

8th February 1928

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume I

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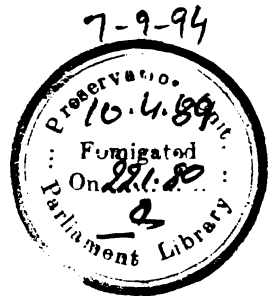
SECOND SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1928



DELHI  
GOVERNMENT OF INDIA PRESS  
1928



# Legislative Assembly.

## *President :*

THE HONOURABLE MR V. J. PATEL.

## *Deputy President :*

MAULVI MUHAMMAD YAKUB, M.L.A.

## *Panel of Chairmen :*

MR. M. A. JINNAH, M.L.A.

SIR DARCY LINDSAY, KT., C.B.E., M.L.A.

MR. K. C. NEOGY, M.L.A.

MR. M. R. JAYAKAR, M.L.A.

## *Secretary :*

MR. L. GRAHAM, C.I.E., I.C.S.

## *Assistants of the Secretary :*

MR. D. G. MITCHELL, C.I.E., I.C.S.

MR. S. C. GUPTA, BAR.-AT-LAW.

MR. G. H. SPENCE, I.C.S.

## *Marshal :*

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

## *Committee on Public Petitions :*

MAULVI MUHAMMAD YAKUB, M.L.A., *Chairman.*

SIR HARI SINGH GOUR, KT., M.L.A.

MR. N. M. JOSHI, M.L.A.

MR. JAMNADAS M. MEHTA, M.L.A.

DR. A. SUHRAWARDY, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Wednesday, 8th February, 1928.

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

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## MEMBER SWORN:

Mr. Satyendra Nath Roy, M.L.A. (Bengal: Nominated Official).

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## QUESTIONS AND ANSWERS.

### THE STATUTORY COMMISSION.

157. \***Pandit Hirday Nath Kunzru:** (a) Has the attention of Government been drawn to the following passage in a Free Press telegram from London regarding the Statutory Commission published in the *Leader* of the 20th January:

"In this connection, it is worth mentioning that on the eve of the final debate in the House of Lords and Commons, it is stated, Lord Birkenhead had intended to appoint at least one Indian to the Commission and had pitched upon a Muslim unofficial when despatches from India advised him to remain firm and that determined the final attitude taken up in the Parliamentary debates."

Does this correctly represent the attitude of the Government of India?

(b) Did the Secretary of State for India consult the Government of India or did the Government of India forward their views to the Secretary of State with regard to the constitution of the Statutory Commission? If not, did exchange of views take place only between the Secretary of State and His Excellency the Viceroy?

**The Honourable Mr. J. Crerar:** (a) The attention of Government had not previously been drawn to this example of imaginative journalism.

(b) I regret that I am not in a position to make any statement on these matters.

**Mr. K. Ahmed:** With regard to the despatches from the Government of India which advised the Secretary of State to remain firm, is it not a fact, Sir, that the Honourable Sir Muhammad Habibullah differed from his colleagues on the Executive Council and was in favour of the appointment of the Muslim non-official on the Statutory Commission whom Lord Birkenhead had intended to appoint?

**The Honourable Mr. J. Crerar:** I am not prepared to accept any of the assumptions underlying the Honourable Member's question.

**Mr. K. Ahmed:** Is not the Honourable the Home Member aware of the fact that in many newspapers it has been already published that

Sir Muhammad Habibullah has differed from the members of the Executive Council, and is it not a fact also . . . .

**Mr. President:** Order, order. One question has already been put and the Honourable Member must wait for a reply.

**The Honourable Mr. J. Crerar:** I have seen some reports in the Press to that effect.

**Pandit Hirday Nath Kunzru:** With reference to the answer to part (a) of the question, am I to understand that the Government of India did not oppose the appointment of an Indian on the Statutory Commission?

**The Honourable Mr. J. Crerar:** I must draw the Honourable Member's attention to my reply to part (b) of his question.

**Pandit Hirday Nath Kunzru:** With reference to part (b) of the question, will the Honourable Member be so good as to indicate the grounds for his refusal to give any information on the subject? Why is it not possible for the Government to say whether the Government of India as a whole were consulted or not?

**The Honourable Mr. J. Crerar:** I very much regret that I am unable to add to my previous statement on the subject.

**Pandit Hirday Nath Kunzru:** Is it not possible for the Honourable Member to give even the grounds for that refusal?

**Mr. K. Ahmed:** Is it not a fact that Sir Muhammad Habibullah supported the proposal of the Secretary of State for the appointment of a Muhammadan to the Statutory Commission but it was not acceptable to his other colleagues of the Government of India who did not agree to the appointment of a Muslim? Do Government now realise in the interests of the minority that it is desirable for them in the present juncture to accept that proposal? Was it not in their own interests, Sir, that they should have done so?

**The Honourable Mr. J. Crerar:** So far as I can understand the Honourable Member's question, it does not appear to be one which ought appropriately to be addressed to me.

#### APPLICATION OF THE MUSSALMAN WAKF ACT, 1923, TO AJMER-MERWARA.

158. **\*Mr. Ismail Khan:** Are the Government aware that a deputation of the Muslims of Ajmer waited on the Commissioner of Ajmer-Merwara on 21st March, 1925, and prayed for the change of the notification No. 1811-A. of 1867 dealing with the constitution of the committee under section 7 of Act XX of 1863 on the ground that amendments to the laws dealing with the Religious Endowments Act have been found necessary and passed and introduced into the Presidencies of Bombay, Bengal, the Punjab and the United Provinces and begged that the Act XLII of 1923 be made applicable to the Province of Ajmer-Merwara? If so, will the Government be pleased to say what action has been taken in the matter by the Local Government?

**Sir Denys Bray:** Yes. Sections 2 to 13 of the Mussalman Wakf Act (XLII of 1923) have been applied to Ajmer-Merwara with effect from the first instant.

REDUCTION OF THE POSTAL RATES.

159. **\*Haji Chaudhury Mohammad Ismail Khan:** Will the Government be pleased to state if they have arrived at any decision regarding the reduction of postal rates? Is it not a fact that the surplus in the revenue of the Postal Department is spent partly towards opening of new post offices but that the important question of reduction of postal rates has been relegated to the background?

**The Honourable Sir Bhupendra Nath Mitra:** The question of the possibility of reducing postal rates is one the importance of which is fully recognised and it is reviewed from time to time. In the present state of the finances of the Department no such reduction is practicable.

TRANSFERS OF SUPERINTENDENTS OF POST OFFICES.

160. **\*Haji Chaudhury Mohammad Ismail Khan:** Will the Government be pleased to state the principles on which Postal Superintendents are transferred from Division to Division? Are senior officials generally given precedence over juniors in the choice of Divisions while effecting such transfers?

**The Honourable Sir Bhupendra Nath Mitra:** Postal Superintendents are transferred from Division to Division in the interests of the service. The Government of India are not prepared to admit the principle suggested in the latter part of the question.

TRANSFERS OF SUPERINTENDENTS OF POST OFFICES IN THE MADRAS CIRCLE.

161. **\*Haji Chaudhury Mohammad Ismail Khan:** Is it a fact that in the Madras Circle, the generally recognised principle of seniority is totally ignored in effecting transfers of Superintendents of Post Offices? Are Government prepared to remedy the defect?

**The Honourable Sir Bhupendra Nath Mitra:** There is no generally recognised principle of seniority in effecting transfers of Superintendents of Post Offices. These transfers are made at the discretion of Heads of Circles in the interests of the service.

The Government of India are not prepared to fetter the discretion of Heads of Circles.

TRANSFERS OF SUPERINTENDENTS OF POST OFFICES IN THE MADRAS CIRCLE.

162. **\*Haji Chaudhury Mohammad Ismail Khan:** Will the Government be pleased to furnish the number of transfers of Postal Superintendents made in the Madras Circle during the last three years, and how many of them were made according to seniority?

**The Honourable Sir Bhupendra Nath Mitra:** The Government of India do not possess the information nor do they propose to call for it as they do not see that any public purpose will be served by its collection. I have already informed the Honourable Member that in making transfers the interests of the public service, not the seniority of the Superintendent, is the main consideration.

**PERIODS FOR WHICH THE PRESENT ASSISTANT POSTMASTERS GENERAL OF THE MADRAS CIRCLE HAVE HELD THEIR APPOINTMENTS.**

163. \***Haji Chaudhury Mohammad Ismail Khan**: Will the Government be pleased to furnish information regarding the periods for which the present Assistant Postmasters-General (hitherto called Personal Assistants) of the Madras Circle have been continuing in charge?

**Mr. H. A. Sams**: The information required is as follows:

Mr. Nash, from 1st June, 1927.

Lt.-Col. Quilter, from 5th March, 1925.

Rao Bahadur G. Naidu, from 21st December, 1925.

Rao Sahib T. S. Iyer, from October, 1927.

**FRAUDS IN THE TANJORE DIVISION OF THE MADRAS POSTAL CIRCLE.**

164. \***Haji Chaudhury Mohammad Ismail Khan**: Are the Government aware of the fact that numerous frauds are being committed in the Tanjore Division of the Madras Postal Circle for the last several years? If so, what action have the Government taken to stop them?

**The Honourable Sir Bhupendra Nath Mitra**: Government have no information but the matter is being referred to the Director General for enquiry.

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**UNSTARRED QUESTIONS AND ANSWERS.**

**NAMES OF VISITORS TO ABDUL RASHID DURING HIS DETENTION IN THE DELHI JAIL.**

56. **Pandit Thakur Das Bhargava**: Do Government keep a record of applications for visits to a jail or a memorandum of such visits? If so, will the Government lay on the table a statement showing the names of persons and the dates on which these persons visited Abdul Rashid during his stay in jail?

**The Honourable Mr. J. Crerar**: The Government of India do not propose to call for this information.

**PROSECUTION FOR PERJURY OF DEFENCE WITNESSES WHO DEPOSED ON THE INSANITY OF ABDUL RASHID.**

57. **Pandit Thakur Das Bhargava**: (a) What was the number of defence witnesses who appeared for Abdul Rashid, and who deposed that he was a lunatic?

(b) Have Government taken any action against such of the defence witnesses on the ground that they perjured themselves in this particular?

**The Honourable Mr. J. Crerar**: (a) Fifty-four witnesses were examined. They deposed to their knowledge of the accused's habits and conduct, but the deciding factor on the question of lunacy was the evidence of the Superintendent of the Mental Hospital, Lahore.

(b) No sufficient grounds for taking action were disclosed.

## ALLEGATIONS AGAINST THE C. I. D. OFFICERS OF DELHI.

58. **Pandit Thakur Das Bhargava:** Did the C. I. D. men inform the Superintendent of Police, or the District Magistrate, or any other Magistrate of Delhi that the dead body of Abdul Rashid was proposed to be snatched by force? If so, what precautions did the authorities take to prevent this being done? If the C. I. D. men did not convey this information to the authorities, is it a fact that they deliberately withheld this information?

**The Honourable Mr. J. Crerar:** No such action was anticipated. The suggestion that certain police officers deliberately kept the authorities in the dark in the matter is baseless.

## RIOT AT DELHI IN NOVEMBER LAST.

59. **Pandit Thakur Das Bhargava:** (a) Is it a fact that the police, the armoured cars, and all others responsible and ostensibly engaged for the preservation of peace and tranquillity failed to quell the disturbance in time and as a consequence riot and bloodshed did take place at Delhi on 14th November, 1927?

(b) What was the amount of injury done to person and property in the riot of 14th November, 1927? How many persons were wounded and killed in the same riot?

(c) How many persons took part in the procession and how many have been *challaned* for rioting on the 14th November, 1927?

(d) Will the Government state in detail whether they have taken any action against any officials on the ground that they failed to perform their duties in connection with the disturbances of 14th November, 1927?

(e) Have any police or C. I. D. officers been punished for disregard of their duties? If so, will the Government lay on the table a statement showing the names of the offenders and the punishment meted out to them?

**The Honourable Mr. J. Crerar:** (a) A riot did take place.

(b) 71 persons were injured, of whom 2 died. The value of property taken has been stated by the complainants to be Rs. 10,843.

(c) There was no procession. The body was rushed into the city by a section only of the crowd present at the jail whose number it is impossible to assess with any accuracy. 131 persons have been sent up for trial, and 3 are absconding.

(d) and (e). Two police officers have been punished for failure to show energy and initiative in the disturbance. The action taken against them was departmental, and Government see no ground for stating their names or details of the punishment awarded.

## COMPENSATION PAID TO THE FAMILY OF THE DHOBI KILLED IN THE RIOT AT DELHI IN NOVEMBER LAST, ETC.

60. **Pandit Thakur Das Bhargava:** (a) Have Government in any wise rendered help to the survivors of the family of the poor dhobi who was killed in the riot of 14th November, 1927?

(b) Have Government in any wise helped the merchants who were looted in the riot of 14th November, 1927?

**The Honourable Mr. J. Crerar:** (a) and (b). Government have made no order for compensation.

BILL PASSED BY THE COUNCIL OF STATE LAID ON THE TABLE.

**Secretary of the Assembly:** Sir, in accordance with Rule 25 of the Indian Legislative Rules I lay on the table the Bill to provide that partitions and separations of interest among the members of Hindu undivided families and other transactions among persons governed by Hindu law shall, in certain cases, be effected by written and registered instruments, which was passed by the Council of State at its meeting of the 6th February, 1928.

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THE GOLD STANDARD AND RESERVE BANK OF INDIA BILL—  
*contd.*

**Mr. President:** The House will now resume further discussion of the amendment moved by Sir Basil Blackett, namely:

“That in clause 8, sub-clause (1) (e) be omitted.”

**Pandit Hirday Nath Kunzru** (Agra Division: Non-Muhammadan Rural): Sir, the Currency Commission, in accordance with whose recommendations the present Bill has been drafted, suggested that the Central Governing Board should consist of 14 persons, 5 of whom should be nominated by Government and 9 elected by shareholders. In addition to these members there was to be a nominated official member entitled and bound to attend and advise the Board but without the power to vote. In regard to this proposal, the *Statist* thought that, although it might have removed the danger of political pressure, it did not remove another kind of pressure to which the Bank might be subject. I had better quote the exact words of the *Statist*. It said:

“It may be that the danger of political pressure is removed by the recommendations. But it can certainly not be said that the danger of Government pressure has been avoided.”

I am sure, Sir, that the *Statist* would not be regarded as being in the hands of lawyer politicians and that my Honourable friends Sir Victor Sassoon and Sir Walter Willson will attach some weight to its opinion.

Now, the Honourable the Finance Member has come forward with proposals which, if passed by the House, would considerably reduce the number of persons on the Directorate and would give a much more preponderant position to the nominees of the Government. We discussed a great deal the other day the inadvisability of having members who were to be elected on the score of holding certain political opinions, but it was never thought that there was any danger in having a large Government *bloc* on the Board. Even business men, I think, will agree that the experience of the work during the last 15 years does not warrant the belief that the presence of Government nominees on a Central Bank does not in times of emergency lead to undue pressure being put on the Directors. Apart from that, Sir, we have frequently referred in this House to the example of America in connection with reserve banking. Now, it is well known that in America 6 members of the Federal Reserve Board are nominated by the President with the advice and consent of the Senate. I am aware, Sir, that this practice has been subjected to criticism in America itself, but nobody has yet come forward with a better proposal. If the Honourable the Finance Member took exception to the proposals of the Joint Committee, it was open to him to suggest that the American practice might be followed; that the Government should, in the first instance, nominate the members and that the

task of the Legislature should be confined to confirming them or rejecting them. If he did not approve even of this proposal, it was open to him to suggest that the Legislature should elect a panel out of which Government should choose a certain number of members. He has however not followed either of these courses, but has simply asked us to reduce the number of Directors. If the matter stands there, as I have already said, it would give an undue influence to the nominees of the Government. But it may be that the defective composition of the Board may be taken advantage of in the other House to bring in the shareholders' scheme which the Honourable the Finance Member has not yet given up.

