in particular held the opinion that it was advisable that the Imperial Bank should continue as a Commercial Bank and that we should proceed to look round for other means of creating a Reserve Bank.

**Mr. N. C. Kalkar :** (Bombay Central Division : Non-Muhammadan Rural) : What was the precise disadvantage ?

**Sir Alexander Murray :** Turning now to the reasons for supporting a shareholders' bank, several Members on the other side, my friend Pandit Malaviya in particular, referred to Norway, Sweden, Denmark, France, Belgium and Germany and made remarks which really are not borne out by the history of these banks as I read them. Norway, Sweden and Denmark have still pre-war banks and I may deal with them later. The case of France, Belgium and Germany is different. Speaking of Germany, Mr. Jamnadas Mehta made a statement that I would like to correct at once. He said that no foreigner would be allowed to be a member of the governing body of the German Bank.

**Mr. Jamnadas M. Mehta :** I spoke of the Federal Reserve Bank mainly.

**Sir Alexander Murray :** I think the Honourable Member spoke about the German Bank.

**Mr. Jamnadas M. Mehta :** I spoke of many banks including the German Bank.

**The Honourable Sir Basil Blackett :** And in particular referred to the German Bank.

**Mr. Jamnadas M. Mehta :** If what I mentioned was incorrect, I stand corrected.

**Mr. President :** Order, order.

**Sir Alexander Murray :** May I say, Sir, that the constitution of the German Reichsbank provides for a governing body of 14 members, and one of these 14 at the present moment is an Englishman, Sir Charles Addis, who came and gave evidence before the Royal Commission. The Honourable the Finance Member has put Mr. Jamnadas right regarding the Federal Reserve Bank.

**Mr. Jamnadas M. Mehta :** May I correct Sir Alexander Murray ?

**Mr. President :** If the Honourable Member has any personal explanation to make, he must wait till the end of Sir Alexander Murray's speech.

**Sir Alexander Murray** : He also said that he did not think that the Bank of England would for a moment consider the possibility of any Indian born subject becoming a member of the Board. Personally I do not believe for a minute that if the conditions warranted it, the Bank of England would object to having a Bombay born or Indian born member on their Board. They would certainly have him, if otherwise acceptable. My friend Mr. Jamnadas also referred to Canada—to Canada and Ireland, I think, in particular. Ireland is a country that stands by itself. Professor Parker Willis, who came over there as Chairman of the Committee that inquired into the possibility of creating a Reserve Bank for Ireland, decided that the size of the country and the trade done in it did not justify the expense involved in the formation of a Reserve Bank, and personally, I agree with Professor Parker Willis. I am amazed that my friend should compare the small trade done in Ireland with the big trading business in India. I am not an Indian in the sense Mr. Jamnadas is, but I do say there is no comparison between India and Ireland as far as trade and commerce are concerned. He also referred to New Zealand and specially to Canada where the very same interests are at work in preventing a Reserve Bank being formed as have been at work here for the past 100 years, or 90 years at any rate. In 1836 it was suggested that there should be a Central Bank in India, and vested interests turned it down. In Canada, I think there are 16, or may be 12, chartered banks operating, each one guaranteeing the other's notes, and I think the vested interests were too strong there to allow of the Reserve Bank being created. We next turned to Australia and South Africa as well as the other parts of the Empire before going to America for the form of Reserve Bank that might be suitable to us. Mr. Jamnadas Mehta was frank enough to confess that there is no Reserve Bank in Australia, and that is perfectly true, though I have seen it stated in the Press and elsewhere that Australia has a State Reserve Bank. That is not the case. I may quote here the statement made by Mr. Bruce, the Premier, when he was at home, that it was an ordinary trading bank and not a State Bank in the form in which we desire to see created a Central Bank for India. Turning to South Africa, we have been told that we ought not to copy South Africa, because it has not been a success—the Reserve Bank there. As a matter of fact, South Africa never had a chance. The constitution of that Bank was framed by a Committee of the House of Representatives without the addition of anybody else to that Committee. I ask you, Sir, suppose we were invited in this House—with due respect I believe that Members of this House do know as much about currency and finance as members of the House of Representatives—suppose we had been asked to frame a constitution without expert opinion or advice, we would have made pretty much the same mess of it as the people in South Africa. (At this stage Mr. Vidya Sagar Pandya made a remark which was inaudible at the Reporters' table.) I was speaking of the constitution of the Committee. The Reserve Bank of South Africa carried on for a few years and found that they could not function properly. They brought two experts out to see what should be done to improve the working of the Bank. We had the benefit of reading their report and their evidence and a perusal of these documents is of considerable value. As a matter of fact, South Africa is comparatively a small country, compared with India. There are two big banks trading there, the Standard Bank of South Africa and the National Bank of South Africa now absorbed in

