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LEGISLATIVE ASSEMBLY DEBATES

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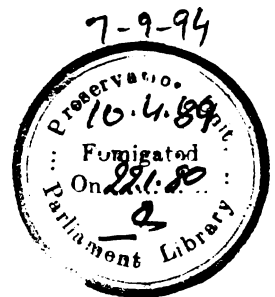
SECOND SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1928



DELHI
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1928



Legislative Assembly.

President :

THE HONOURABLE MR V. J. PATEL.

Deputy President :

MAULVI MUHAMMAD YAKUB, M.L.A.

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

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

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

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

Assistants of the Secretary :

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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.

Friday, 10th February, 1928.

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

MEMBER SWORN :

Mr. Cyril James Irwin, M.L.A. (Central Provinces : Nominated Official).

QUESTIONS AND ANSWERS.

PERSONNEL OF THE STATUTORY COMMISSION, ETC.

165. *Mr. M. K. Acharya: Will the Government be pleased to state :

- (a) Whether before announcing the Statutory Commission to enquire into the working of the Reformed Constitution, the Government of India was consulted by the Government in England as regards the personnel of that Commission?
- (b) Whether the Government of India was against the appointment of any Indian on the said Commission?
- (c) When the consultation, if any, took place between the Government of India and the Government in England on this matter? and
- (d) Whether the Government of India urged or recommended the appointment of the said Commission in 1928? If so, for what reason?

The Honourable Mr. J. Crerar: (a), (b) and (c). The question of the composition of the Statutory Commission was one for the decision of Parliament and His Majesty's Government. It would, as the Honourable Member will recognise, be contrary to established practice for me to give any indication of the nature of any communications that may have passed in this connection.

(d) The reasons which influenced His Majesty's Government to advance the date of the enquiry are indicated in the statement issued by His Excellency the Viceroy on the 8th November 1927.

DEPUTATION OF OFFICERS TO COLLECT MATERIALS FOR THE STATUTORY COMMISSION.

166. *Mr. M. K. Acharya: Will the Government be pleased to state :

- (a) Whether any officer or officers have been deputed by it to collect the materials for any inquiry by the Statutory Commission?

(b) How long they have been collecting such materials? and

(c) What general lines of instructions, if any, as to the manner and extent of their work have been issued to those officers?

The Honourable Mr. J. Crerar: (a) Two officers have been placed on special duty in the Home Department to collect material for the use of the Government of India.

(b) One officer was placed on special duty with effect from the 4th April, 1927, and another from the 6th June, 1927. There was a change of personnel in the second appointment on the 16th July, 1927.

(c) The instructions given to these special officers require them to collect from existing sources material bearing on such questions as the Government of India think are likely to emerge.

Mr. K. Ahmed: Are the Government aware of the reports published in the newspapers that the Parliamentary Party in the Council of State have passed a resolution to the effect that no value would be attached by the public to the issues which would be framed on materials supplied to the Simon Commission by the officers engaged by Government?

The Honourable Mr. J. Crerar: I have not been able to grasp the purport of the Honourable Member's question.

Mr. K. Ahmed: The documents and reports emanating from the Joint Committee can be forwarded to the British Parliament and they may be made an annexure to Simon Commission's Report for presentation to His Majesty the King Emperor. But will that be equivalent to our getting equality of status?

The Honourable Mr. J. Crerar: I do not think, Sir, that question arises.

Mr. K. Ahmed: Is it not a fact, Sir, that in the terms of reference to the Statutory Commission, the question of the rights and functions of the Committee of the Central Legislature which may hereafter be formed by election is referred to? Does not my supplementary question cover that?

The Honourable Mr. J. Crerar: No, Sir. I cannot perceive that there is any connection between the Honourable Member's supplementary question and the appointment of special officers in the Home Department.

Mr. K. Ahmed: As this question has been answered by the Honourable the Home Member, should he not say what exactly, in relation to the officers deputed, are the rights and functions of the Committee of the Central Legislature?

An Honourable Member: Please wait for the next question.

POWERS AND FUNCTIONS OF THE COMMITTEE OF THE CENTRAL LEGISLATURE TO BE ASSOCIATED WITH THE STATUTORY COMMISSION.

167. ***Mr. M. K. Acharya:** Will the Government be pleased to state:

(a) What exactly the rights and functions will be of the Committee of the Central Legislature which the Government desire to appoint for co-operating with the Statutory Commission?