Now, Sir, it being admitted in the words of the *Statist* that the danger of Government pressure has not been avoided in the composition of the Board, I ask, how can we provide an adequate counterpoise to it? Will it be the representatives of the shareholders or the representatives of this Assembly who will be able to provide a check against purely official influence? I think it is a reasonable contention that if there are certain members of the Government, as such, sitting on the Board, in order to counteract their undesirable influence in times of emergency, the Legislature should also be allowed to nominate a certain number of members. It is the only body whose representatives can meet and, if necessary, oppose Government on equal terms.

Now, the Honourable Members the other day, who are greatly interested in commerce and industry, suggested that the representatives of the shareholders might be left to take care of their own interests, but it is a matter of common knowledge that even the promptings of self-interest do not suffice to make shareholders take an adequate interest in their concerns. Anybody who is in the least acquainted with the proceedings of the general bodies of shareholders, or in fact of the proceedings of the general body of any association at all, knows that it is the executive generally that arranges its own affairs. The question then is, whether all matters are to be arranged by a clique, by a few men calling themselves business men, or is the election which is to take place to be one which is genuine and which will evoke a considerable amount of interest? I think there can be no doubt, Sir, that taking things as they are, an election conducted in this House is likely to be far more genuine and to excite much more interest than the election of Directors by shareholders, as a majority of them generally do not attend meetings, and the minority who do are generally in the hand of the executive. There is another advantage in having members elected by the Legislature. If it is necessary that Indian interests should be represented on the Board and that they should be such as to supply a counterpoise to Government, it is absolutely necessary that only such members should be chosen as would really represent Indian interests. If this House is to choose a certain number of Directors, we can feel certain that the men who will be chosen will be real guardians of the national interests, and it may happen—it will probably happen—that Indians will be found most fitted and preferred as guardians of Indian interests. I suspect that here lies the root of the opposition to the proposals made by the Joint Committee. It is feared perhaps that the members who are elected by the Central Legislature will not merely be its nominees but will as a rule consist of the representatives of the people of this country—will in the majority of cases be Indians. Now this



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question has been considered so often before, the desirability of confining the representation of Indian interests to Indians alone has been discussed so fully, that I do not think it is necessary for me to dwell on that point. But speaking as an Indian, and as an elected representative of this House, I assert emphatically that it is only in the fitness of things that the guardians of our interests should be men of our race. Other countries have taken good care to see that their supreme interests are committed to their nationals, whose interests are identical with those of the country in which they live, and if we seek to do this we are doing no more than what has been done all the world over, no more than what we would do if we were entirely free. On all these grounds I give my hearty support to the proposal of the Joint Committee, and I trust that the Assembly will see that the retrograde proposals of the Honourable the Finance Member are not carried.

**Mr. Varahagiri Venkata Jogiah** (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I rise to oppose this amendment. The reasons that are, broadly speaking, given by the supporters of the amendment may be said to be two in number. One is that the Directorate elected by the legislative bodies are chosen primarily for political considerations, and the other is that the representatives chosen will not command the confidence of the public, and the Bank will thereby be prejudiced considerably.

I think, Sir, that both these reasons are not only unsound but are also untrue. There is no reason why the representatives from legislative bodies would bring political considerations into the transactions of the Bank when they are not elected by political bodies. The constituencies which have elected Members to the legislative bodies are purely non-political. They are either industrial, commercial, agricultural or other departments which are not political. The Government in forming the constituencies for these legislative bodies have taken good care to see that political institutions are given no vote. It is therefore most unreasonable to say that members elected by such constituencies will be swayed primarily by political considerations. It might perhaps be said that some representatives who may be chosen by the legislative bodies may hold strong political views, but this cannot be helped. It would be no exaggeration to say that the Members sitting on the official Benches are swayed by far greater political considerations than their colleagues on the non-official Benches. As a matter of fact we find that Members on the official Benches in these legislative bodies bring political considerations to bear upon almost every matter affecting the interests and well-being of this country and almost invariably to the detriment of this country; and yet their control over the Reserve Bank is not in the least interfered with by this Bill. They are allowed to nominate 5 out of 14 Directors on the Board; and 3 of these are the Governor and the two Deputy Governors who will practically shape the policy of this Bank. It is therefore absurd to say that political considerations will prevail if elected non-officials from the legislative bodies have anything to do with the Directorate. If this principle of exclusion, on grounds of supposed political bias, should be given prominence in this connection, the Government's power of nominating members to the Board should be taken away. Exclusion such as this of non-official members creates many difficulties. It might dissuade men of experience and business capacity from coming forward to be Directors as it would stand in the way of their aspirations to take part in the legislative bodies. If men

like my Honourable friends Sir Purshotamdas Thakurdas, Sir Victor Sassoon, Sir Darcy Lindsay and Sir Walter Willson, who would be ornaments to the Board of Directors, have to refrain from offering themselves as candidates and getting elected simply because they happen to be on these Legislative bodies, how detrimental will this be to the real interests of the Bank? Suppose the Directors are elected from the legislative bodies, and these estimable gentlemen are chosen to represent us on the Board of Directors, can it be said that they would carry political considerations into the transactions of the Bank? Even as it is, there are some members who are on these bodies who are Directors and control the affairs of important banks such as the Imperial Bank. Has it ever been whispered that their presence on these banks has ever prejudicially or injuriously affected the interests of these banks or that the prestige of these banks has in any way suffered? On the contrary, I should say, Sir, the presence of such men on the Directorate with their varied experience, high positions and power would add not a little to the prestige and popularity of these banks and promote the interests of the business of these banks in several ways.

Let us next take the case of Central Reserve Banks in other countries of the world. There are several important banks all over the world in which the influence of the Government with the help of the Legislatures is strongly felt. As an instance I may mention the Federal Reserve Bank of the United States which has already been referred to by my Honourable friend Pandit Kunzru. The Board of Directors in this Bank are appointed by the Government in consultation with the Legislatures. When enlightened countries which are politically advanced all over the world think it necessary to keep the control of the Legislature over such Central Reserve Banks, why should the elected representatives of the legislative bodies on the Board of Directors of this Bank be viewed with suspicion and apprehension?

With these words, Sir, I oppose the amendment.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): I am sorry, Sir, I must oppose the amendment which has been moved by the Honourable the Finance Member. After all the discussion that has proceeded up to this time it is not necessary for me to cover the whole ground, but I do wish to point out that the proposal for the amendment as it stands leaves the Directorate of the proposed Bank in an extremely unsatisfactory condition. It should hardly be necessary to invite the attention of the House to the great change which the Reserve Bank is going to affect. When moving that the Report of the Joint Select Committee be considered at the last session of the Assembly at Simla, the Honourable the Finance Member referred to the "enormously responsible functions" which this Bank would have to perform. In another place in the same debate he said:

"We are dealing with a Bill which I venture to describe as one of the greatest measures of financial liberalism ever brought forward by the Government of India. The subject matter of the Bill is technical, but even those who are not currency experts can appreciate the broad features of the measure. It transfers control over Indian currency and monetary policy from Governmental to non-governmental hands, from the Government of India and the Secretary of State to a non-official Indian business institution entirely independent of the State, of Indian domicile and Indian in character, which will work in India, for India, along Indian lines; and it creates a Bank which will unify the control of currency and credit in India and provide the framework for the growth of a great Indian banking system in India—an entire revolution in the financial machinery of India."

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Now, Sir, this is the nature of the measure that is before the Council. The Bank is to exercise these enormously responsible functions, functions which have hitherto been exercised by the Secretary of State for India with the help of his Council, and by the Government of India under the directions of the Secretary of State for India. It is proposed that all this control of currency and credit in this country should be vested in the new Bank, and the constitution of the Directorate is, therefore, a question of supreme importance to the welfare of the people of this country.

Now, Sir, the Honourable the Finance Member has reminded the House of the efforts made to arrive at a satisfactory Directorate. The Government took very special care to see that this measure should be considered in the most responsible manner possible. The Government moved that a Joint Committee of the two Houses should be appointed. This Committee was appointed and this Committee spent a long time in discussing every detail of the Bill. After much discussion it arrived at the conclusions which are incorporated in the Report of the Joint Committee of the two Houses. In the matter of the Directorate the Joint Committee arrived at the conclusion which is embodied in clause 8. Up to sub-clause (1) (d) of that clause the Honourable the Finance Member has agreed, or rather the Government has agreed, that the Directorate should stand as the Joint Committee recommended it should. He now brings forward a motion that sub-clause (e) should be eliminated, and it is not unsafe to say that he intends to bring forward the other motion of which he has given notice that sub-clause (f) should also be eliminated. The result will be that out of the 16 Directors who the Joint Committee recommended should be entrusted with the responsibility of conducting the affairs of the Bank, 6 are cut out. The Honourable the Finance Member has not put forward any alternative proposals. It was said in the course of the debate that there was such a proposal to be found in a Bill which has been published in the Gazette of India. This House is not aware of the existence of that Bill; what I mean to say is that it has not been brought before this House in a formal manner, and therefore I refuse to take notice of any proposal incorporated in that Bill. Without any alternative proposal from the Government, the position in which the Directorate of the Bank is left is that of the Directors who are to be appointed, the Governor General in Council will appoint a Governor and two Deputy Governors and two other Directors; there will be four Directors, two of whom to be elected by the Associated Chambers of Commerce and two by the Federation of the Indian Chambers of Commerce; and one Director to be elected by the provincial Co-operative Banks. Thus, out of the nine Directors so far mentioned, the Governor General in Council will have the power to nominate four. I submit that to any one having any sense of responsibility the proposal of the Government to eliminate sub-clauses (e) and (f) and to leave the Directorate with four persons nominated by the Governor General in Council and four by the Chambers of Commerce and one by the provincial Co-operative Banks would seem to be an utterly irresponsible proposition; and I am surprised that the Finance Member of the Government of India should bring forward such a proposal. I submit, Sir, it is trifling with the House. It is trifling with the people whose interests at this moment happen to be entrusted to the Government of India. No alternative proposal having been suggested, I submit, I am

entitled to ask the Members of this House to reject the amendment and to adhere to the recommendations of the Joint Committee. The Joint Committee consisted of Members of both the Houses; it included representatives of the Chambers of Commerce, business men and non-businessmen. It was a Committee which commanded the confidence of the two Houses; and I submit everything that has happened goes to support the view that this Committee should still command the confidence of this House, particularly in the absence of any alternative proposal put forward by the Government.

Now, Sir, it has been said that the Government of India are not prepared in any case to agree to this House and the Council of State exercising the power of electing three members to the Board of Directors of the Bank. I cannot understand this attitude of the Government of India. This Bank will not be a private bank. The decision of this House that it should be a State Bank stands. It is only because it will be a State Bank that this House will agree that it should be invested with the enormously responsible powers which the Bill proposes to give to it. This House and the executive of the Government of India must share whatever power has to be exercised in controlling the currency and credit of this country by the administration of this bank. The proposal embodied in the Bill that the Secretary of State should divest himself of the power which he exercises at present in controlling the currency and credit of this country and that it should be transferred to a body in India means a very great change. The Secretary of State has been responsible to the British Parliament. We have not been satisfied with the manner in which he has exercised that power on behalf of India, and we do desire that he should be divested of the power of control which he exercises at present. But whom do we want this power to be handed to? To a responsible body or to an irresponsible body? If to a responsible body, who is the party to whom that body is to be responsible? The Governor General in Council will have the power to nominate the Governor, two Deputy Governors and two other Directors. That I submit gives to the executive government of the country as great a measure of control over the affairs of this bank as any executive government can reasonably ask for. But what about the other limb of the State which directly represents the people? We want that the Secretary of State should transfer the control which he exercises, but we want that that control should be vested partly in this Legislature. What is this Legislature? This is a Legislature which has been brought into existence by the Statute of 1919. Its Members are elected under that Statute; there is no body constituted in the whole of the British Empire which can represent and which does represent in a better manner, in anything like the manner in which this Legislature represents, the people of India; and I submit that this Legislature, being the indisputably recognised representative of the people of this country, is entitled to have a voice in the nomination of the Directors of the Bank, to whom such enormous powers are to be given.

We are told, Sir, that it goes against the grain of orthodox English bankers to contemplate that a Legislature should have power to nominate even a few members of the Directorate. I have heard some of my esteemed friends who are business men express the opinion that politics should not be brought into business and that business should not be brought into politics. I grieve to say that it is an utterly irresponsible

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statement. What is this politics which is not to be brought into business? What is the politics which the proposal of the Joint Committee intends should be brought into the constitution of this Bank? Has there been any suggestion that any Director appointed by this and the other Legislature should be interfered with in the exercise of the duties which he will discharge as a member of the Board of Directors? Not the faintest. All that has been suggested is that this part of the Legislature, acting in concert with the other part, should nominate by election three members out of the 16 who are to constitute the Directorate of the Bank. Only three out of sixteen. The connection of this Legislature with the affairs of the Bank, and the exercise of any control or influence which this Legislature has to exercise over this Bank is limited to the election of three Directors to the Board. The moment they have been elected, the function of this Legislature ceases. It will not have any connection with the actual management of the Bank. This Legislature wants that it should have power to elect three Directors because of the enormously responsible functions which the Bank has to discharge. Will not the operations of the Bank influence the currency of this country? Does not the control of the currency of this country affect every subject of His Majesty residing in India? Will not the control of credit by the Directors of the Reserve Bank affect the prosperity and the business transactions of the people of India? Are they not, therefore, entitled to feel an interest in its management? And what do we, who represent them, ask for? Not that we should have measures of the practical administration of the Bank brought on the floor of this House to be discussed and debated upon, but that, while we leave the Governor General power to nominate four out of the sixteen Directors, this House acting in conjunction with the other House, should have the power to nominate three of the members of the Board. How is politics brought into business here? And what is the effect of it? It is impossible to think that you can do without politics in constituting any bank in any country. You have to come to this House in order to get this Bill passed, and every time the Bill has to be amended you will have to come to this House. This House also has the power to introduce a Bill of its own and make any alterations in the constitution of the Bank which is to be the State Bank of this country. You cannot, therefore, avoid politics to that extent. All that any sensible man is entitled to ask is that politics should not be allowed to interfere with the practical administration of the Bank from day to day, and as I have said, there is no suggestion that there should be any interference by the Legislature with the practical administration of the Bank from day to day.