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Barelay's Bank, and there the same old vested interests that stood in the way of a Reserve Bank for Canada stand in the way of the proper functioning of the Reserve Bank in South Africa. Although the Bank started in 1921, it was only during the last twelve months ending the 31st March 1927, that the Reserve Bank was given the Government balances which one would have thought to be the first thing that a Reserve Bank would have got in any country. Therefore, when people say that we ought not to copy anything that was done in South Africa, I agree that the conditions are quite different, but I do think that we are entitled to draw from the experiences of that Bank and the reports of the experts who came from other countries with a view to revising the constitution—we are entitled to draw assistance from them with a view to making recommendations as to what should be done in this country.

We then turned to America and found there a great deal in common between the two countries. America is a very big country; so is India a very big country. America has its own particular problems as regards agriculture and the financing of agriculture; so have we in India these problems. America has had its banks for over 130 years; so has India its banks for over 150 years. The First Bank of the United States of America had Government capital and Government interests in the Bank, and the Second Bank there had Government capital and Government interests which continued till 1836. In the same way here, the old Bank of Bengal had Government capital and Government interests in the Bank. I believe I am right in saying that the Bank of Bombay and the Bank of Madras had Government capital and that, down to 1876 or something like that, Government held a share of the capital invested in banks in India and had a right to appoint directors to these banks. Therefore, we were starting more or less on parallel lines, big countries, big turnovers, agriculture, big spaces to cover. Government moneys invested in the banks in both countries and then withdrawn, only banks with shareholders' capital functioning for the past 50 or 60 years or more in both countries. We were very fortunate. We could not go to America ourselves, but we got across men who certainly knew what they were talking about. Benjamin Strong, Governor of the Federal Reserve Bank of New York, came across, and he brought with him Professor Sprague and Professor Hollander, men who have made a deep study of the subject. He also brought the statistician of his Bank to give all the figures that they had at their disposal. Over and above, Mr. Roberts, the Vice-President of the National City Bank of New York, not a Reserve Bank but an ordinary Joint Stock trading indigenous bank—I think I am right in saying that the name of that Bank is now included in the Schedule of banks that are going to deal with the proposed Reserve Bank—Mr. Roberts, Vice-President of that Bank, came across and his evidence was very interesting. He compared India with America and he said that he had been approached in 1913 when they came to form the Federal Reserve Bank and he expressed the opinion that one Central Reserve Bank for the United States of America was the right thing. He also thought that one Central Bank in India with branches in the different sections was the right thing to do. But the people in the States did not accept his advice. They said that the country was so large, the interests were so varied, the seasonal demands for crops were so heavy that they should not have one Central Reserve Bank but 12

Reserve Banks. They have 12 Reserve Banks in the United States with a Central Board for these Banks in Washington. We proceeded to make a recommendation that in India we also should have one Reserve Bank only, but we suggested that there should be three local boards, three regional banks, following the example in America where they have got 12 instead of 3. We recommended that in Bombay and also in Madras and Calcutta there should be local boards which would function and create an interest in the Reserve Bank and help to keep the interest alive all over India. The Government of India and the Joint Committee in their wisdom have not agreed that there should be local boards they have suggested that there should be one Central Board, and that in Bombay. I accept that recommendation myself, but I think it probable it will prove to be not on right lines. Pandit Madan Mohan Malaviya cited the cases of Norway, Sweden and Denmark and said that we ought to have a constitution such as they have, because there particular members of the Boards are nominated by the Legislature. In this connection I would point out to the Honourable Pandit that there is a difference between those countries and India. In those countries everybody in the Legislature is elected and the parties are either in power or out of power. If a party is in power and wants to do something with which the other party disagrees it is possible for the latter party to get into power and to bring up its own scheme and have it passed. With all due respect, in India that is not the position. Here we have the Government in control and we have the Opposition. The elected Members here normally are in a state of opposition and it is only natural that they should be in a state of opposition.