- (b) Whether the Committee will have the power to draw up a scheme for the establishment of responsible government in India at an early date?
- (c) Whether the proposed Committee of the Central Legislature will have the power to draw up their own report and submit their own recommendations to the Parliament in case they differ from the conclusions of the members of the Statutory Commission? and
- (d) If the answer to (b) and (c) be in the negative, what opportunities the Central Legislature will have to place their own conclusions and recommendations before the Government and the Parliament in England?

The Honourable Mr. J. Crerar: All matters relating to the procedure of the Statutory Commission are solely within the competence of that body.

Mr. K. Ahmed: With regard to question No. 166 and this question, Sir, is it not stated there that an officer or officers of the Government have been appointed to collect the materials to be placed before the Simon Commission and also to define exactly the rights and functions of the Central Legislature? How will the reports emanating from the Joint Committee which will be forwarded to the British Parliament as an annexure to the Simon Commission's Report for presentation to His Majesty the King Emperor and the publication of the same give an equality of status to us and the people of India?

(Mr. President called on Mr. Haji Abdoola Haroon to put his question.)

Mr. K. Ahmed: My supplementary question has not been answered, Sir, and I have not finished.

HARDSHIPS OF PILGRIMS AT KAMARAN.

168. ***Haji Abdoola Haroon:** Will Government be pleased to state whether their attention has been drawn to an article under the caption of "Hardships to Pilgrims at Kamaran" published in the *Ahle Hadis* of Amritsar, dated 20th January, 1928?

Mr. G. S. Bajpai: Government have not seen the article in question.

Haji Abdoola Haroon: Will Government be pleased to take steps to see it?

Mr. G. S. Bajpai: If the Honourable Member will supply me with a copy of the article, I shall be very happy to see it.

An Honourable Member: Free of cost. .

QUARANTINE ARRANGEMENTS FOR PILGRIMS AT KAMARAN.

169. ***Haji Abdoola Haroon:** Will the Government be pleased to state:

- (a) Whether it is a fact that a pilgrim has to undergo quarantine at two different ports, *viz.*, Kamaran and Jeddah?
- (b) Whether it is a fact that before the war the pilgrims had to be medically examined at one of the two ports, *viz.*, Kamaran or Jeddah?

- (c) Whether it is a fact that a pilgrim from Karachi or Bombay or Calcutta remains on board the ship for about 10 days before reaching Kamaran?

Mr. G. S. Bajpai: (a) Pilgrims have to undergo quarantine at Kamaran. During the pilgrimage of 1926 the Hedjaz Government agreed to allow ships proceeding to Jeddah with a clean bill of health from any recognised quarantine station to land pilgrims directly on the ships' arrival. So far as the Government of India are aware, the same arrangement was in force in 1927.

(b) The reply is in the affirmative.

(c) The period varies from 10 to 13 days in the case of ships proceeding from Karachi or Bombay and from 14 to 18 days in the case of ships proceeding from Calcutta.

HARDSHIPS OF PILGRIMS AT KAMARAN.

170. ***Haji Abdoola Haroon:** Will the Government be pleased to state :

- (a) Whether it is a fact that a pilgrim while undergoing quarantine at Kamaran has to carry a bundle of clothes with him, leaving his belongings on the ship?
- (b) Whether it is a fact that the ship authorities do not hold themselves responsible for a theft committed in the ship even during the period when all the pilgrims have left the ship for quarantine?

Mr. G. S. Bajpai: (a) and (b). The Government of India have made inquiries on both these points and on receipt of information will supply it to the Honourable Member.

QUARANTINE DUES AT KAMARAN AND JEDDAH.

171. ***Haji Abdoola Haroon:** Will the Government be pleased to state :

- (a) Whether the pilgrims have to pay pilgrim dues both at Kamaran and Jeddah?
- (b) Whether it is a fact that before the war the pilgrims were charged pilgrim dues only once, either at Kamaran or Jeddah?

Mr. G. S. Bajpai: (a) and (b). So far as the Government of India are aware, pilgrims were charged quarantine dues at Kamaran before the war also. As regards Jeddah they have no precise information in respect of the pilgrimage of 1927, but in previous years a passport and quarantine fee was charged at Jeddah.

EXPENDITURE ON THE MEDICAL STAFF AT KAMARAN, ETC.