Now, Sir, this being the position, I submit that the amendment of the Honourable the Finance Member is an utterly unreasonable one. Not only that, I submit it is an insult to this Assembly to ask that it should not have a voice in nominating even three out of the sixteen Directors who are to control the affairs of this Bank. I cannot imagine that any Member of this House having a sense of responsibility to the people, whose affairs are to be affected by this Bank, will cast his vote, if he is a free man, in favour of a proposal which will eliminate the Assembly from having a voice in the selection of even three out of the 16 Directors of the Bank. It is a condemnation of the present system

of Government that the Finance Member of the Government can bring forward such an amendment before this House. But what is worse is this. The Bill is being proceeded with under very special circumstances. When the discussions on this Bill were going on in September last in Simla, we drew attention to the fact that in several other countries there were on the Directorates of State Banks Directors who had been elected by the Legislatures of those countries. I gave instances of several Banks in which the Legislatures of the countries concerned did elect a fair proportion of the Directors of the Banks. We also pointed out that in this matter India stands in a very peculiar position, for ever since British rule was established in this country the Government of Britain acting through the Secretary of State has controlled currency and credit in this country. For the first time there is a proposal now to transfer that control to India, and this Assembly being now in existence, the natural and reasonable course would seem to be that this Assembly should be asked to nominate a few Members to sit on that Board. If in the absence of such a proposal, if without offering any alternative, the Honourable the Finance Member asks this House to be content with a Directorate of ten Members, the composition of which I have already referred to, I submit he is not doing justice to the interests of the people of this country. But what is worse, the painful impression that is left on the minds of many of us is that this Bill is being proceeded with under very unreal circumstances—unreal in one sense because of the appearance that things are made to take outwardly; real in a very regrettable sense because the reality of the situation is concealed in the discussions that are going on. My Honourable friend Mr. Vidya Sagar Pandya said the other day that the Bill was being proceeded with under dictation from Whitehall. The Honourable the Finance Member said he pitted his word against the letter which my friend Mr. Pandya said he had in his possession to prove his statement.

**The Honourable Sir Basil Blckett** (Finance Member): I think, Sir, if I might interrupt the Honourable Member, I should explain the position. What was said was that the Government's insistence on the non-political character of this Bank was due to pressure from Whitehall. That was the statement that I contradicted.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): That is the statement he contradicted.

**Pandit Madan Mohan Malaviya**: I accept the statement, Sir. I speak, Sir, with great restraint and with a great deal of feeling of regret on this aspect of the case. If I may be allowed to say so without being misunderstood, I very deeply sympathise with the Honourable the Finance Member in the position in which he has been placed. I do, Sir. The Reserve Bank Bill was ushered by him with a great deal of hope and cheer. The speech which he made and which is published in the official report bears testimony to it. After the Joint Select Committee had reported, when he moved that the Report be taken into consideration, he still spoke with hope that the Bill would go through. When we came after a long discussion to a stage when we could not see our way to agree to the constitution of the Bank in a manner which would satisfy both the Government and the Members of this House, the Honourable the Finance Member moved that the discussion should be adjourned in order that there might

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be a possible agreement arrived at. In moving for leave that the discussion should be adjourned for a day, the Honourable the Finance Member said:

"We have got into a rather difficult position with regard to this Bill . . . I had hoped that there would be an agreement arrived at, but that has not yet been reached. An amendment is down to Mr. Srinivasa Iyengar's amendment which raises a difficult problem of that nature. I think that it will be very much better in the interests of all that the Government and the leaders of the parties should have a period over the week and to consider whether this seemingly threatening cloud can be dispersed without any undue storm. If so, the Government will hope to continue with this business on Monday, that is, if there is a real prospect of a settlement being reached which will satisfy a large majority of the Members of the House. When the Government agreed not to proceed with their shareholders' scheme they stated that they withdrew it because they did not desire to put this Bill on the Statute-book against the wishes of any large section of the House. The same position seems to be arising in regard to the alternative, but I hope that between now and Monday the opportunity of a Sabbath rest may give us occasion to find means to solve this difficulty so that the Bill may be proceeded with in an atmosphere that really does promise general agreement all round. I would therefore ask you in these circumstances to adjourn the debate for to-day, and if that is agreed to by you, the Government do not propose to-day to proceed with the other business that is down on the list."

It was in this hope the Honourable the Finance Member asked that the debate should be adjourned and it was adjourned. Up to that stage, Sir, the statement of the Honourable the Finance Member gave us no reason to think that the Bill would be suddenly dropped, but we know what happened after a few days. The Honourable the Finance Member announced to the House that he did not wish to proceed with the Bill. Many comments were made on this sudden change of attitude by the Government. A motion for adjournment was brought forward in this House and a great deal of censure was passed upon the Secretary of State for having interdicted the further progress of this Bill. After the adjournment, Sir, we learnt that the Honourable the Finance Member was going to England. He did go to England. He has come back. He has come back and, instead of bringing us a message of hope and cheer that the Secretary of State, or his Financial Adviser, after having read our debates, if they ever care to read our debates, had been enlightened and had seen the wisdom of the course which the majority of the Joint Committee and of the Members of this House recommended, namely, that three members out of the Board of Directors should be elected by this House, he has come with a new Bill, which has been published in the Gazette of India. Now, Sir, the Finance Member is proceeding with this measure in this House now under circumstances which are already well known to this House and to which I need not therefore make any further reference. I do not know whether he is serious in proceeding with this Bill as he is proceeding. Either he is asking us to give our best thought to the discussion and to put on the Statute-book what we honestly think to be the best for the country or he is not. If he has, as has been openly said in this House, an ulterior object in mind, if he is asking us to cut out sub-clauses (e) and (f) in this Bill with the idea in his mind, definite and determined, that he will move in another House that something else should be substituted for it, I say it is unfair to this House. He is not dealing fairly with this House. If that is his intention he should say so. I ask him to say whether it is his intention. If it is his intention, then I say, is it honest to ask this House to go on with the discussion in the way it is going on? If it is not his intention, it is this House which should determine whether the sub-clauses (e) and (f) recommended by the Joint

Select Committee of the two Houses should be retained or whether they should be cut out without any alternative being offered. I have been told, Sir, that this plan of having sub-clauses (e) and (f) omitted here, and substituting some other clauses for them in the other House is settled. Well, if this plan is settled, all I wish to say is that this is very unfair to this House, and I hope that no Member of this House who is free to vote according to his judgment will support the amendment.

But that does not give us a full picture of the situation, Sir. It seems that the Honourable the Finance Member has had definite instructions from England as to the manner in which he is to proceed with this Bill. It has been clearly asserted by Mr. Vidya Sagar Pandya that the Finance Member has instructions—definite and clear—as to how he is to proceed with the Bill, and I have not the least doubt that the Honourable the Finance Member is under an obligation to this House to say whether that statement is correct or whether it is not. If it is correct that the Secretary of State has given definite instructions, we should know it. I hope, Sir, you will allow me to wait until the Honourable the Finance Member returns to the House.

**Mr. President:** I think the Honourable the Leader of the House ought to be here when this matter is being discussed. (The Honourable the Finance Member, who had left the Chamber for a while, returned) Pandit Madan Mohan Malaviya.

**Pandit Madan Mohan Malaviya:** I submit, Sir, it has been definitely stated in this House that the Honourable the Finance Member has clear and definite instructions from the Secretary of State as to how this Bill is to be framed and proceeded with. I ask the Honourable Member to say whether that is so or not. In support of his statement, the Honourable Mr. Vidya Sagar Pandya referred to a letter which was circulated in this House to several friends on the day he referred to it and of which I have seen a copy now. I want the Honourable the Finance Member to tell the House whether the Secretary of State and he have agreed that the Bill shall be framed in the manner in which it has been framed, subject only to drafting changes of language, and published in the Gazette of India. If it is a fact, that the Finance Member and the Secretary of State or the Financial Secretary, whoever it may be, of the India Office, had agreed to the form in which the Bill was to be redrafted by the Government of India and if they had further agreed that the Bill was not to be proceeded with, if the important matters settled between him and the Secretary of State were departed from, this House is entitled to know it from the Honourable the Finance Member.

**The Honourable Sir Basil Blackett:** I am sorry I had to be out of the House for a moment: I was called out for a message. But I do not quite understand what assurance the Honourable Member wants. It is perfectly obvious that the Bill as published in the Gazette of India was the result of discussions between myself, when I went home, and the Secretary of State for India in Council, and the result was published in that Bill. No one is in doubt about that matter. I cannot see what assurance the House desires because that is the Bill as published as the result of my visit home and in agreement with the Secretary of State.

**Pandit Madan Mohan Malaviya:** I can quite understand, Sir, that it was the result of discussion. But what I want to know is whether the



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memorandum that was drawn up in the India Office is the memorandum which laid down the general lines on which the new Reserve Bank Bill was to be drafted and laid before the Legislature, and whether the Finance Member is free to depart from the lines laid down in that memorandum or whether he has instructions that he must adhere to those lines.

**The Honourable Sir Basil Blackett:** The latter question is obviously a question that will arise as we proceed as to whether in any case alterations may be made or not in a Bill that is not before the House. The point is perfectly clear. The Bill as published is the result of the discussions and agreement between myself and the Secretary of State for India in Council when I was at home. I can however assure the House that it is unlikely that large alterations from that Bill will be such as to satisfy the conditions which the Government throughout have insisted on if this is to be a Bill on sound lines. As regards the further question, I submit, Sir, that it does not arise.

**Pandit Madan Mohan Malaviya:** I wish the Honourable the Finance Member would kindly make a little clearer what he has said. My point is whether he is free to introduce changes in the Bill; whether what has been laid down in the memorandum drawn up, in agreement with the Honourable the Finance Member undoubtedly, but drawn up in the India Office, represents the decision of the India Office or the Financial Secretary to the India Office, Mr. Kisch, as the representative of the Secretary of State, or whether the Finance Member is free to depart from that memorandum which was drawn up between him and Mr. Kisch in the India Office.

**The Honourable Sir Basil Blackett:** I have already answered the question, I think, in full. But if the Honourable Member wants a further assurance, I will say to him that if this House wants the Reserve Bank Bill they had better be careful what amendments they try to introduce. The principle now in question is one which I have explained from the first is absolutely fatal to the Bill. That I explained last September and there is no change in that matter.

**Pandit Madan Mohan Malaviya:** Now, Sir, I am glad that I have got the Honourable the Finance Member to come out so far. That makes it clear that the India Office is determined that, even if the majority of this Assembly should feel it to be their duty to insist that sub-clause (e) of clause 8(1) should stand as part of the Bill, they will have none of the Bill rather than agree to that proposal.

**The Honourable Sir Basil Blackett:** May I remind the Honourable Member that is exactly what I stated last September and last June?

**Pandit Madan Mohan Malaviya:** And yet, Sir, it was necessary for my Honourable friend to go to England in the cold months of the winter in order to have a further discussion, to gain no new light, to obtain no new instructions, but merely to be confirmed in the instructions that he had received, that he should not agree to the Legislature having any voice in the selection of the Directorate of the Bank! I submit, Sir, I cannot imagine the Legislature of any country being placed in a position more humiliating or more in conflict with the interests of the people of that country than such a position as we are placed in. The Secretary of State,

or the Financial Secretary to the India Office, let us say more definitely, is the person who is to decide over the head of this Legislature the constitution of the State Bank of India!

**The Honourable Sir Basil Blackett:** If the Honourable Member will allow me to interrupt, because this is a very important point. What the Financial Secretary of the India Office has to do with it, I don't know except that he signed a particular letter. But the point of the Honourable Member is that something here is being forced on the Government of India against their will. I have assured him from the first, that the Government of India have stated to him and the House and the public generally that they would have nothing to do, they could not have anything to do, and they do not desire to have anything to do with a Bank of which the Directors were elected by the Assembly.

**Pandit Madan Mohan Malaviya:** Now, Sir, we know what the Government of India means. The Government of India in these financial matters generally means the Honourable the Finance Member. I do not say it out of any disrespect to him. It is a matter of credit to him that he owns such boundless influence in matters financial in India by being the Financial Member of the Government of India. But it comes to this that the Government of India, even taking all its members together, were determined before they introduced this Bill to adhere to one view and not to deviate from it even if the majority of the Members of this House should think that the other view was the sound one. I submit, Sir, that the Government of India are very unjust to this House in taking up that attitude, and I submit that the Secretary of State or his Financial Secretary, in exercising control over the Government of India, should have exercised the control in favour of a liberal policy of telling the Government of India to accept the views of the majority of the Joint Select Committee and of the majority of the Members of this House, rather than to adhere to the view which they had first formed. We regret to find that it is not so, and the position in which we find ourselves is this, that the constitution and management of a bank of the enormous importance of a State Bank which will control its currency and which will by one act of its own control credit throughout the country, tighten the money market or let money be easy, which will affect transactions which will mean happiness or want of prosperity to this country—that despite the existence of the Legislature, the Secretary of State, his Financial Secretary and his financial advisers—some merchants of London—and the Government of India as represented by the Finance Member, alone have a final determining voice in the constitution of a State Bank for India is a proposition, Sir, which would be unheard of in any country which has a constitution worth speaking of. It is utterly unconstitutional. It exposes the utterly irresponsible and arbitrary character of the Government of India; what is more, it is wicked in the result so far as the people are concerned. I ask every Member of the House to consider whether this Assembly has any responsibility in this matter to the people, and if it has, to see that their financial interests, their commercial interests and their trade interests are properly safeguarded. I ask any man on earth to give any reason why Members of this Assembly, the elected representatives of the people, should not exercise the power of nominating three men out of sixteen on the Board of Directors of the proposed Bank. I ask my friends, the representatives of the Chambers of Commerce who spoke yesterday, to reconsider their opinion. The Honourable Sir Walter Willson said he represented the Associated European

[Pandit Madan Mohan Malaviya.]

Chambers, and, that they had decided in favour of the amendment of the Government; I was shocked to hear it, Sir. I expected that being a business man and a representative of business interests, he would consider what that would mean to business in this country. But I was relieved to find that Sir Purshotamdas Thakurdas, who represents other business interests in India, the interests of Indian business men, supported the popular view and spoke against the amendment. Sir Purshotamdas Thakurdas represents 23 Federated Indian Chambers of Commerce. His own Chamber, the Indian Chamber of Commerce of Bombay, if I remember aright, consists of 500 members, and I submit there is no commercial constituency in India which is of equal importance with the constituency which Sir Purshotamdas Thakurdas represents, and yet, what is the verdict which they have given. They are not afraid of politics being brought into business by the proposal which we support. They do not think that politics will be brought into business by election by this Legislature, in conjunction with the other Legislature, of three members out of sixteen of the Board of Directors of the proposed Bank. They think that three members should be so elected, because in the situation in which we are placed, no other constituency has been suggested through which the general public can exercise any voice or control in the management of the affairs of this National Bank. Mr. Keynes in the note which he annexed to the report of the Chamberlain Commission very clearly pointed out that as a State Bank will have very large monopolistic rights, it is essential that the ultimate control should rest with the representatives of the public interests. Will it be the Nation's gravest interests which will be entrusted to this Bank or will it be a private concern of a few merchants or traders or business men who will deal with the Bank? Every single man living in this country or trading or working in this country will have his happiness marred or made to some extent, directly or indirectly, by the operations of this Bank. That the management of such a Bank should be entrusted to only a few nominees of the Government, and to a few representatives of the Chambers of Commerce, that this Bank should not have anybody on its Board who will command the confidence of the elected representatives of the people who sit in this Assembly, is a proposition which I submit no Government would dare to put forward in any other Legislature in any other country. I submit, Sir, the situation is too painful for words to describe. I hope that the House will realise that this is an occasion on which the country expects that every Member who sits here, be he a European or an Indian, official or non-official, if officials are free to vote according to their own judgment, will recognise that he owes a very heavy responsibility to the people of this country, and I submit that that responsibility demands that the amendment which has been moved by the Honourable the Finance Member should be rejected. I am on very safe ground when I ask that the recommendation of the Joint Select Committee should be accepted, because, I wish the House to take full note of the fact that though six months have passed since the report of the Joint Select Committee was published, the Government have not been able to put forward any alternative which should be worth presenting to this House. The Government have not been able to put forward any such alternative nor have those who have supported them, nor have the representatives of commerce and industry been able to put forward any alternative scheme which would commend itself to this House.