**Pandit Madan Mohan Malaviya :** Not necessarily.

**Sir Alexander Murray :** Well, very largely. I think that is a distinction between the Legislature in India and Legislatures at home where the responsibility must go with the party in power and if another party comes into power it in turn takes the responsibility. Here we have an opposition which does what it likes. We can indulge in destructive criticism and we have the power to cause a good deal of trouble without any responsibility attaching. Therefore, I say it is not right to make a comparison between what is done in Norway and Sweden and what may happen in our own particular case where only a limited number of the House is elected.

**Pandit Madan Mohan Malaviya :** We have the power and responsibility to legislate.

**Sir Alexander Murray :** I admit there is a distinction. The Pandit in particular made reference to the fact that at the present moment the Government of India and the India Office between them are responsible for the finances of India. He said, and I agree with him thoroughly, "For goodness' sake do not take away one of these safeguards, namely, the India Office, and leave us entirely in the hands of the Government of India." I quite agree with the Pandit. But see what he has suggested. He suggests—"put us in the place of the Secretary of State."

**Pandit Madan Mohan Malaviya :** We want to nominate three directors.

**Sir Alexander Murray :** Yes, to be nominated by elected members only : what about an unfortunate man like myself who is a nominated

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member of this House as the result of an election by the Associated Chambers of Commerce. I do not know whether the Pandit was really talking for all the parties on his side of the House. As a matter of fact in the province that I come from, the leader of a particular party has just been asked if he would help to form a party in order to carry on the Government and he has refused. I do not know whether the other Members on his side of the House are prepared to endorse what my friend Mr. Malaviya said when he suggested that the elected Members of this House ought to take the place of the India Office so far as control of the Imperial Bank and its functions is concerned.

**Pandit Madan Mohan Malaviya** : I wish to correct a statement.....

**Mr. President** : Order, order. Sir Alexander Murray.

**Sir Alexander Murray** : Now, personally, I would like to have a shareholders' bank. I am entirely in favour of the shareholders' bank but since I came back to this country and had an opportunity of discussing the points at issue, I have realised that the mentality of the leading Indians is such as to make the vocal general opinion in India against the shareholders' bank.

Mr. Malaviya referred to railway State management. Now, there is a difference between railway State management and banking State management but all the same, in deference to the opinion that generally is held in India on this question, I think myself that I should not press any longer for the shareholders' bank, although I still think it is the best form. The point at issue here is not between State and shareholders. It is really between State and vested interests. Mr. Chetty was very clear, on this point in his speech this morning. Personally I felt rather hurt at some of the things Mr. Chetty said regarding non-official European business men. He would exclude them at any price from any say in the Bank. Later on he softened the blow by saying that he was quite prepared to exclude Indian capitalists also. I would like here to take strong exception to the general tenor of Mr. Chetty's remarks on this question of what he called the foreign capitalist. He also went as far as to say, if I remember aright, that he did not agree that the best man should always be chosen for any post. In particular, he said regarding the Governor of the Bank if the best man were to be chosen it might result in a Czecho-Slovakian being put in. I do not know why Mr. Chetty should have pitched upon a Czecho-Slovakian. There is no doubt that Czecho-Slovakia is one of the best run countries in Europe. President Maszarik and his chief Minister Dr. Benes are two of the cleverest men in Europe.

**Mr. E. K. Shanmukham Chetty** : That is exactly the reason why I referred to Czecho-Slovakia.

**Sir Alexander Murray** : I am very glad to hear it. I hope he did not make that remark by way of reproach. I would like to point out that so long as India is an integral part of the Empire and till such time as you are, shall I say, entirely self-governing, I do think that in matters of this description it is but natural that if there is an Englishman, or even a Scotsman or an Irishman who is suitable let us not really go to Czecho-Slovakia or to Russia or to any other country outside the Empire. Now, on this question of vested interests, I feel very sore. Mr. Chetty seems to think that we Europeans have no business interests in India, indeed no



business to be in India at all. The firm with which I am associated has been in India for nearly a hundred years. We have very large interests in India. We are interested in jute mills, tea gardens, mines, timber—I would not like to enumerate all our interests. We have in our employ many thousands of people whose daily life depends on the management of the particular firm with which I am connected. And that is not a big firm as far as Calcutta goes. There are one or two firms even bigger. I only mention to you that we have been in the country for about a hundred years and when a man like myself has been nearly 30 years in the country surely we are entitled to a certain amount of consideration when it comes to expressing opinions as to how a Reserve Bank should be run or any other public body in which we are all interested.