172. ***Haji Abdoola Haroon:** Will the Government be pleased to state :

- (a) The cost of keeping medical staff at Kamaran?
- (b) The total amount of dues realised from the pilgrims during the year 1927 at Kamaran?
- (c) The name of the Medical Officer at Kamaran?

(d) Whether the Medical Officer at Kamaran issues the annual reports of his work?

(e) What are the arrangements of lodging, etc., for the pilgrims who leave the ship for quarantine purposes at Kamaran?

Mr. G. S. Bajpai: (a) and (b). A statement giving the information required has been placed in the Library.

(c) Dr. N. K. Chohan is the Indian Medical Officer at Kamaran.

(d) No.

(e) Pilgrims are ordinarily accommodated in mat huts, but a limited amount of more substantial accommodation is under construction for well-to-do patients.

HANDCUFFING OF PROFESSOR INDRA WHILE BEING TRANSFERRED FROM THE DELHI TO THE FEROZEPUR JAIL.

173. ***Lala Lajpat Rai:** (a) Has the attention of the Government of India been drawn to the transfer of Professor Indra, Editor of *Arjuna*, who is undergoing a sentence of imprisonment, under section 153 of the Indian Penal Code, from Delhi jail to Ferozepur jail?

(b) Is it a fact that while being thus transferred, he was handcuffed with another prisoner named Satyakam, and heavily manacled?

(c) Have the Government of India sanctioned this kind of treatment being accorded to prisoners of this class?

(d) If not, do they propose to enquire as to who was responsible for this treatment, and are they prepared to issue orders to prevent the recurrence of such incidents?

The Honourable Mr. J. Crerar: I am enquiring into the matter but have not yet received full details. I shall communicate further with the Honourable Member in due course.

REFUSAL OF THE AGENT OF THE GREAT INDIAN PENINSULA RAILWAY TO SUPPLY A COPY OF HIS HAND-BOOK TO THE WADI BUNDAR STAFF UNION.

174. ***Mr. N. M. Joshi:** Will Government be pleased to inquire whether it is a fact:

(a) that the Wadi Bundar Staff Union had applied to the Agent for a copy of the Agent's Hand-book on the condition of usual payment?

(b) that neither a reply nor a copy of the Hand-book was given to the Union by the Agent?

(c) that copies of the said Hand-book are supplied to the public on payment of the prescribed price by the Great Indian Peninsula Railway?

(d) If the answer to (c) be in the affirmative, will Government state on what grounds the request of the Union was not granted?

Mr. A. A. L. Parsons: (a) and (b). Yes.

(c) No.

(d) Does not arise.

Mr. N. M. Joshi: May I ask, Sir, why the Hand-book is not made available to the Union?

Mr. A. A. L. Parsons: It is not available to anybody except to the Agent and other officials of the Railway.

Mr. N. M. Joshi: May I know why the members of the Union, who are also officers of the Railway, should not be supplied with a copy of the Hand-book if the Agent and officers of the Railway can get it.

Mr. A. A. L. Parsons: I have not seen the Hand-book myself, but I understand it is a purely departmental document.

Mr. N. M. Joshi: Why should not a copy be made available to the members of the department, I mean to the officials at Wadi Bundar?

Mr. A. A. L. Parsons: Do you mean officials of the Union?

Mr. N. M. Joshi: Members of the Union are officials of the Railway?

Mr. A. A. L. Parsons: I imagine, if they do not get it, it is because it would be of no particular use to the officials at Wadi Bundar, for use in their work.

**RECRUITMENT OF EMPLOYEES OF THE GREAT INDIAN PENINSULA RAILWAY
BY THE RAILWAY CLEARING ACCOUNTS OFFICE, DELHI.**

175. ***Mr. N. M. Joshi:** Will Government be pleased to state:

- (a) how many employees (excluding menials) have been or are proposed to be recruited from the Great Indian Peninsula Railway Audit Office by the Railway Clearing Accounts Office, Delhi?
- (b) What, if any, extra allowances have been or will be granted to those employees on their transfer?
- (c) What is the present scale of pay sanctioned for the permanent subordinate staff of the Clearing Accounts Office, Delhi?

Mr. A. A. L. Parsons: (a) About 200.

(b) The question has not yet been considered.

(c) I am sending the Honourable Member details of the rates of pay.