The Finance Member's amendment is a clear proposal to cut out provisions which bring in the representatives of the people to exercise a limited voice in the constitution of the Bank, and I submit that, situated as we are, we ought not to reject the recommendation of the majority of the Joint Select Committee which worked on this Bill for many months and which had on its body several representatives of commercial and industrial interests in favour of—what shall I say—a non-entity, a zero, a negative vote to cut out sub-clause (e) and nothing else. I hope that every Member will discharge his duty to the people of this country by supporting the recommendation of the Joint Select Committee.

(At this stage Mr. President rose to put the question and Mr. Ram Narayan Singh also rose in his place.)

**Mr. President:** I did not see the Honourable Member rise from his seat. Does he wish to speak?

**Mr. Ram Narayan Singh:** I do not wish to speak, Sir.

**Mr. President:** The question is:

“That in clause 8, sub-clause (1) (e) be omitted.”

The Assembly divided.

AYES—51.

Abdul Aziz. Khan Bahadur Mian.	Lamb, Mr. W. S.
Ahmad, Khan Bahadur Nasir-ud-din.	Lindsay, Sir Darcy.
Alexander, Mr. William.	Mitchell, Mr. D. G.
Allison, Mr. F. W.	Mitra, The Honourable Sir Bhupendra Nath.
Anwar-ul-Azim, Mr.	Mohammad Ismail Khan, Haji Chaudhury.
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Sayid.	Moore, Mr. Arthur.
Ayengar, Mr. V. K. Aravamudha.	Mukherjee, Mr. S. C.
Bajpai, Mr. G. S.	Parsons, Mr. A. A. L.
Blackett, The Honourable Sir Basil.	Rainy, The Honourable Sir George.
Bray, Sir Denys.	Rajah, Rao Bahadur M. C.
Chatterjee, Revd. J. C.	Rajan Bakhsh Shah, Khan Bahadur Makhdum Syed.
Chatterji, Rai Bahadur B. M.	Rao, Mr. V. Pandurang.
Coatman, Mr. J.	Roy, Mr. K. C.
Cocke, Mr. H. G.	Roy, Mr. S. N.
Cosgrave, Mr. W. A.	Sams, Mr. H. A.
Couper, Mr. T.	Sassoon, Sir Victor.
Courtenay, Mr. R. H.	Shah Nawaz, Mian Mohammad.
Crawford, Colonel J. D.	Shamaldnari Lal, Mr.
Crerar, The Honourable Mr. J.	Shillidy, Mr. J. A.
Dalal, Sardar Sir Bomanji.	Sykes, Mr. E. F.
Ghuznavi, Mr. A. H.	Taylor, Mr. E. Gawan.
Gidney, Lient.-Colonel H. A. J.	Willson, Sir Walter.
Graham, Mr. L.	Yarain Khan, Mr. Muhammad.
Hussain Shah, Sayyed.	Young, Mr. G. M.
Jowahir Singh, Sardar Bahadur Sardar.	Zulfiqar Ali Khan, Nawab Sir.
Keane, Mr. M.	

## NOES—49.

Ayyangar, Mr. M. S. Sesha.  
 Bhargava, Pandit Thakur Das.  
 Chaman Lall, Diwan.  
 Chetty, Mr. R. K. Shanmukham.  
 Das, Mr. B.  
 Das, Pandit Nilakantha.  
 Dutt, Mr. Amar Nath.  
 Goswami, Mr. T. C.  
 Gour, Sir Hari Singh.  
 Haji, Mr. Sarabhai Nemchand.  
 Ismail Khan, Mr.  
 Iswar Saran, Munshi.  
 Iyengar, Mr. A. Rangaswami.  
 Iyengar, Mr. S. Srinivasa.  
 Jamnadass, Seth.  
 Jayakar, Mr. M. R.  
 Jogiah, Mr. Varahagiri Venkata.  
 Joshi, Mr. N. M.  
 Kartar Singh, Sardar.  
 Kelkar, Mr. N. C.  
 Kidwai, Mr. Rafi Ahmad.  
 Kunzru, Pandit Hirday Nath.  
 Lahiri Chaudhury, Mr. Dharendra  
 Kanta.  
 Lajpat Rai, Lala.  
 Malaviya, Pandit Madan Mohan.

Mehta, Mr. Jamnadas M.  
 Misra, Mr. Dwarka Prasad.  
 Mitra, Mr. Satyendra Chandra.  
 Moonje, Dr. B. S.  
 Mykhtar Singh, Mr.  
 Murtuza Saheb Bahadur, Maulvi  
 Sayyid.  
 Neogy, Mr. K. C.  
 Pandya, Mr. Vidya Sagar.  
 Purshotamdas Thakurdas, Sir.  
 Rafique, Mr. Muhammad.  
 Rahimtulla, Mr. Fazal Ibrahim.  
 Ranga Iyer, Mr. C. S.  
 Rao, Mr. G. Sarvotham.  
 Sarfaraz Hussain Khan, Khan  
 Bahadur.  
 Shafee, Maulvi Mohammad.  
 Siddiqi, Mr. Abdul Qadir.  
 Singh, Kumar Rananjaya.  
 Singh, Mr. Narayan Prasad.  
 Singh, Mr. Ram Narayan.  
 Sinha, Kumar Ganganand.  
 Sinha, Mr. R. P.  
 Sinha, Mr. Sidheswar.  
 Yakub, Maulvi Muhammad.  
 Yusuf Imam, Mr.

The motion was adopted.

**Mr. President:** Pandit Thakur Das Bhargava. Amendment No. 28.

**Pandit Thakur Das Bhargava** (Ambala Division: Non-Muhammadan): In proposing this amendment I had this in view that three members were to be given to the Legislative Assembly . . . . .

**The Honourable Sir Basil Blackett:** May I draw your attention to the fact that we have omitted clause (e) of sub-clause (1)?

**Mr. President:** Pandit Thakur Das Bhargava seeks to add clause (f) to clause (e). Pandit Thakur Das Bhargava.

**Pandit Thakur Das Bhargava:** My intention in moving this amendment was that three Members were to be given to the Legislative Assembly and one to the Council of State. Now, I feel a difficulty in moving this amendment, since the previous portion which related to the representation of the public interests by the Legislatures has been deleted. I do not know what benefit will accrue by having one representative from the Council of State when the provision containing three representatives from the Legislative Assembly has been deleted. This amendment, therefore, has now become nugatory. Under the circumstances, I do not see how I can move it. I therefore ask the leave of the House to withdraw it. (Laughter from Government Benches.)

**Mr. President:** But the Honourable Member has not moved his amendment yet.

**Pandit Thakur Das Bhargava:** With your permission, Sir, I just wish to withdraw it.

**Mr. President:** Does the Honourable Member wish to move his amendment or does he not?

**Pandit Thakur Das Bhargava:** I do wish to move it, Sir.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-official): Did not the Honourable Member ask for leave to withdraw his amendment and if he wants to move it now, is he treating the House with proper respect?

**Mr. President:** The Honourable Member cannot ask the leave of the House to withdraw an amendment which he has not moved yet. The Chair is inquiring from him whether he wishes to move his amendment or he does not. There is no question of its withdrawal till the Honourable Member moves it.

**Mr. Muhammad Yamin Khan** (United Provinces: Nominated Non-official): May I rise to a point of order, Sir? The Honourable Member used the following words: "I do not wish to move my amendment and therefore I want the leave of the House to withdraw it."

**Mr. President:** Order, order. The Honourable Member cannot ask the leave of the House to withdraw an amendment which he has not moved.

**Pandit Thakur Das Bhargava:** Sir, when t'e previous amendment moved by the Honourable the Finance Member was debated and the result of the voting was in his favour, I had thought that the representation on behalf of both the Houses of the Central Legislature had been knocked on the head. As, however, it is the desire of the House that I should move my amendment, I move it. It runs as follows:

"That after clause (e) of sub-clause (1) of clause 8 the following new clause be inserted:

'(f) One Director to be elected by the elected Members of the Council of State.' "

In proposing this amendment, I submit that it is absolutely necessary that the general interests of the country should be represented by those who have come through election to the Council of State. When we see that commercial interests will be represented by 4 members, 2 members chosen from the Associated Chambers of Commerce and 2 from the Federation of Indian Chamber of Commerce, it becomes absolutely essential that the other interests which will be affected by the Reserve Bank should also be represented. Although it is quite true that the representation which is proposed by my amendment will be quite meagre and will not be consistent with the interests involved, still I move it on the principle that "some representation is better than no representation at all". I, therefore, submit to the House that for reasons which have already been mentioned by the various speakers who spoke on the previous amendment, it should accept my amendment.

**The Honourable Sir Basil Blackett:** Sir, I oppose this amendment.

**Mr. President:** The question is—

“That after clause (e) of sub-clause (1) of clause 8 the following new clause be inserted :

(f) One Director to be elected by the elected Members of the Council of State.”

The Assembly divided :

AYES—42.

Ayyangar, Mr. M. S. Sesha.  
 Bhargava, Pandit Thakur Das.  
 Chaman Lall, Diwan.  
 Chetty, Mr. R. K. Shanmukham.  
 Das, Mr. B.  
 Dutt, Mr. Amar Nath.  
 Goswami, Mr. T. C.  
 Gour, Sir Hari Singh.  
 Iswar Saran, Munshi.  
 Iyengar, Mr. A. Rangaswami.  
 Iyengar, Mr. S. Srinivasa.  
 Jannadass, Seth.  
 Jayakar, Mr. M. R.  
 Jinnah, Mr. M. A.  
 Jogiah, Mr. Varahagiri Venkata.  
 Kartar Singh, Sardar.  
 Kelkar, Mr. N. C.  
 Kidwai, Mr. Rafi Ahmad.  
 Kunzru, Pandit Hirday Nath.  
 Lahiri Chaudhury, Mr. Dhirendra  
 Kanta.  
 Lajpat Rai, Lala.  
 Malaviya, Pandit Madan Mohan.

Mehta, Mr. Jannadas M.  
 Misra, Mr. Dwarka Prasad.  
 Mitra, Mr. Satyendra Chandra.  
 Moonje, Dr. B. S.  
 Mukhtar Singh, Mr.  
 Murtuza Saheb Bahadur, Maulvi  
 Sayyid.  
 Neogy, Mr. K. C.  
 Ranga Iyer, Mr. C. S.  
 Sarda, Rai Sahib Harbilas.  
 Sarfaraz Hussain Khan,  
 Bahadur.  
 Shafee, Maulvi Mohammad.  
 Siddiqi, Mr. Abdul Qadir.  
 Singh, Kumar Rananjaya.  
 Singh, Mr. Narayan Prasad.  
 Singh, Mr. Ram Narayan.  
 Sinha, Kumar Ganganand.  
 Sinha, Mr. R. P.  
 Sinha, Mr. Sidheswar.  
 Yakub, Maulvi Muhammad.  
 Yusuf Imam, Mr.

NOES—52.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmad, Khan Bahadur Nasir-ud-din.  
 Alexander, Mr. William.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
 Nawabzada Sayid.  
 Ayangar, Mr. V. K. Aravamudha.  
 Bajpai, Mr. G. S.  
 Blackett, The Honourable Sir Basil.  
 Bray, Sir Denys.  
 Chatterjee, Revd. J. C.  
 Chatterji, Rai Bahadur B. M.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Cosgrave, Mr. W. A.  
 Couper, Mr. T.  
 Courtenay, Mr. R. H.  
 Crawford, Colonel J. D.  
 Crerar, The Honourable Mr. J.  
 Dalal, Sardar Sir Bomanji.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Hussain Shah, Sayyed.  
 Joshi, Mr. N. M.  
 Jowahir Singh, Sardar Bahadur  
 Sardar.

Keane, Mr. M.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Mitchell, Mr. D. G.  
 Mitra, The Honourable Sir Bhupendra  
 Nath.  
 Mohammad Ismail Khan, Haji  
 Chaudhury.  
 Moore, Mr. Arthur.  
 Mukherjee, Mr. S. C.  
 Parsons, Mr. A. A. L.  
 Rainy, The Honourable Sir George.  
 Rajah, Rao Bahadur M. C.  
 Rao, Mr. V. Pandurang.  
 Roy, Mr. K. C.  
 Roy, Mr. S. N.  
 Sams, Mr. H. A.  
 Sassoon, Sir Victor.  
 Shah Nawaz, Mian Mohammad.  
 Shamaldhari Lall, Mr.  
 Shillidy, Mr. J. A.  
 Sykes, Mr. E. F.  
 Taylor, Mr. E. Gawan.  
 Willson, Sir Walter.  
 Yamin Khan, Mr. Muhammad.  
 Young, Mr. G. M.  
 Zulfikar Ali Khan, Nawab Sir.

The motion was negatived.

**Mr. President:** The next amendment\* stands in the name of two Honourable Members, Sir Victor Sassoon and the Honourable Sir Basil Blackett. I do not know which Honourable Member wishes to move it, Sir Victor Sassoon.

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): Sir, I have a feeling that some of my remarks the other day may have been somewhat misunderstood by my lawyer friends, and I can assure them that I did not intend in the slightest degree to be derogatory in any way to lawyers, because no one has a higher opinion of lawyers and their abilities than I have. In fact, we business men deliberately have lawyers on our Boards, because we find that the advantage of having their advice is invaluable. But that, of course, is a very different thing from saying that a business board should not best be managed by the large majority of business men. I may be old-fashioned in thinking that that would be the best way of running businesses, but I am equally old-fashioned in thinking that lawyers would make the best judges, and I would be very much opposed to the suggestion that business men should be put on the Bench as well as lawyers.

The question we have here, however, is a question of electorates. It has been said that the Assembly should be composed of lawyers entirely, and that no business men should become members of it. That was suggested. I may point out that there is nothing to prevent the Assembly being composed entirely of lawyers, if lawyers are elected by their constituencies, but I don't think that anyone would suggest that the electorate for Members of this Assembly should consist entirely of lawyers. It is a question of electorates. It may be that under the scheme whereby Legislatures do not elect Directors that a legislator may quite easily be a member of the Board. I have already said that I would have no objection to having a Member of the Assembly or of the Council of State on the Board, so long as he was put there primarily because he was considered to be the best man available as a Director of the Board. I am in fact very strongly opposed to any member being barred for being a Member of this Assembly, but I merely deprecate that the electorate which should elect this member should be Members of the legislature.

The other point which has been made by some of our friends, *viz.*, that this amendment would reduce the number of Directors, has I think a great deal of force. If I thought for a moment that any Bill for a Reserve Bank would come before the House finally with only the number of Directors that is left after we have taken these away, and that the majority of the Board would be nominated members, I should oppose the final passing of such a Bill. But we are admittedly in a difficult position, and in moving this amendment I do not want it to be considered that I would favour that the Board should be ruled by anything except a majority of elected members. That is what I hope that when this Bill comes before the Legislature for final passing it will have. In moving this amendment I am merely opposing a principle—I am merely opposing the principle that a Director of the Reserve Bank should be elected by an electorate consisting of a political body. That is the only reason why I am moving this amendment and why I supported the last amendment.