**Diwan Chaman Lall** (West Punjab : Non-Muhammadian) : Do your interests get that consideration in America ?

**Sir Alexander Murray** : In that connection Mr. Jamnadas Mehta made a reference to municipalities. I would like to tell him that I was a member and Chairman of a municipality as far back as last century and I have been for 16 or 17 years continuously serving in municipalities. I think that is an additional argument for saying that surely it is very hard on firms such as that with which I am associated that Mr. Chetty and other gentlemen on those Benches should think that we are not to express our opinions, still less to take an active part in the management of the public bodies in India.

**Mr. B. K. Shanmukham Chetty** : I rise on a point of personal explanation.

**Mr. President** : Personal explanation cannot be given unless the Honourable Member gives way.

**Sir Alexander Murray** : With pleasure, Sir.

**Mr. Jamnadas, M. Mehta** : We have many more to offer.

**Mr. President** : The Honourable Member is not entitled to make a second speech.

**Mr. Jamnadas, M. Mehta** : I want to correct some mis-statements.

**Mr. President** : If the Honourable Member chooses to make strong speeches he must be prepared to hear strong replies.

**Mr. Jamnadas, M. Mehta** : I submit that we are entitled when mis-statements are made to contradict them. (*Cries of "Order, order"* from certain parts of the House.) What "Order, order". I am submitting it to the Chair.

**Mr. President** : The Honourable Member will resume his seat. He has been told to wait till the end of the Honourable Member's speech.

**Mr. B. K. Shanmukham Chetty** : I did not intend to convey that the non-official European community in India should not have a voice in all these matters. What I object to is to their having a complete control in these matters. I said that the predominant control over the Reserve Bank in India must vest in Indian hands. That is what I said.

**Sir Alexander Murray** : I accept the statement from Mr. Chetty. I do not feel quite so sore about it now as I did. I am sorry that I allowed my feelings to carry me farther than was advisable; but one

[Sir Alexander Murray.]

cannot help feeling these things after being associated with the country for so many years. I would like to turn now to the question of the type of Bank we ought to have. Assuming that I defer to the opinions of my friend Mr. Malaviya and others that the Bank ought not to be a shareholders' bank, I still think that we ought to have a Reserve Bank of some description. The Pandit referred us to the opinions of my esteemed friend Sir John Bell. Now, I agree with everything he says regarding Sir John Bell, the great experience which he has and the weight which ought to be attached to his views. He said in his dissenting minute :

“ While the establishment of a Reserve Bank in India may be regarded as an ideal to be achieved in the future, I am not convinced that the present is an appropriate time.”

Now, as I have said already, that has been said for the last 90 years. It was said in 1836, it was said in 1867, again in 1898, and it has been said down to the present time. And the Exchange Banks say the same thing, the indigenous banks say the same thing, all the vested interests say the same thing, and I am sorry that with all the weight I attach to Sir John Bell's point of view I cannot accept that point of view. Another point he has made is :

“ It is true that the immediate establishment of a Reserve Bank has been recommended by the Currency Commission, and, if this recommendation be accepted, I think it would be better to give effect to it by transferring the Currency Department of Government to the Imperial Bank, and allowing that institution, at least for a period of years, to carry out the functions of a Reserve Bank.”

Now, that is also what my friend Sir Purshotamdas has been saying, and it is quite natural. It is just the same old process. What will happen here is what has been happening in Australia. This House will set up the Imperial Bank as a Central Reserve Bank ; they will find it is not functioning properly, and they will come along later on and say, “ Oh, the Imperial Bank as now constituted is not functioning properly as a Reserve Bank ; we shall have to decommercialise it.” And before we know where we are we shall be in the position to which I referred in the earlier part of my speech. You will have the Imperial Bank entirely decommercialised and ending up in becoming nothing but a pure Reserve Bank. That might serve some particular interests but I cannot say it is the interest of India as a whole. And nothing that anybody can say will convince me that you can take out of the banking system of India the Imperial Bank as now working as the successor of the old Presidency Banks and still have an efficient banking system in India. For that reason I am strongly against any more of this putting off and putting off and allowing perhaps other 50 years to elapse before we have a Reserve Bank. Let us have a Reserve Bank of some description now. It is for that reason I would appeal to Honourable Members to come to an understanding on this point. As far as I can judge from my conversations with my friends . . . . .