**ISSUE BY THE AGENT OF THE GREAT INDIAN PENINSULA RAILWAY OF A
FREE SECOND CLASS PERIODICAL PASS TO A CLERK OF THE WESTERN
INDIA TURF CLUB.**

176. ***Mr. N. M. Joshi:** Will Government be pleased to enquire whether it is a fact:

- (a) that a second class periodical free pass available between Bombay and Poona was issued to a clerk of the Western India Turf Club by the Agent, Great Indian Peninsula Railway?
- (b) If the answer to (a) be in the affirmative, will Government be pleased to state their reasons?

Mr. A. A. L. Parsons: Government are not prepared to make enquiries in a small matter of this kind. They can rely on the Agent not to have issued a pass, except for good and sufficient reason.

GRANT BY THE GREAT INDIAN PENINSULA RAILWAY OF FREE PASSES TO THEIR STAFF RESIDING IN THE SUBURBS OF BOMBAY.

177. ***Mr. N. M. Joshi:** (a) Will Government be pleased to enquire whether it is a fact that the Bombay, Baroda and Central India Railway Administration grant free passes to their staff, residing in the suburbs of Bombay?

(b) If the answer to (a) be in the affirmative, will Government be pleased to state whether the Great Indian Peninsula Railway Administration grant free passes to their staff residing in the suburbs of Bombay? If not, why not?

Mr. A. A. L. Parsons: Though Government have no definite information, they believe that the Bombay, Baroda and Central India Railway Administration grant passes to their staff residing in the suburbs of Bombay, while the Great Indian Peninsula Railway have a system of charging a reduced fare. The matter is entirely at the Agents' discretion, and Government are not prepared to ask either the Bombay, Baroda and Central India or the Great Indian Peninsula Railway Administrations to alter their practice, merely in order to obtain uniformity.

Mr. N. M. Joshi: May I ask, Sir, if a change of practice to obtain uniformity involves the welfare of the employees of the Indian Railways, Government will make inquiries in this matter?

Mr. A. A. L. Parsons: If the Agent of the Great Indian Peninsula Railway considers it necessary to change the practice. I have no doubt he will do so, Sir.

Mr. N. M. Joshi: May I ask, Sir, whether the Government of India have given up their control over the Great Indian Peninsula Railway?

Mr. A. A. L. Parsons: No, Sir.

Mr. N. M. Joshi: May I know, Sir, why they should not make inquiries in a matter upon which the welfare of the employees depends?

Mr. A. A. L. Parsons: They have no reason to believe that the employees of the Great Indian Peninsula Railway do not receive sufficient concessions in this matter.

BILLS 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 following Bills which were passed by the Council of State at its meeting of the 9th February, 1928.

They are:

1. A Bill further to amend the Indian Territorial Force Act, 1920, for certain purposes.
2. A Bill further to amend the Auxiliary Force Act, 1920, for certain purposes.

PETITIONS RELATING TO THE INDIAN LAW REPORTS BILL.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, under Standing Order 78, I beg to present 9 petitions signed by 103 members of the Bar as per statement laid on the table relating to the Bill to regulate and improve the Law Reports which was introduced in the Legislative Assembly on the 1st February, 1927.

STATEMENT.

Petitions relating to the Bill to regulate and improve the Law Reports which was introduced in the Legislative Assembly on the 1st February 1927.

| Number of signatories. | District or town. | Province. |
|------------------------|-------------------|-------------------|
| 50 | Madras. | Madras. |
| 10 | Lucknow. | United Provinces. |
| 10 | Patna. | Bihar and Orissa. |
| 5 | Rangoon. | Burma. |
| 11 | Karachi. | Bombay. |
| 7 | Allahabad. | United Provinces. |
| 10 | Lahore. | Punjab. |

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

Mr. President: The House will now resume further consideration of the Gold Standard and Reserve Bank of India Bill clause by clause.

The question is:

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

The Honourable Sir Basil Blackett (Finance Member): Sir, before you proceed to put clause 9, I should like, Sir, with your leave and with the leave of the House to make a statement about the position which has been reached.