**Pandit Hirday Nath Kunzru:** What is the Honourable Member's alternative?



**Sir Victor Sassoon:** I must admit to my Honourable friend that the alternative which I had put on the paper at the Simla Session is not on the paper to-day. I am just as much for that alternative Board but I thought that it might save the time of this House if I did not put it forward as the Government have told us that the Bill as we pass it here may not return to us in substantially the same form. It is purely a question of saving time; and if the Honourable Member wants a Board which would consist of a majority of elected members but still would have nobody on it directly elected by the Legislature, I could easily give him a Board on those lines, the lines which our party supported during the Simla Session. Sir, I therefore formally move the amendment standing in my name:

“That in clause 8, sub-clause (f) be omitted.”

**Mr. N. C. Kelkar** (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to oppose this amendment, and I will briefly give my reasons for opposing it. Sir Victor Sassoon has said that he opposes the clause, that he proposes the deletion of clause (f) as a matter of principle, but in effect it becomes even still more destructive than the previous clause which has been omitted. I think he should have stayed his hand at least after seeing that (e) has been omitted, because he said that his mind does not run in a destructive mould, and when he saw for himself that (e) was omitted I think there was good reason for him to stay his hand there and allow the other 3 Directors to be elected by the local Legislatures, so long as no constructive proposal had been put forward by him or was in view from any other quarter. Sir, I think the merits of clause (f) are even higher and greater than the merits of clause (e) which has already been omitted, because clause (f) gives the power of electing three Directors to the local Legislative Councils. And, mind you, the difference is this—that whereas in the case of the 3 Directors to be elected by the Legislative Assembly there is no sort of special qualification named for the Directors that might be elected by the Legislative Assembly, here in a way that qualification has been specially indicated. Two Directors are to be elected to represent the interests of agriculture, and one to represent the interests of commerce and industry. This will at once show that the range of selection will be a narrow one and therefore the merits of the people to be elected as Directors will necessarily be higher. Now what does this sub-clause give to the Legislative Councils? Only 3 Directors, two out of them to represent agricultural interests and one to represent the interests of commerce and trade such as there may be in the mufassil. It is admitted that the agricultural population is about 80 per cent. of the total population of this country, and land is the main source so far of both the income of private people as well as Government revenue in the provinces. So this is a category which cannot be safely disregarded; and if you in this manner overlook absolutely the interests of the agricultural and the commercial classes in the mufassil, then it does not redound to your credit for taking good care of the mufassil people. Now it may be said that four members have already been allotted to the European and Indian Chambers of Commerce; but what does that mean? Those members have been allotted to a few constituencies whose membership does not go beyond hundreds. They are sometimes mostly pocket boroughs and the Chambers have got small cliques within them. Moreover, you will observe that the members of these constituencies are mostly citizens of the metropolitan towns. They live either in Bombay,

Madras or Calcutta. Outside in the mufassil you have very few people who are members of the Chambers of Commerce. I do not mean to say that the rules of these Chambers prevent any people from the mufassil becoming members of those Chambers, but I am pointing out the simple fact that in the constituencies of the Chambers of Commerce few people from the mufassil will be found to be present. On the other hand, you must remember that the Chambers of Commerce in the metropolitan towns do not necessarily have the whole monopoly of commercial and business and trade wisdom. You must allow a modicum of it to be claimed and shared and enjoyed by the people in the mufassil as well as in the metropolitan towns, and for that you are absolutely making no provision because the Chambers of Commerce constituencies, as I said, belong entirely to the metropolitan towns and the people in the mufassil have neither part nor lot in their transactions and their privileges. The business of the Bank, Sir, it will be seen has much to do, has much relation to many things which enter into the vitals of the mufassil people, the agriculturist, the small trader, the retail merchant and so on and so forth. The Reserve Bank is concerned with currency, with the operations of currency, note issue, discounting of bills, inflation and deflation, bank rate and so on. All these matters, though not quite directly, are still indirectly connected with the welfare of the agriculturist and the small trader and the retail merchant in the mufassil. In the long run there is a vital connection between the operations of the Reserve Bank and the interests of these poor people in the mufassil, but still you are giving four Directors to the Chambers of Commerce and you are not giving a single one to protect the interests of these mufassil people. Then there is a further advantage in giving two or three Directors to the Legislative Councils and in this way. One argument against the giving of power to the elected Members of the Legislative Assembly has been that there are cliques, there are political parties sitting together in one House. As the election will necessarily take place in this House, where all these parties are present, it is alleged that political influence will have its own way and that people will be elected under political pressure and influence, who will not perhaps be quite competent to be Directors of the Bank. As against this, however, there is a distinct advantage in giving three places of Directors to all the provincial Councils together, because the elections will not take place in one place since these three seats will be given to the provincial Councils in eight or nine provinces. The people in those Councils cannot sit together or vote together and therefore cliquism will have no place and it follows that the best selection possible will be made. Again in this case the choice is to be restricted in express terms to people who represent commerce, trade and agricultural interests. Therefore, the range of selection will be a narrow one and there is a special guidance which will result in only those kind of people in the mufassil coming forward. I think I can claim this for the mufassil, that in all the nine provinces there will certainly be one or two men who will be fit and competent enough to be Directors of this bank as much as delegates or directors returned by the Chambers of Commerce. You cannot say that the mufassil is absolutely bereft of wisdom. And therefore you will get from the local Councils altogether three people whose special care it will be to look after the interests of the agricultural, commercial and trading population in the country. New industries are being started in the mufassil. There are factories and nascent industries springing up. There is the small business man who, of course, takes his cue from the

[Mr. N. C. Kelkar.]

metropolitan towns no doubt, but has got very large interests involved in his own business; and as I have already pointed out, the operations of the Bank have a vital connection with the business of these people. Therefore it is absolutely right that these people also should be represented in the management of the Bank.

There is also one incidental advantage to which I may refer. In instituting this Bank, it is certainly your desire, I take it, to make the bank a popular one and to make it familiar to the public at large. The intention is not only to make it familiar to the Governor General in Council who nominates four Directors, or to the small commercial cliques in Madras, Bombay or Calcutta who nominate four, but I take it it is your desire to make it as familiar to the people in the country at large as possible, and if you give this right of electing three Directors to the Members of the local Councils you will at once find that the curiosity, interest and knowledge about this Bank will gently permeate throughout the whole length and breadth of the country: for as things are at present one district in the mufassil has got one or two Members to represent it in the local Councils and when the time comes for electing Directors to this Board, that by itself will create a sort of interest and an occasion for education, which will be absent in other conditions.

You have already given one Director to the Co-operative Banks. Now, I do not see how you can differentiate the interests of the Co-operative Banks from the interests of the mufassil agricultural and commercial population. The Co-operative movement has, as it were, two sides or poles to it: one is represented by the financiers in the Co-operative Banks, whereas the other pole or aspect of the co-operative movement is represented by the agriculturist people themselves. Now, if you are prepared to give one Director to the Co-operative Banks, why should you not be prepared to give one or two seats to the agricultural population itself, which is directly concerned in the co-operative movement?

If you do that, you will be helping to establish a certain equipoise, an equitable distribution of power and privilege among the different classes in the country. Therefore I strongly oppose this amendment and I really request Sir Victor Sassoon in the circumstances, considering there is no suitable alternative to fill the gap, to withdraw his amendment.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, some of my friends who are sitting on my left here have got. I find, the politician-phobia. The very name of politician makes them scent danger. I was reading in some book the other evening that Napoleon was greatly frightened of cats as was Lord Roberts also. The mere presence of a cat in the room used to frighten the great Napoleon and Lord Roberts. I find my friends of the commercial group are very much frightened of politicians . . .

**Mr. President:** The Honourable Member knows that I had allowed fullest latitude to Honourable Members to discuss the previous amendment regarding the omission of clause (e). I am not going to do so in connection with this amendment.

**Mr. B. Das:** Sir, on another occasion when my Honourable friend, Sir Victor Sassoon, appealed to the good sense of the House to give protection to a certain industry, he appealed on behalf of the agricultural

classes and he mentioned that the country was getting overpopulated and the agriculturists should be provided for. To-day this particular recommendation of the Joint Committee requires that the agriculturist class should be properly represented through the provincial Legislative Councils on the Directorate of the Bank. Why should this politicianphobia of certain Members of this House prevent them from supporting this and make them go so much against politicians? Who are these politicians? They have been elected, not by the capitalist electorate, not by the electorates who pay income-tax, but mostly by the agricultural electorates.

**Mr. President:** The Chair regrets that the Honourable Member is not prepared to take the hint.

**Mr. B. Das:** My contention, Sir, is that the Members of the provincial Legislative Councils are representatives of the agricultural classes and they ought rightly to represent that class on the Board of Directors. The one Director that has been provided by the Finance Member for the Co-operative Banks will not in any way give the agricultural classes direct representation. I would remind the Members of the Government Benches, except the Honourable the Finance Member who does not represent the Civil Service here, that they always shed crocodile tears on behalf of the masses of the agriculturists; to them I appeal, if you believe that the agriculturists have a stake in the country it is for you to come and vote with us and to oppose Sir Victor Sassoon, so that the agriculturist classes are properly represented on the Board of the Reserve Bank.

**Mr. Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadan): Sir, I oppose the amendment. The question of a Reserve Bank for the country which will be a central bank for the whole nation and control the currency and finance thereof is so very important and the amendment moved is so very destructive and pernicious from the Indian economic point of view that it is very difficult for an elected member to record a silent vote.

**Mr. President:** The Honourable Member does not suggest that all 1 P.M. elected Members should speak.

**Mr. Ram Narayan Singh:** I think so, Sir. But as to the nominated Members they have nothing more to do than to dance at the beck and call of the Honourable Sir Basil Blackett.

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

**Mr. Ram Narayan Singh:** Sir, this amendment is the same as the one which has just been disposed of. This has been brought forward on the principle that a political body should not be allowed to elect a representative to sit on the Board of Directors of the proposed State Bank. I really cannot understand that principle at all. When the Government is going to appoint a Governor and a Deputy Governor and also to nominate two Directors to the Board, I don't see why any objection should be raised to the Legislatures electing their own representatives to the same Board. At the same time the Honourable the Finance Member said the other day that he had no objection to a Member of the Assembly being elected as a Director on the Board, but his only objection was against this Assembly constituting itself into an electorate . . . . .

**The Honourable Sir Basil Blackett:** May I solve my Honourable friend's difficulty by saying that I never said it.

**Mr. Ram Narayan Singh:** I say, the Honourable the Finance Member said that he had no objection to a Member of the Assembly being elected as a Director of the Board.

**Mr. President:** Order, order. The Honourable Member must accept the word of the Honourable the Leader of the House.

**Mr. Ram Narayan Singh:** All right, Sir. But I believe the idea underlying the objection on the part of the Government members is that this Legislature as well as the other provincial Legislatures are political bodies and that they should not constitute themselves into electorates, but that if a member of the Legislatures by any other quarter could be elected as a Director, Government would probably have no objection. This is the idea. But I submit, Sir, it is an entirely wrong idea; it is altogether a peculiar idea. Sir, it is very difficult to eliminate politics from business . . . .

**Mr. President:** Order, order. I do not wish to interrupt the Honourable Member in the very interesting speech he is making, but I must point out to him that these things have been repeatedly said over and over again in connection with the previous amendment, and he should not repeat them again.

**Mr. Ram Narayan Singh:** I bow to your ruling, Sir, but as I had not an opportunity to speak on the previous amendment, I wanted to allude to it . . . .

**Mr. President:** The Chair cannot help that.

**Mr. Ram Narayan Singh:** At the same time, Sir, the amendment relates to the same principle that political bodies should not be allowed to choose a representative to sit on the Board of Directors of the proposed Bank. Sir, I submit that it is the business of the world which is directing all its political activities, and I must say that it is the business foresight of the Honourable the Finance Member that has made him bring this Bill into the House and get it passed into law so that the Britishers may have a larger control over the affairs of the proposed Bank. Sir, it is an admitted fact that British people want political supremacy in this country only to continue their business herein and nothing more. If I may say so, it is only out of fear from probable future political changes in the country resulting in the transference of political powers from the British bureaucracy to the popular party in this country that the Honourable Sir Basil Blackett is so very anxious to separate our national business from our national political activities and thus to make British business here safe at least for some time even after those political changes referred to above. But I may tell him that with the solid official block he has behind him, he may do what he likes to do now. We are not very much concerned whether the Bill is passed or it is defeated. But I may tell him that when we also shall have powers in the not distant future, we shall be able to do whatever we like with the constitution of the Reserve Bank. In view of what I have said, I think my Honourable friend, Sir Basil Blackett, will be able to persuade Sir Victor Sassoon to withdraw his amendment.

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, on behalf of the Joint Committee which was responsible for putting this amendment into the Bill, I think it is my duty to

say a few words as to why the Joint Committee by a majority decided that the elected Members of the provincial Legislatures should have a voice in the representation of Directors on the Board of the Central Bank. Sir, I do not propose to repeat all the arguments that have been advanced in favour of the proposition . . . .

**Mr. President:** You will not be allowed.

**Mr. A. Rangaswami Iyengar:** Yes, Sir, I understand that I do not want to repeat the arguments that have been advanced to meet the argument that Members of Legislatures are suffering under a double dose of original sin in having themselves represented in business concerns. I do not think that matter need be elaborated. But so far as the provincial Legislatures are concerned, I say, as my friend Mr. Kelkar very clearly pointed out, that their claim to constitute themselves into an electorate for the election of Directors to the Central Bank stands on an essentially different footing from that in which the Members of the Central Legislature stood. In the first place, Sir, there is no doubt that as regards the particular purposes for which these people have been asked to elect Directors, namely, the representation of the interests of agriculture, of commerce and of industries of the provinces, I believe the Honourable the Finance Member has conceded the point that provincial representation is essentially necessary in regard to the constitution of this Directorate. If, Sir, that principle is sound, I say that the manner in which the Joint Committee have proceeded to secure representation of the interests of agriculture, of commerce and industries in the several provinces to prevent, as has so often been said on the official side, the exploitation of the Central Bank in the interests of any particular cities that may dominate the financial interests is perfectly correct, and I say that the provincial Legislatures form the most excellent instrument for preventing any such disaster or catastrophe which they may desire to prevent. I say, Sir, further that if there is any such risk here is a proper method—I do not concede for a moment that there is any such risk—but if there is any, here is a proper method, because sub-clause (d) of clause 7 says that no one shall be a Director who “is not or has not at some time been actively engaged in agriculture, commerce, finance or industry”, and it is with special reference to sub-clause (d) of clause 7 that we provided in sub-clause (f) of clause 8 “three Directors to be elected by the elected Members of the Legislatures of the Governor’s provinces, of whom two shall be elected to represent the interests of agriculture, and one to represent the interests of commerce and industry”. Therefore, Sir, I do not see why there is any incompatibility in so far as this matter is concerned in the Members of the provincial Legislatures proceeding to elect Directors to this Bank on the basis, as I take it, that it is going to be a State Bank. Secondly, Sir, the Honourable the Finance Member said that the Government were from the first totally opposed to the principle of Legislatures having anything to do with finance, or financial people having anything to do with politics. But the Legislative Members of the provincial Legislatures have no part or lot in the framing of this Bill or in the discussions on this Bill in the Select Committee or in the enactment of this Bill in this House. They have absolutely nothing to do with any questions that might possibly come before either the Central Reserve Bank or any matter which might come in question in connection with the Reserve Bank in the Central Legislature. I do not therefore see any reason whatever why Members of the provincial Legislature could possibly come under any of the difficulties or exceptions which the Finance Member has stated as being imposed upon Members of the Legislature.