**Mr. President :** The Honourable Member need not refer to private conversations in this House.

**Sir Alexander Murray :** I am sorry. I would like to say that as far as I understand the position, the elected Members of this House would like to appoint three members out of the 16 members of the directorate. Now three members are not a lot, and when it comes to appointing them I suppose we will probably find that one at least must be a Muhammadan.

In these days it is only right. I take it that another one must be a Parsi, in the light of the extraordinary knowledge of economics and finance which the Parsis in India have. So we are reduced to no more than one to represent the Hindus and the Sikhs and the Englishmen and Scotchmen and Anglo-Indians. Now surely to goodness we are not going to allow the negotiations for a Reserve Bank to break down on this question of the election of one, two or three men. I personally am prepared to consider any proposition put before me that will provide reasonably for the representation on the Bank not only of the particular interests of Calcutta, Bombay, Madras, Karachi and the big towns, but also of the interests of the hinterland, so to speak, of the United Provinces, the Central Provinces, the Punjab and all those other parts of India that we in the big towns do not hear much about and which really deserve to have their special interests protected every bit as much as those in the big towns. In the course of the debate a good deal of reference was made yesterday to monstrosities. I think the Leader of the House started it and I think my friend the Pandit took it up. I think it is simply monstrous myself that a word of that description should be attached even as a very loose label to the negotiations which are now going on for a Reserve Bank. I think India ought to have a Central Bank. As I have said, the question has been debated for years and it has been turned down again and again. The Bombay people and the Madras people combined against Bengal away back in the sixties I think to turn down the proposition for an amalgamated Central Bank. Then we amalgamated the Presidency Banks into the Imperial Bank in 1921, with a view to having a Central Bank, and I personally will be very disappointed if we do not have our Central Bank now. Reference was also made yesterday to what the world thought about us. The Leader of the House made the reference and the Pandit referred to it. Now, personally, though it is my misfortune to be only a non-official European business man I am as jealous of the fair name of India as any Indian born Member of this House or any Indian outside this House, and I do think that we in India with all our great interests are entitled to have a Reserve Bank that will rank in the same class as the Reserve Banks of other countries. It may be that the American Reserve Banks are suitable, or the South African Reserve Bank, but in these days it is necessary to have a Central Reserve Bank, and I appeal to this House to make an earnest endeavour to have a bank and not to be influenced by the putting off tactics of anybody who suggests that we ought not to have a Reserve Bank of any description. It is for that reason I cordially support the motion before the House that the Report of the Joint Committee be taken into consideration. And if the Bill as now before us, amended in Joint Committee, is not suitable, surely amongst a body of men such as we are it will be possible to make alterations that will meet the wishes of the people in the House. (Applause.)

**Mr. President** (to Mr. Jamnadas Mehta) : The Honourable Member will confine himself to a mere statement of fact in making a personal explanation, and not attempt to make another speech.

**Mr. Jamnadas M. Mehta** : I wish to contradict a mis-statement by Sir Alexander Murray.

**Mr. President** : If it is not a personal explanation, then Honourable Member has no right.....

(At this stage Mr. Jamnadas Mehta remained standing and was called to order by the Chair and several Members.)

**Mr. Jamnadas M. Mehta** : Cannot I contradict a mis-statement ? Sir Alexander Murray said, challenging my statement, that there was no restriction in the German Reich Bank against foreigners and.....

**Mr. President** : The Honourable Member is replying to the speech.

**Mr. Jamnadas M. Mehta** : He is wrong.

**Mr. President** : He may be wrong, but the Honourable Member is not entitled to give a reply.

**Mr. Jamnadas M. Mehta** : In this constitution of the German Bank which I hold in my hand it is said that the President and members of the Board of Management of the Bank must be German nationals.

**Sir Alexander Murray** : There are 14 members of the Governing Body of which 7 are nationals elected by nationals and 7 are foreigners, one of whom is Sir Charles Addis.

**Mr. President** (to Mr. Jamnadas M. Mehta) : Anything more ?

**Mr. Jamnadas M. Mehta** : That is all. I maintain that I am right.

**The Honourable Sir Basil Blackett** : I think the Honourable Member has got hold of an old constitution.

**Mr. Jamnadas M. Mehta** : I have the latest, that of 1924.

**The Honourable Sir Basil Blackett** : I can assure the Honourable Member that there is no doubt in the matter.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 31st August, 1927.