The Government of India have carefully considered the situation created by the divergent conclusions in regard to clause 8 of the Reserve Bank Bill arrived at by the Assembly last Wednesday and in particular the practical consequences of the final decision to omit the clause. The main purpose of the Bill was to establish a Reserve Bank and thereby to transfer the control of currency and credit to an independent non-official body in India and at the same time to effect far-reaching reforms in the monetary and banking machinery of India. Government had reason to believe, and still believe, that informed opinion in the country is generally in favour of the establishment of a Reserve Bank, and the House has on more than one occasion affirmed the principle. In proceeding with the old Bill, the Government were actuated by the desire to give the Assembly a clear opportunity of deciding for itself whether or not it wanted a

Reserve Bank on sound lines. The Assembly has now had that opportunity. The decisions taken by it on Wednesday are none too easy to interpret and might almost be said to have been contradictory. But the decision to omit clause 8 was in any case quite clearly a wrecking amendment and it renders any attempt to proceed with the Bill, if not impossible, at any rate unseemly. This would be true even if both the Government and the House were unanimous in desiring to proceed further. The vote in favour of the omission of clause 8 is in fact very little different in its consequences from a rejection of the principle of the Bill. The Government feel, therefore, that they must construe the course of events on Wednesday as an indication of the absence of that measure of general support for the Bill among representatives of public opinion within the Assembly which they think they ought to have behind them in carrying through so important a financial reform. In these circumstances, while expressing their gratitude to those who have striven to secure for India the benefits of a Reserve Bank, they see no sufficient reason for pressing the Government view further upon the House. They must take it that the House prefers to continue the existing currency system and the existing machinery and methods of control of Indian currency and credit, which, though frequently criticised by some of those who have been most active in opposing this measure, have given signal proof of their efficacy and value in securing stable monetary conditions for India during the period which has elapsed since the passing of the Currency Act of 1927; and, in the absence of a more effective public demand for a change, the Government do not now propose themselves to take any further steps with a view to the introduction of the reforms which the Reserve Bank Bill was designed to bring about. The Bill is, of course, still before the House. But, in the absence of any easy means by which we can usefully continue our consideration of the remaining clauses, I would suggest to you, Sir, that the debate should be adjourned. Should this course be agreed upon, I should be glad of an opportunity, before you adjourn the House for the day, of making a statement in regard to the further course of Government business.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, the House and the country will breathe a sigh of relief that the unfortunate measure is no longer to be proceeded with; and I do congratulate the Government on realising, in however belated and tardy a manner, that the country did not desire a Bill like the one which they were most obstinately trying to foist upon it.

The Honourable Sir Basil Blackett: I should like to interrupt the Honourable Member to say that I have just stated the contrary. I have just stated that the Government do not hold the opinion that the country do not wish to have that Bill.

Mr. Jamnadas M. Mehta: True; you will say so. But the country and the House have demonstrated that they do not want this unfortunate Bill in the form in which the Government obstinately wanted to foist it upon them. Sir, the tactics which the Government adopted in jumping from one extreme to the other from the very beginning of this Bill have been very unedifying. They agreed to the State Bank.

The Honourable Sir Basil Blackett: No.

Mr. Jamnadas M. Mehta: I am quoting from memory, but I think I am perfectly accurate.

The Honourable Sir Basil Blackett: Conditionally.

Mr. Jamnadas M. Mehta: The words of the Honourable Member were that as a contribution to the spirit of harmony which the Government desired on this Bill they acquiesced in the decision taken about the State Bank. I would ask the Honourable Member to refer to his own speech when the decision to constitute a shareholders' bank was taken in this House. As a contribution to the spirit of harmony—by that statement I take it that the Government declared that, if the House was keen on a State Bank they would not stand in the way. After doing that, the Finance Member, Sir, goes to England and, instead of converting the Secretary of State, comes back converted and then proceeds to introduce a new Bill radically different from the one under consideration and attempted to outrage constitutional proprieties. Sir, these tactics were most unedifying and I say, Sir, it is a relief that at last Government have taken the right course. It is not true that the country or the House want the present system of finance and currency to continue. Far from that. The fact of the matter was and is, that we are between the devil and the deep sea. On the one hand, they had the uncontrolled and irresponsible manner in which the Secretary of State went on manipulating their currency. On the other hand, there was a measure of decentralisation which Government insisted on having in a particular form, and no other. That is the reason for the deadlock. Not that the country or the House do not want a real Central Bank. We have said again and again that we wanted a truly Central Bank of issue under national control; the Government were not willing to give such a bank. That is the reason for the failure of this legislation. Sir, if we had passed the new Reserve Bank Bill in the manner in which Government wanted it, we would have given a Magna Charta to British financial interests for a ruthless exploitation of the country for 25 years, and that was a course we were not prepared to take, and the whole responsibility for obstinately insisting on only a particular kind of Reserve Bank and no other and for therefore jettisoning this measure for a Reserve Bank is on the Government. The Government's obstinacy has cost the country—what? The Government's obstinacy has cost the country even the abandonment of a national gold mohur. Even the national gold mohur is for the present gone; we have also lost a true measure of a Reserve Bank under national control; and the net result of the labours of the glorified Commission is that the country will remain under a gold exchange standard with the disastrous eighteen pence ratio. That is the result of all the activities of the Government since August, 1925. The entire blame and responsibility, Sir, is on the shoulders of the Government.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I join with my Honourable friend Mr. Jamnadas Mehta in expressing a sense of real relief at the decision which the Government have arrived at. We have long desired that the system of financial administration of India, the system under which the Secretary of State exercises enormous powers over the finances of the country, should be put an end to. What we desired was that the power which the Secretary of State exercises should be transferred, not from the Secretary of State to the Finance Member of the Government of India or to