[Mr. A. Rangaswami Iyengar.]

I do not want to labour the point further, Sir, but I owe it to the Joint Committee of which I was a member that we who voted for it, bestowed most anxious thought on the constitution of the Directorate and the provision that three Directors should be put down from the Central Legislature and the provincial Legislatures with special reference to the representation of agriculture and industries, of which all of us—I think they will also agree on the official side—are agreed that representation is absolutely necessary in so far as the Central Reserve Bank is concerned. Again, so far as that part of it is concerned, Sir, it is well known that no alternative scheme for the representation of agricultural interests has been stated on the other side and the Members of the provincial Legislature, as the House well knows, have been elected in the bulk—I might say about 90 per cent.—by the agriculturists of all the provinces. The bulk of the people who elect representatives in the provincial Legislatures, millions of them, are those who own some land or pay some land cess to Government and therefore it is peculiarly apposite that Members of the provincial Legislatures should be asked to elect members to represent agricultural interests in the Bank. I have nothing more to add but support the recommendations of the Joint Committee.

**The Honourable Sir Basil Blackett:** Sir, I hope the House will come quickly to a conclusion on this point because it is, as Mr. Rangaswami Iyengar has pointed out, very nearly the same point as that which has already been decided. I am perfectly willing to admit, with Mr. Kelkar and Mr. Iyengar, that the arguments from the point of view of expediency against this proposal are not so strong as the arguments against the previous one. From the point of view of expediency and as regards the question of the representation of agricultural interests, as the Honourable Member is probably aware, and of provincial interests, the Government of India are not in disagreement with him and perhaps I may safely say that before the Bill reaches its final stages the Government will take what he has said into consideration. But the objection on principle remains. I think all I need do, Sir, is, if I may, to call the attention of the House to what the minority on the Joint Committee said:

“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 . . . 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 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. We object also to the proposed invidious distinction between elected and other members of the Legislatures.”

Sir, we do not think that it is in the interests of the Bank that it should be brought into contact with politics even to this extent, nor do we think that it is in the interests of the provincial Legislatures that they should be, may I say, demoted into the position of Electoral Colleges.

**Pandit Hirday Nath Kunzru:** Sir, the honesty of purpose of Sir Victor Sassoon compels us to consider the arguments he has advanced in favour of his motion. He admits the justice of our contention that the Finance Member, while proposing the deletion of certain portions of the clause, suggests nothing that should take their place, and he asks us to believe that the omission would be rectified in the other House. So far then as this House is concerned, its complaint is perfectly justified that the size of the Directorate is being reduced in such a manner as to give an undue predominance to the nominated Directors. For the present the Finance Member's slogan is, "Down with this clause"; and perhaps he would be sorry to see any changes introduced into it which would improve it in such a way as to compel him to accept the scheme of a State Bank. But what is the change that is likely to be introduced into the Bill in the other House? Now, so far as we have come to know the Honourable Member's mind, he will propose either the stockholders' scheme or the shareholders' scheme. Probably, if we may judge from the Bill which you, Sir, did not call on him to introduce, he will favour the shareholders' plan. Now, Sir Victor Sassoon is not one of those men who are opposed to a State Bank. Apart from the compromise which was arrived at in autumn last in Simla, Sir Victor Sassoon was independently in favour of a State Bank. He did not share the opinions of the Finance Member when the latter objected to the institution of such a Bank. Now, I ask Sir Victor Sassoon, if while holding this view he can propose changes in order to pave the way for the reintroduction of the shareholders' plan? Is it really any part of the duty of those who are in favour of a State Bank to make the Finance Member's task easy in that respect? Of course, it will be open to this House to consider the measure again when it comes back from the other House, but I certainly hope that Sir Victor Sassoon and those who share his views will not lend a helping hand to Government in this matter. Let us stick to the principle of a State Bank which we accepted in Simla, and, unless adequate reasons can be given for jettisoning that scheme, there is absolutely no reason why we should accept any proposal which would in effect mean a reversion to the plan which we have deliberately and over and over again rejected. I trust therefore that the House will not accept Sir Victor Sassoon's amendment.

**Mr. Mukhtar Singh** (Mæru Division: Non-Muhammadan Rural): Sir, I take this opportunity to say a few words in opposing this amendment. Unfortunately, India is one of those countries which have been deliberately reduced to the position of an agricultural country. (Laughter). It is not a question of laughing, Sir. But this is what I feel. Every industry one after another has been destroyed by the benign Government and we are to-day told that it is only an agricultural country. A country which is said to be mainly an agricultural country should not have any representation at all on the Central Bank. This is the position, Sir, which this amendment comes to. The Honourable the Finance Member seems to be very solicitous for the interests of agriculture, but he does not tell us how will he be able to protect the interests of the agriculturists by the constitution that he is proposing. We know nothing to-day, Sir. What will be the final shape of this Bill when it emerges from the Council of State? But according to the proposition which is before us, Sir, we find that there is no likelihood of any person being on the Board who will be a representative of the agriculturists, barring only, if at all, the one who may be elected



[Mr. Mukhtar Singh.]

by the provincial Co-operative Banks. Unfortunately I belong to a province which has no provincial bank and therefore my province will not be represented. I would submit, Sir, that the retention of this clause would not have been necessary if there had been in this country Associated Chambers of Agriculture or any agricultural associations. Then they would have constituted an electorate for the purpose of electing some person to represent agriculture on this Board. But when there are no agricultural societies in this country then the only electorate that can elect is the Provincial Governments. Agriculture, as we all know, is a transferred subject, and in their case it is only the provinces that can elect any Director to represent the agricultural interests on the Central Bank. I would submit, Sir, that a person is to be elected not by one province but by all the provinces together, which means that only those persons who are interested in agriculture, commerce and industry are likely to come on this Board, and if that is so, I do not know why objection is taken to this very salutary provision in the Bill. In the Report of the Royal Commission we find that objection was taken that there should be no political pressure on the Central Board. The words are :

“Banks, and especially banks of issue, should be free from political pressure and should be conducted solely on lines of prudent finance.”

I ask, Sir, if there are 2 or 3 representatives on this Board, will they be able to exercise any political pressure on the Central Board even if they happen to belong to some political party or other? In the first place it is unlikely that a man who is really not interested in agriculture, commerce or industry will be elected by all the provinces. But if this eventuality does happen, even then there will be only 3 persons on the Board and those 3 persons cannot be said to be influencing the Board in any way. If the Honourable the Finance Member had suggested any means by which agriculture is proposed to be represented on the Central Board, there would have been no necessity to oppose this amendment. But as he has not suggested any means by which the interests of agriculture are to be safeguarded, I submit that this clause should remain as it is. I may further point out that according to the report, the provision laid down was that it would not only be proper but desirable that the Government should nominate a small minority of members on the Central Board. The recommendation was that there should be only a small minority nominated by the Government. But if this clause is deleted, the Government will not have a minority by nomination but a majority. If the Government are going to have the lion's share by nomination, I would submit, Sir, that at least the persons who will be affected by this currency and exchange problem should have some voice on this Board. With these words, Sir, I oppose the amendment moved.

**Mr. President:** The question is :

“That in clause 8, sub-clause 1 (f) be omitted.”

The Assembly divided :

AYES—50.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmad, Khan Bahadur Nasir-ud-din.  
 Alexander, Mr. William.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
 Nawabzada Sayid.  
 Ayangar, Mr. V. K. Aravamudha.  
 Bajpai, Mr. G. S.  
 Blackett, The Honourable Sir Basil.  
 Bray, Sir Denys.  
 Chatterjee, Revd. J. C.  
 Chatterji, Rai Bahadur B. M.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Cosgrave, Mr. W. A.  
 Couper, Mr. T.  
 Courtenay, Mr. R. H.  
 Crawford, Colonel J. D.  
 Crerar, The Honourable Mr. J.  
 Dalal, Sardar Sir Bomanji.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Hussain Shah, Sayyed.  
 Jowahir Singh, Sardar Bahadur  
 Sardar.

Keane, Mr. M.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Mitchell, Mr. D. G.  
 Mitra, The Honourable Sir Bhupendra  
 Nath.  
 Mohammad Ismail Khan, Haji  
 Chaudhury.  
 Moore, Mr. Arthur.  
 Mukherjee, Mr. S. C.  
 Parsons, Mr. A. A. L.  
 Rainy, The Honourable Sir George.  
 Rajah, Rao Bahadur M. C.  
 Rao, Mr. V. Pandurang.  
 Roy, Mr. K. C.  
 Roy, Mr. S. N.  
 Sams, Mr. H. A.  
 Sassoon, Sir Victor.  
 Shah Nawaz, Mian Mohammad.  
 Shamaldhari Lall, Mr.  
 Shillidy, Mr. J. A.  
 Sykes, Mr. E. F.  
 Taylor, Mr. E. Gawan.  
 Willson, Sir Walter.  
 Yamin Khan, Mr. Muhammad.  
 Young, Mr. G. M.

NOES—49.

Ayyangar, Mr. M. S. Sessa.  
 Bhargava, Pandit Thakur Das.  
 Chaman Lall, Diwan.  
 Chetty, Mr. R. K. Shanmukham.  
 Das, Mr. B.  
 Das, Pandit Nilakantha.  
 Dutt, Mr. Amar Nath.  
 Goswami, Mr. T. C.  
 Haji, Mr. Sarabhai Nemchand.  
 Ismail Khan, Mr.  
 Iswar Saran, Munshi.  
 Iyengar, Mr. A. Rangaswami.  
 Iyengar, Mr. S. Srinivasa.  
 Jannadass, Seth.  
 Jayakar, Mr. M. R.  
 Jinnah, Mr. M. A.  
 Jogiah, Mr. Varahagiri Venkata.  
 Joshi, Mr. N. M.  
 Kartar Singh, Sardar.  
 Kelkar, Mr. N. C.  
 Kidwai, Mr. Rafi Ahmad.  
 Kunzru, Pandit Hirday Nath.  
 Lahiri Chaudhury, Mr. Dharendra  
 Kanta.  
 Lajpat Rai, Lala.  
 Malaviya, Pandit Madan Mohan.

Mehta, Mr. Jannadas M.  
 Misra, Mr. Dwarka Prasad.  
 Mitra, Mr. Satyendra Chandra.  
 Moonje, Dr. B. S.  
 Mukhtar Singh, Mr.  
 Murtuza Saheb Bahadur, Maulvi  
 Sayyid.  
 Neogy, Mr. K. C.  
 Pandya, Mr. Vidya Sagar.  
 Purshotamdas Thakurdas, Sir.  
 Rang Behari Lal, Lala.  
 Ranga Iyer, Mr. C. S.  
 Rao, Mr. G. Sarvotham.  
 Sarda, Rai Sahib Harbilas.  
 Sarfaraz Hussain Khan, Khan  
 Bahadur.  
 Shafee, Maulvi Mohammad.  
 Siddiqi, Mr. Abdul Qadir.  
 Singh, Kumar Rananjaya.  
 Singh, Mr. Narayan Prasad.  
 Singh, Mr. Ram Narayan.  
 Sinha, Kumar Ganganand.  
 Sinha, Mr. R. P.  
 Sinha, Mr. Siddheswar.  
 Yakub, Maulvi Muhammad.  
 Yusuf Imam, Mr.

The motion was adopted.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty Minutes to Three, of the Clock, Mr. President in the Chair.

**Mr. Mukhtar Singh:** Sir, I do not move my amendment.\*

**Mr. Vidya Sagar Pandya** (Madras: Indian Commerce): Sir, I beg to move the amendment that stands in my name and which runs as follows:

“Add the following new clause (h) after clause (g) in clause 8 (1) of the Bill :

‘Each Director, other than the Governor, Deputy Governor and the Director nominated by the Governor General under clause (g) of sub-section (1) shall be entitled to such remuneration by way of salary or otherwise as may be fixed by the Legislative Assembly.’”

The object of my amendment is to supply the omission in the Bill. If you look into the Acts of the Reserve Banks of other countries, such as the Reserve Bank of South Africa or of the Commonwealth Bank of Australia or the American Federal Reserve Bank of the United States of America, you will generally find that in the Acts or the Regulations passed under the Acts a provision is made that the Directors shall receive a certain amount of remuneration for the trouble of attending to the duties and responsibilities of the Bank. Take, for instance, the Reserve Bank Act of the Commonwealth Bank of Australia. In clause 13(2) of this Act it is stated that:

“Each Director other than the Governor shall be entitled to remuneration by way of salary at the rate of £600 per annum or, if he is the Chairman of Directors, £1,000 per annum, and each member of the London Board shall be entitled to such remuneration as is fixed by the Governor General on the recommendation of the Board of Directors.”

Similarly, if we look at the Regulation of the South African Reserve Bank Act we find there stated that:

“The Directors shall be paid out of the funds of the Bank by way of remuneration such sum as shall from time to time be determined by the Board with the approval of the Treasury.”

Coming to the American Federal Reserve Bank we find that the Board consists of 8 members. The Secretary of the Treasury and the Controller of Currency are *ex-officio* members and there are 6 other members, who are all appointed by the President of the United States by and with the advice and consent of the Senate. The members are whole-time men and each receives an annual salary of \$12,000 together with travelling expenses. The Controller of Currency gets \$7,000 besides his usual office salary. They are liable to be removed by the President, who can appoint their successors with the advice and consent of the Senate. The Federal Board makes a full report of the Bank's operations to the Senate of the House of Representatives which is printed for the information of the Congress. It is with that object that I have suggested in my amendment that the

\*“To clause 8 (1) (g) add the following proviso :

‘Provided that the allowances of all the Directors other than the Governor and the Deputy Governor shall be such as may be fixed by the Governor General in Council but shall not exceed Rs. 100 for each Director per day for such days at the Director attends the meeting of the Board.’”

Directors shall be entitled to such remuneration by way of salary or otherwise as may be fixed by the Legislative Assembly. The object is that the work of the Bank should come under the review of the Legislature annually and it will be for them to put in the Budget such amount as they think the Directors deserve for the work that they do for the Bank. In this connection, I may say that in England, the banks are run by Directors who are amply compensated for their trouble. Even the five big banks allow a sum of £40,000 or £80,000 per year or even more to be distributed among the Directors for the work they do. Taking into consideration the heavy responsibilities and duties which are laid upon the Directors to manage the affairs of the Bank and also the fact that the Board of Directors is going to be elected by people coming from all parts of India, from Cape Comorin to Kashmir and from Calcutta to Karachi, you cannot expect those people to work without remuneration. It is no use giving them fees per meeting, for every meeting they will attend they will have to spend 10 or 12 days so that they may be able to attend to the work of the committees. I feel sure that there will be a number of committees to help the Governor in the discharge of his duties and it is just possible we may have to ask some of the Directors to stay for a considerably long time.

It may be said that under the rules the Bill gives certain powers for the framing of regulations. Clause 47(2) (c) says:

"In particular and without prejudice to the generality of the foregoing provision, such regulations may provide for all or any of the following matters, namely:

(c) the constitution and management of staff and superannuation funds for the officers and servants of the Bank."

The Directors do not come under the head of "officers" nor do they come under the head of "servants" of the Bank. It may also be pointed out that clause 40 says:

"After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds, and such other contingencies as are usually provided for by bankers, one-half of the annual profits of the Bank shall be allocated to a Reserve Fund . . . ."

It might be urged that it will come under the category of the items which are usually allowed by banking concerns. I may say that so far as the joint stock companies and such other concerns are concerned, it is not open to the Directors to vote any sums to themselves. They cannot even vote to themselves the amount for travelling allowance. So, unless some provision is made to compensate the Directors for the work they do, it will not be possible to expect them to attend to their duties properly. It will certainly create a sense of responsibility among the Directors if they are paid out of the funds of the Bank and they will properly discharge their duties; otherwise, as has been in the case of several of the banks which have failed, the Directors will not attend to their duties properly. The Managing Director or the Managers have their own way of doing things with the result that the tragedy of the failure of several of the institutions has occurred. I think I have made out a clear case for supplying this omission in the Bill and I hope the Government will accept the amendment.

**Mr. V. K. Aravamudha Ayangar** (Finance Department: Nominated Official): Sir, the first thing Government did in drafting the Bill now before the House was to consider what was important and should be provided for

[Mr. V. K. Aravamudha Ayangar.]

in the Statute and what was subsidiary and should be provided for in the bye-laws. Mr. Pandya seems to think this is a case of omission, and that clause 47 does not provide for this. I would refer him to sub-clause (1) of clause 47, which reads:

"The Board may, with the previous sanction of the Governor General in Council, make regulations consistent with this Act to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act."

It is intended that all these minor matters should more conveniently be put in the Regulations of the Bank and not be provided in the body of Statute.

Mr. Pandya was referring to the salary of the Directors. It is not the intention to have Directors doing whole-time duties. I, therefore, oppose the amendment.

**Mr. President:** The question is:

"That the following amendment be made:

'Add the following new clause (h) after clause (g) in clause 8 (1) of the Bill:

'Each Director, other than the Governor, Deputy Governor and the Director nominated by the Governor General under clause (g) of sub-section (1) shall be entitled to such remuneration by way of salary or otherwise as may be fixed by the Legislative Assembly.'

The motion was negatived.

**Mr. Vidya Sagar Pandya:** Sir, I beg to move the following amendment:

"After clause 8 (1) (h) of the Bill add a new sub-clause (1) as under:

'Each Director, Governor, Deputy Governor and Auditor shall, before entering upon his duties or exercising any powers under this Act, make before the Justice of the Peace or other authorised officer a declaration of fidelity and secrecy in the prescribed form.'

As soon as the Reserve Bank Bill was published, I sent copies of it to the Reserve Bank of South Africa and also to the Reserve Bank of the Commonwealth of Australia, and I asked them, in the light of their working, if they could make any suggestions, and among the minor suggestions they made they said they did not see any provision for the Directors and Auditor to sign a declaration of secrecy. In every banking institution such declaration was necessary, and perhaps my friend, the Honourable Mr. Aravamudha Ayangar, will again urge that it is a small and minor matter which is provided for in the all-embracing clause 47. All the sins of omissions and commissions will be included there, but as such a declaration is contained in the Acts of the other Reserve Banks in other parts of the world, I think it is necessary that transactions of the Bank should be kept strictly confidential, and I therefore urge this amendment. In fact in some of the articles of Joint Stock Banks in England it is provided that if any Director in any way lets out secrets or any transactions of the Bank, he will be disqualified as a Director and vacate his seat. I therefore urge this amendment for the acceptance of the House.

**Mr. V. K. Aravamudha Ayangar:** Sir, I am sorry I have to oppose this amendment. The Currency Commission in paragraph 159 of their Report recommended that:

"The Governors, officers and employees of the bank shall be obliged to maintain secrecy in regard to the affairs of the bank and its customers, and any person contravening this provision shall be liable to a heavy penalty, fine or imprisonment, or both."

We considered the question whether it was necessary to include this in the Statute and came to the conclusion that, in accordance with the practice of our banks, it would be better to leave it to the bank to deal with such offences by dismissing the officer rather than put in a provision of this sort in this Bill. The proposal comes most appropriately from the Honourable Member who had in his possession the other day a document which he had no right to possess. I put it to the House that it is convenient and desirable that such a provision should not be put in the Bill.

**Mr. Vidya Sagar Pandya:** Sir, as a personal explanation I should like to say a few words. The Honourable Member has accused me of circulating a certain paper. I may inform the House that the letter which I have circulated to my friends was issued to some of my friends by the Finance Department before it was even adopted in the form of the Bill. I got the letter from one of the gentlemen who consulted me and asked my opinion of the new Bill which was going to be adopted on the lines of that letter, and I am sorry that he should accuse me of it when the Finance Department itself sent the circular to more than one Member and consulted them in the matter.

The motion was negatived.

**Mr. L. Graham** (Secretary, Legislative Department): Sir, arising out of the decisions reached by the House this morning on clauses (e) and (f) of sub-clause (1) of clause 8, I should like, with your permission, to move three consequential amendments. The first of these consequential amendments is:

"That clause (g) of sub-clause (1) of clause 8 be re-lettered as clause (e)."

Perhaps it would be most convenient if these amendments are put separately.

The motion was adopted.

**Mr. L. Graham:** My second consequential amendment, Sir, is to the effect that:

"In sub-clause (3) of clause 8, for the words and letters 'clauses (b), (e) and (f)' the word and letter 'clause (b)' be substituted."

**Mr. A. Rangaswami Iyengar:** I wonder if Mr. Graham thinks these consequential amendments are of any consequence. This renumbering seems to me to be entirely futile.

The motion was adopted.

**Mr. L. Graham:** The third consequential amendment is the following:

"That in sub-clause (4) of clause 8, for the letter '(g)' the letter '(e)' be substituted."

The motion was adopted.

**The Honourable Sir Basil Blackett:** Sir, perhaps you will allow me on the personal question which has just been raised, of which I do not wish to make much, to say that I am entirely ignorant of the authority for the Honourable Member's statement that the document to which he referred was circulated by the Finance Department or by myself at any time, because I do not think that was the case and I certainly was not responsible for doing it. Secondly, I would ask the

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Honourable Member to realise that even if that was so, a document has come into his hands marked "confidential" obviously confidentially and ought not to be used in this House.

Sir, I rise to move amendment No. 36 that stands in my name :

"After sub-clause (1) of clause 8, the following sub-clause be inserted, namely :

(2) If the Governor or Deputy Governor is by infirmity or otherwise rendered incapable of executing his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Governor General in Council may appoint another person to officiate for him; such person may be an officer of the Bank notwithstanding anything contained in clause (c) of section 7 ;

and sub-clauses (2), (3) and (4) of this clause be re-numbered (3), (4) and (5), respectively."

The purpose of this amendment is really explained by the wording of it. As the Governor and the Deputy Governor are appointed for a fixed period of 5 years it is necessary to provide for officiating appointments in cases of leave, illness, accident, etc., and the Governor should clearly be able to employ officers and employees of the Reserve Bank to officiate. Without this power they would be precluded from officiating, which is a natural thing for them to do when there is a temporary vacancy in the Bank.

Sir, I move.

**Mr. Vidya Sagar Pandya:** Sir, may I make a personal explanation again . . . . .

**Mr. President:** Order, order. I cannot allow repeated personal explanations across the table.

The motion was adopted.

**Pandit Thakur Das Bhargava** (Ambala Division: Non-Muhammadan): Sir, I move:

"That for clause 8 (2) substitute the following :

(2) After the first five years mentioned in clause (a) the Governor General in Council shall appoint the Governor and Deputy Governor on the recommendation made by the Board in this behalf."

You will be pleased to see, Sir, that this amendment seeks to place the power of selecting a Governor or Deputy Governor after the expiry of the 5 years in the hands of the Board instead of in the hands of the Governor General in Council. It has been said times out of number by the Honourable the Finance Member and other gentlemen who have been proposing that all political pressure should be eliminated so far as Directors are concerned that in the matter of the Reserve Bank Bill the Government are anxious that all political control may be eliminated. I will just refer the House to the speech made by the Honourable the Finance Member on the 29th August 1927. He then said :

'It would be absolutely contrary to my whole notion of the Bank that the Government should exercise any control whatsoever over the Bank. That is the fundamental principle on which the proposal is based.'

In quoting the Finance Member I have this in view, that I want to insist that his notion in regard to the electorate for the Directorate should

be the same as in regard to the selection of the Deputy Governor and the Governor. I maintain that the Governor General in Council or any power which eventually selects the Governor and the Deputy Governor will be exercising a very potent influence over the policy of the Reserve Bank and if this power is vested in the Governor General in Council he will be exercising that influence, that political influence about which the Finance Member is so anxious that it should not be exercised by the Government at all. Therefore I am only supplementing the efforts of the Honourable the Finance Member and testing his word, whether he really means that the Government will not exercise any influence whatsoever over the Bank. Secondly, since this Board would be a body which would not be responsible to the Governor General in Council and it would be a body responsible to itself, it is but proper that the Board should have the last word so far as the appointment of the Governor and the Deputy Governor is concerned. The Governor and the Deputy Governor would be better controlled by the Board because they would understand that their appointment and, as provided in a further clause of the Bill, their removal also is a matter which will be entirely within the discretion of the Board. I would therefore submit that this amendment should be accepted by the Government itself on that very principle about which the Government has been leading us to believe they are so anxious,—that they are not going to exercise any sort of influence whatsoever so far as this Bank is concerned. With these words, Sir, I commend this motion to the House.

**The Honourable Sir Basil Blackett:** Sir, I am grateful to the Honourable Member for the assistance which he is trying to give me in getting this Bill through. It is a new phenomenon to-day from him and I desire at once to recognise it and thank him for it. I am sorry, however, that I cannot follow him to the length of supporting his amendment. The relation between the Board and the Governor General is a question which we have discussed at some considerable length. Our desire is to get an independent Board duly responsible for the work that it does and feeling its responsibility, and that certain members of it containing among others a minority we hope nominated by the Governor General in Council for fixed periods who we may be sure from the date of their nomination will not be controlled by the Governor General in Council or in any way the creatures of the Government, which is, I think, what the Honourable Member fears. The arrangement is a very careful division of functions. Before appointing any Governor or Deputy Governor other than the first, the Governor General shall consider any recommendations made by the Board in this behalf. That puts, I think, the onus just where it should lie. There is neither complete power on the part of the Government to appoint anybody it likes without considering the recommendation of the Board, nor complete power of the Board to ignore the views of the Government as regards the appointment of the executive. The arrangement which is now proposed takes away complete Government control in the matter of appointment. That, I think, if the Honourable Member will study the Statutes of the various Central Banks of the world, is an arrangement which is usual, although I believe it does exist in the case of the Bank of England, where the Board is a Board which co-opts itself, itself perpetuating itself without any interference from anybody outside. But, generally speaking, the arrangement that has been found to work best by the rest of the world is this combination under which the Governor General in Council appoints on the recommendation of the



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Board, and I submit that on the whole that is a better arrangement than the one desired by the Honourable Member.

Sir, I oppose the amendment.

The motion was negatived.

**Mr. Vidya Sagar Pandya:** Sir, I beg to move :

“That in sub-clause (3) of clause 8 of the Bill, for the word ‘five’ the word ‘three’ be substituted.”

Being a new bank it would not be good to make this appointment for a longer period than three years and it is with this object that I want to reduce the period of their first appointment.

**Mr. V. K. Aravamudha Ayangar:** Sir, under sub-clause (3) in the Bill as reported by the Joint Committee, the Directors electd under clauses (c) and (d) of sub-section (1) shall hold office for a period of five years and the Directors nominated under clause (b), etc., shall hold office for a period of three years, but any Director shall be eligible for renomination or re-election. The result of my friend Mr. Vidya Sagar Pandya's amendment will be that all the Directors will go out at the same time and it is quite possible that the Board will consist wholly of new men who will not be conversant with the working of the Bank. In the interests of continuity of policy in the Bank it is necessary to have some Directors appointed for five years.

I oppose the amendment.

The motion was negatived.

**Mr. Vidya Sagar Pandya:** I might make another fruitless attempt and move my amendment.....

**Mr. President:** The Honourable Member does not wish to move it?

**Mr. Vidya Sagar Pandya:** I beg to move it, Sir. The amendment is :

“That after clause 8 of the Bill insert a new clause 8A as under :

‘8A. The Governor, the Deputy Governor or a Director shall be deemed to have vacated his office if  
Office of Governor, Deputy Governor or Director how vacated.

- (1) being the Governor or the Deputy Governor he engages, during his term of office in any paid employment outside the duties of his office;
- (2) he becomes insolvent or bankrupt or suspends payment or compounds with his creditors;
- (3) being a Director, he absents himself (except on leave granted by the Governor General in Council) from all meetings of the Board held during two consecutive months, or *during any three months* in any period of twelve months;
- (4) he becomes permanently incapable of performing his duties; or
- (5) if by notice in writing to the Bank he resigns his office.’ ”

The clauses contained in my amendment are generally found in the Acts of Reserve Banks of other countries. For instance sub-clause (1) here is section 15(c) of the Commonwealth of Australia Act No. 2 is similar to section 15(b) of the Commonwealth of Australia Act. Similarly there is a clause in the South African Bank Regulation No. 62(a). Item (3) is exactly sub-clause (c) of section 15 of the Commonwealth of Australia Act;

item (4) corresponds to No. (d) of section 15 (c) of the South African Regulation No. 62 (b) and item (5) is the same as the South African Regulation No. 60. It reads as under:

“A Director may retire from his office upon his giving one month's notice in writing of his intention to do so and such resignation shall take effect upon the expiration of such notice or earlier acceptance by the Board.”

Why I am very keen about this amendment is that the Directors, as in the case of the Imperial Bank of India, are not quite regular in their attendance; and in order that there may be continuity in the policy and control of the Board, it is necessary that a certain number of Directors should always be present at the meetings. It is with that object that I have brought this amendment—particularly item (3), that if a Director absents himself from all meetings of the Board held during two consecutive months, or during any three months in any period of twelve months—and the other clauses are generally incorporated in the objects of joint stock companies and Banks. I think in order to ensure attendance of the Directors and not make merely a very small quorum and leave the business in the hands of the Managing Governor and the Deputy Governors it is necessary to have this amendment. I commend the amendment to the House.

**The Honourable Sir Basil Blackett:** Sir, I hope the Honourable Member will believe that I am quite serious when I say that I think we are all grateful to him for the trouble he has taken in trying to help us see this Bill put in proper order. If unfortunately we have to oppose every one or nearly every one of his amendments, he will realise it is because he is perhaps taking an undue interest in the minutiae of the Bill. I cannot I am afraid agree to this amendment for two reasons: First of all, it provides for things which can much better be provided for in the Regulations and which there is every intention of providing for in the Regulations. Secondly, it provides for these things in a way in which I do not think the Government would be able to support the Honourable Member. He seems to have a conception of the Director of a bank as being a whole time servant of the bank. That is not my conception of a director's functions, and in those circumstances some of the provisions which he proposes to apply to the Directors would be inapplicable. Sir, I must oppose this amendment, unless the Honourable Member prefers to withdraw it.

**Mr. Vidya Sagar Pandya:** As an assurance has been given by the Honourable the Finance Member that the matters contained in my amendment will be provided in the Regulations. I ask leave to withdraw the amendment as suggested by the Honourable the Finance Member.

The motion was, by leave of the Assembly, withdrawn.

**Mr. President:** The question is:

“That clause 8, as amended, do stand part of the Bill.”

**Mr. Jamnadas M. Mehta** (Bombay City: Non-Muhammadan Urban): I am afraid, Sir, with the deletion of two important sub-clauses from clause 8, the soul of the Bill is gone. The Bill is hereafter a lifeless thing not worth two brass buttons to the country although the Government are free to carry on this futile and farcical discussion on their own responsibility. Clause 8, with the two sub-clauses which were introduced by the Joint Select Committee, gave life and reality to the control which the Board of Directors would exercise over this Bank. The nation was associated with that control; now without that association the Bank will inevitably drift under alien

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heels. As has been pointed out again and again, unless the control of this great Bank is in national hands, *i.e.*, in the hands of the elected representatives of the people, the essence of the Bill is gone. Sir Basil Blackett was assuring the country times without number that he had no mind to have a pugilistic fight over the Bill and that he would not like to put the Bill through unless it had the preponderant support and agreement of the House. If he really ever meant what he said, when he iterated and reiterated this promise, if he was earnest in his statements, he must have seen to-day that the fight has been pugilistic from beginning to end, and that it has been by a hair's breadth that he has escaped and that too by accident. If he feels that there is a preponderant agreement in the House over this proposal, then he is welcome to that fond delusion. But, as a matter of fact, if he proceeds further with the Bill, he will be guilty before the world of breach of solemn promises repeatedly made. My friend Mr. Graham said the other day that we had seen the last of the Bill. He must now be realising, Sir, how dangerous it is to prophesy until you know.....

**Mr. L. Graham:** My prophesy was conditional on the new Bill being proceeded with.....

**Mr. Jamnadas M. Mehta:** But that is by the way. I feel, Sir, that this House must make a protest against the improper imputation on the *bona fides* and the capacity of the Members which is implied in the omission of the two sub-clauses. I am not going into that great controversy regarding politicians against business men. I take it, Sir, that even those Honourable Members who talked so much of a business Board only meant that the Board must consist of men who would be businesslike and methodical. We all agree to that proposition; but, Sir, a businesslike and methodical way of doing things is not the monopoly of business men only. Not only that; I can prove the contrary from the working of the Bombay Municipal Corporation; there are, on that body, representatives of commercial associations who are good for nothing and who are distinguished by their age-long silence throughout its proceedings, year after year. Their membership is marked by a complete lack of method or system in the way they do or do not do the municipal business of the city; and therefore, I say, Sir, that businesslike and methodical habits are not the monopoly of business men but can be found in all walks of life; and it is obvious to everybody that in excluding Legislatures from the right to elect Directors to the Bank it was the mechanical majority of the Government which carried the day against sound common sense.

Another reason for excluding Legislatures is that there would be political pressure from those bodies on the working of the Bank. On the same grounds the Government control on the Bank should also be eliminated. The Commission agrees. Having said that there should be no Government control over the Bank, the Commission was faced with the fact that there would be four or five nominees of the Government on the Board and on page 38 of its Report, the Commission attempts to run away from its own recommendation:

"It has been urged sometimes that all members of the Board of a central bank of issue should derive their mandates solely from the shareholders, none being nominated by Government, but we consider that in the particular circumstances of India . . . . the Government should nominate a small minority"

and so forth. Now, Sir, what are these particular circumstances of India? The principle of central banking is, according to the Commission itself, that Government should have no control over the Central Bank; the peculiar circumstances of India are that its Government is admittedly a subordinate body and has got to dance to the tune of an alien agency, so that the peculiar circumstances of India would require that the Government should have nothing to do with the management of the Bank. The particular circumstances of India pointed to the necessity of keeping the Government not at an arm's length but a mile's length. And yet the Government controls this Bank at every stage. The executive of the Bank is wholly in the hands of the Government; some of the other Directors are the nominees of Government. Then again one officer of the Finance Department is there in an advisory capacity and of course, our European colleagues are there always to help the Government whenever there is a question of policy or principle. So that in the matter of control of this Bank the Government are flouting the accepted principles of central banking and are investing themselves with so much power that the Bank will become virtually a department of Government.

Sir, I am sorry to have to remind the House that the inclusion of mere business men cannot bring the millennium. When the policy of the Bank is being framed behind closed doors and as these business men understand what that policy means in terms of cash, it is some of them—these independent business men—who will make an honest million out of their knowledge of the inner affairs and not the politician; the poor fellow would simply go there and honestly give his opinion. And yet it is these business men who are to be trusted exclusively with the Directorate.

Then, Sir, it has been claimed that after this Bill passes there will be no Government interference in the matter of currency. Well, Sir, a high authority has explained what interference and non-interference means. There was a discussion in London on the Report of the Royal Commission in December 1926 when Sir James Brunyate, K.C.S.I., C.I.E., I.C.S., once a Member of the Secretary of State for India's Council, was the principal speaker, and he said that under the Reserve Bank, the currency and credit of the country will be administered with perfect detachment from political interests, *i.e.*, to quote his own words, the Bank will be "secured from day to day interference of the executive, but ultimately of course, subordinate to the high policy of the State". So that the so-called independence means immunity only from the day to day interference in the administration of the Bank's affairs which Government could not, even if they would, exercise, but ultimately of course the Bank will be subordinate to "the high policy of the State". And what is "the high policy of the State" in this country? The high policy of the State is so notorious now that hardly much time need be wasted in speaking of it. The high policy of the State is known all over India and the recent *hartals* tell you what the people think of that high policy. The high policy of the State is to regard the people of this country as its permanent slaves, to look upon this country as a vast estate, to regard it as the property of the British people and to exploit it for ever and ever until the people of India can by the strength of their own united efforts make it impossible. This is the high purpose and policy of the State in this country and Sir James Brunyate says that this Bank and this so-called independent Directorate will be ultimately subordinate to the high policy of the State. After this, is any

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thing more needed to show that this Bill no longer deserves any serious consideration and that the life has gone out of it? With the creation of the shadow Board as now decided there will come into existence a state of affairs which I will now point out. To-day, Sir, whatever may be the rights and wrongs of the currency policy—and they are all wrongs practically—the country has got at least one right: it can always protest, it can always point out evils. It can always show up manipulations and mismanagement, it can expose scandals in the management of India's currency. It can show up the party responsible and pin down that responsibility on certain individuals and officers. After this Bank comes into force, with this Directorate, even that right will disappear. If, in future there is an undue inflation of currency and prices are soaring high and poor people are suffering immense hardships, on account of inability to make both ends meet, if you come here and complain, those benches will say: "We have nothing to do with it, it is an independent Bank, we are not concerned with its policy". If on the contrary, there is that great disease of deflation from which India has been suffering, which crushes industries and paralyses all initiative and enterprise, if trade and industries are stricken with a slump, if unemployment is heavy, no questions will be answered in this House because forsooth this bank is an independent bank. If an immense amount of silver is sold in spite of solemn assurances to the country and if we complain of its undesirability, if we point out that it will reduce the value of the holdings of the poor, nobody in this House will get an answer because again that is a private affair of the Bank itself. In this and a thousand other ways the currency policy of the country will be carried on not by this ostensible shadow Board of the Central Bank but through them by the real masters of India—the London financiers; and yet there will be no one answerable on the floor of the House to the people of this country. That is why, Sir, I say that this Bill, deprived of the association on the Board of its Directors of the duly elected representatives of the people, is absolutely worthless and we have no further use for this measure.

Sir, in conclusion, I protest against the insult which the passing of this clause means to the House, the insinuation made against its capacity and good faith by the deletion of the two sub-clauses; it means that we, the Legislators, the chosen representatives of the people, could not be trusted to bring to bear a non-political outlook on business matters. This is the upshot of the deletion of the two clauses, and I ask Honourable Members whether they wish to allow this insinuation to go unchallenged. Let us not vote for our own condemnation and let the whole responsibility for insulting us rest with this Government. Without national control this Bill is not worth two brass buttons. Sir, I oppose this motion.

**Mr. N. C. Kelkar:** Sir, I join my voice with that of Mr. Jamnadas Mehta in opposing this whole clause. And my reason simply is this, that in my opinion, to use an engineering phrase, clause 8 was the keystone of the whole structure of the Bill from the point of view of control. That keystone has now been removed and by that keystone I mean the control of the Legislature, the supreme Legislature and the provincial Legislature, upon the administration of the Bank. Now, the Finance Member need not have cared for our sentiments in this matter, but he should have cared at least for his own reputation as the intelligent author

of a Bill like this, and especially *vis a vis* the proclamation he made from the house-tops about freeing this Bank from the control of the State. For after the deletion of these two clauses, what is the concrete position? We have here a Directorate of about 10 out of whom 5 are nominated by the Governor General himself, 4 go to the mercantile community and one alone goes to the Co-operative Banks. And the control of the Legislature is removed. There is no representation given to the great agricultural community in the country; no representation given to the trading community in the country, especially in the mufassil. And we are asked in all seriousness to make over this huge concern to a body constituted like this, a slip shod and lop sided body constituted like this and a body in which Government influence peeps in at every point, through every door and window. Then again, as we have it just now, there is a very irresponsible element introduced in this Bill owing to the fact that the Governor and the Deputy Governor are to be nominated by the Governor General. Of course that means either accepting or not accepting the advice of the Board in the matter. Now, this is a very dangerous element of irresponsibility. Here are so many Directors who ought to be responsible for the administration of the Bank, a very huge and big concern in which the vital interests of the country are involved. The whole economic life of the country is to be handed over to the administration of this Bank, and yet here the administrators themselves have not the option to appoint their own Governor, which means their own executive officer. Here you see exactly a repetition of that fallacy which is being committed in the other departments of Government, namely, in Local Self-Government especially, where we see for instance the Bombay Corporation is not given the right to appoint its own executive officer. Now a thing like that makes for irresponsibility altogether. The Directors are not to have their own executive officer, for the Governor General, as I said, under cover pulls the strings of administration and the wires of political mischief from every quarter. I think we should be making ourselves a laughing stock to the whole world if this mutilated Bill were given consent to to-day. Therefore, I oppose this clause.

**Mr. President:** The question is:

“That clause 8, as amended, do stand part of the Bill.”

The Assembly divided:

(After the votes had been recorded and before the result of the division was announced.)

**Mr. President:** The complaint I have received is that Mr. Abdul Matin Chaudhury when he first went into the lobby had declined to vote but has since changed his mind and wishes to vote in the “Noes” lobby and is not allowed to do so. Is he here?

**Maulvi Muhammad Yakub:** He is here.

**Mr. President:** I should like to know what are the facts.

**Maulvi Abdul Matin Chaudhury:** I want to vote with the “Noes.”

**Mr. President:** Did you say that you did not want to vote when you first entered the lobby?

**Maulvi Abdul Matin Chaudhury:** I did, Sir.

**Mr. President:** As this has happened before the result is announced, I allow Mr. Abdul Matin Chaudhury to vote for the “Noes.”

## AYES—49.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmad, Khan Bahadur Nasir-ud-din.  
 Alexander, Mr. William.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
 Nawabzada Sayid.  
 Ayyangar, Mr. V. K. Aravamudha.  
 Bajpai, Mr. G. S.  
 Blackett, The Honourable Sir Basil.  
 Bray, Sir Denys.  
 Chatterjee, Revd. J. C.  
 Chatterji, Rai Bahadur B. M.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Cosgrave, Mr. W. A.  
 Couper, Mr. T.  
 Courtenay, Mr. R. H.  
 Crawford, Colonel J. D.  
 Crerar, The Honourable Mr. J.  
 Dalal, Sardar Sir Bomanji.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Jowahir Singh, Sardar Bahadur  
 Sardar.

Keane, Mr. M.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Mitchell, Mr. D. G.  
 Mitra, The Honourable Sir Bhupendra  
 Nath.  
 Moore, Mr. Arthur.  
 Mukherjee, Mr. S. C.  
 Parsons, Mr. A. A. L.  
 Rainy, The Honourable Sir George.  
 Rajah, Rao Bahadur M. C.  
 Rao, Mr. V. Pandurang.  
 Roy, Mr. K. C.  
 Roy, Mr. S. N.  
 Sams, Mr. H. A.  
 Sassoon, Sir Victor.  
 Shah Nawaz, Mian Mohammad.  
 Shamaldhari Lall, Mr.  
 Shillidy, Mr. J. A.  
 Sykes, Mr. E. F.  
 Taylor, Mr. E. Gawan.  
 Willson, Sir Walter.  
 Yamin Khan, Mr. Muhammad.  
 Young, Mr. G. M.  
 Zulfiqar Ali Khan, Nawab Sir.

## NOES—50.

Abdul Matin Chaudhury, Maulvi.  
 Ayyangar, Mr. M. S. Sessa.  
 Bhargava, Pandit Thakur Das.  
 Chaman Lall, Diwan.  
 Chetty, Mr. R. K. Shanmukham.  
 Das, Mr. B.  
 Das, Pandit Nilakantha.  
 Dutt, Mr. Amar Nath.  
 Goswami, Mr. T. C.  
 Haji, Mr. Sarabhai Nemchand.  
 Ismail Khan, Mr.  
 Iswar Saran, Munshi.  
 Iyengar, Mr. A. Rangaswami.  
 Iyengar, Mr. S. Srinivasa.  
 Jayakar, Mr. M. R.  
 Jinnah, Mr. M. A.  
 Jogiah, Mr. Varahagiri Venkata.  
 Kartar Singh, Sardar.  
 Kelkar, Mr. N. C.  
 Kidwai, Mr. Rafi Ahmad.  
 Kunzru, Pandit Hirday Nath.  
 Lahiri Chaudhury, Mr. Dharendra  
 Kanta.  
 Lajpat Rai, Lala.  
 Malaviya, Pandit Madan Mohan.  
 Mehta, Mr. Jamnadas M.  
 Misra, Mr. Dwarka Prasad.

Mitra, Mr. Satyendra Chandra.  
 Moonje, Dr. B. S.  
 Mukhtar Singh, Mr.  
 Murtuza Saheb Bahadur, Maulvi  
 Sayyid.  
 Neogy, Mr. K. C.  
 Pandya, Mr. Vidya Sagar.  
 Purshotamdas Thakurdas, Sir.  
 Rafique, Mr. Muhammad.  
 Rahimtulla, Mr. Fazal Ibrahim.  
 Rang Behari Lal, Lala.  
 Ranga Iyer, Mr. C. S.  
 Rao, Mr. G. Sarvotham.  
 Sarda, Rai Sahib Harbilas.  
 Sarfaraz Hussain Khan, Khan  
 Bahadur.  
 Shafee, Maulvi Mohammad.  
 Siddiqi, Mr. Abdul Qadir.  
 Singh, Kumar Rananjaya.  
 Singh, Mr. Narayan Prasad.  
 Singh, Mr. Ram Narayan.  
 Sinha, Kumar Ganganand.  
 Sinha, Mr. R. P.  
 Sinha, Mr. Siddheswar.  
 Yakub, Maulvi Muhammad.  
 Yusuf Imam, Mr.

The motion was negatived.

**Mr. President:** The question is:

“That clause 9 do stand part of the Bill.”

**The Honourable Sir Basil Blackett:** I desire to ask you in the circumstances not to proceed with the Bill to-day in view of the fact that Government desire to reconsider their position and consider whether in view of the voting it does not show that the House does not desire to have a Reserve Bank at all.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 9th February, 1928.