any other executive authority in this country, but to the representatives of the people whose interests are affected by the financial operations of the Government. The measure which the Government put forward was clearly not a measure which would transfer that control to the representatives of the people. The greatest and plainest condemnation of that measure lies, Sir, in the opposition which the Government have from the beginning to the end showed to the inclusion, in the clause constituting the Directorate of the Bank, of any provision giving this Legislature, acting in conjunction with the other Legislature, any voice in the selection of any of the Directors of the Bank. If the Bill had been passed in the form in which the Government wanted it, the result would have been that while at present the Secretary of State and the Government of India are the two authorities which have to work together in order to decide financial questions of importance for India, the responsibility of the Secretary of State would have been eliminated and the power which he exercises at present would have been transferred to the Finance Member or to the Executive Government of India. That would certainly not have been to the advantage of the people of this country. I submit, Sir, that every sensible Indian who has studied this question—and I claim that there are sensible Indians who understand the financial questions which the Bill dealt with—will be gratified to learn that after all this Bill will not be proceeded with. The discussion on this Bill, Sir, has brought out in great relief those aspects of the present system of Government which are a constant reminder to us of the evils of that system. It has shown that, thanks to that large-hearted great man, no longer in this world, Mr. Edwin Samuel Montagu, thanks to his efforts, though Parliament agreed at a time when the memories of the war were still not forgotten, to introduce a system of administration in this country which is represented by the present Legislature, the members of the English bureaucracy do not desire to transfer any real power of financial administration to the representatives of the people. I cannot recall in history any attempt such as the Government have made to keep the representatives of the people in a duly constituted Assembly like this from exercising any power in the financial administration of the country. I submit, Sir, that the manner in which this Bill was pioneered, the manner in which it was taken from one stage to another, the manner in which after the Finance Member had acquiesced, as he did at one time, in the idea of a State Bank, the Secretary of State or his representative interdicted the further progress of the Bill in September last, the manner in which the Finance Member was called to England to receive his instructions from the Secretary of State or his representative, and the manner in which, as has been shown here, he was bound hand and foot to proceed with the Bill as drafted by the Secretary of State or his advisers and not to depart from it except for making drafting changes in words, is a sadly eloquent commentary upon the viciousness of the present system. That the financial affairs of 320 millions of people should be entrusted to the keeping of one man, whoever he may be, who sits six thousand miles away from this country and that he should have the power to insult this Legislature by requiring it to register his decrees, is the greatest condemnation of the present system. I feel, Sir, a sense of relief that the Bill is to be dropped because I feel that this is a measure which was being forced by a tyrannical Government upon a people who have not yet got freedom to administer the affairs of their country. It would have been impossible for

[Pandit Madan Mohan Malaviya.]

any Government, for any Finance Member, in any free Assembly, to introduce a Bill of the nature which is now, I am glad to see, being dropped. We are not yet free, and we want freedom to be able to determine how the Directorate of our State Bank shall be constituted before we can create a Reserve Bank. We have lived 150 years and more under a very vicious system of financial administration. The financial administration of the Government of India is a standing condemnation of that system, and if we had a Bill thrust upon us under the present circumstances in the manner in which it was sought to thrust it upon us, it would have been not a Bank for a free people who want to live and prosper and get power in the world, but a Bank which would not allow the people to build up national life as it should be developed by them. For these reasons, Sir, I am right glad that the Bill is not to be proceeded with, and I congratulate the country upon its escape from an evil of a great magnitude.

***Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, in the first instance I must point out to the House that the statement made by the Leader of the House, the Finance Member, is not only incorrect, but I venture to say is very misleading. The Finance Member and this House know perfectly well that this Bill was proceeded with and the Government acquiesced in the principle that the Bank we proposed to create should be a State Bank. I do not think that fact can be denied by anybody.

The Honourable Sir Basil Blckett: If the Honourable Member will add "conditionally" I will agree with him.

Mr. M. A. Jinnah: I know. I say that the Government acquiesced that the Bill should proceed upon the principle of a State Bank. The only two outstanding questions of dispute were the question of the Deputy Governor and the constitution of the Board of Directors. That is a statement which cannot be denied by anybody, and it is wrong for the Finance Member to say that this House does not want a Reserve Bank. After that, this House was engaged earnestly and sincerely in co-operating with the Government to find a solution of the two points in dispute, namely, the question of the Deputy Governor and the constitution of the Board. I think the Finance Member will admit that on those two points there was serious difference of opinion amongst Members on this side of the House. I am quite sure, Sir, that if the Honourable the Finance Member had not bungled the business as he did, he would have carried this Bill on that principle in the last Session of the Assembly. But in what position are we to-day? The Finance Member went to England and spent some weeks I suppose in the company of the Secretary of State for India and in the corridors of the India Office, and he came back. And what is the announcement that he makes? The announcement that he makes is this. He has published a brand new Bill, and that of course dispenses with the procedure that one normally follows of asking for the leave of this House to introduce the Bill. On the 1st of February, the very first day of the Session—I congratulate him on his activities and his zeal—he attempted to introduce that Bill. That motion was ruled out. Now we know the avowed intention and determination of the Government and we have an unmasked, naked proposal that we should stand upon the principle that the Bill shall be based on a shareholders' scheme, and Government with that determination which they made public to the world decided deliberately to proceed with this Bill. Sir, it was a farce and I am glad that this House

*Speech not corrected by the Honourable Member.

has given the only answer that could be given to this farce, and that is to kill the Bill at the first opportunity that we could get. Now, what is the good of blaming this House, what is the good of saying to this House that we do not want a Reserve Bank? You are starting with this Bill knowing perfectly well that you will take it to the other House, that you will take your decisions there again with a majority which you can always command in that House, and you will shape this Bill on a different principle, namely, the principle of a shareholders' bank. Sir, we say we do not want that, and the only answer that we could have given was to omit clause 8 from the Bill. If clause 8 had not been omitted through the presence of some recalcitrant Members who could not be secured on that day, it would have been finished perhaps later on. Well, I can assure the Government that we were determined to put an end to that Bill and to put an end to that farce, which was being enacted and continued, at the earliest possible moment. I am very glad that it was not a prolonged agony through which we had to pass.

Mr. H. G. Cocks (Bombay : European) : As one who has heard as much of the discussion of the Reserve Bank as any one, not only in Bombay and Calcutta but in Simla, I should like to make a few remarks about the position as I see it. The three speeches to which we have just listened could hardly be termed an impartial survey of the situation. On the very first day in Bombay the big question arose as to whether the structure of the Government Bill which was that of a shareholders' bank, as recommended by the Royal Commission on Currency, was to stay or to go. The decision of the Joint Committee was that it must go in favour of a State Bank. That had the approval of a majority of the Joint Committee. The Finance Member was perfectly candid at the time and told the Committee that it might easily be the end of the Bill. At the same time he was prepared, although it went against the whole structure of the Bill—he was prepared to continue and to do the best he could for the Bill. We went to Calcutta and carried on with the Bill. We presented our report with the necessary minutes of dissent. We went to Simla, and it is perfectly true, as Mr. Jinnah has said, that the Government were prepared to approve conditionally the principle of a State Bank. Mr. Jamnadas Mehta may shake his head, but it was undoubtedly the announcement of the Government that they would approve of a State Bank provided a Board could be got together which would be acceptable to them. We spent many hours in Simla both in and outside the House, trying to get to the bottom of the problem and trying to arrive at a Board which would be satisfactory. But the whole Bill has been argued and has fallen on the principle of the election of Directors. (*An Honourable Member*: "No".) The Government have from the first set out for the principle, which the Royal Commission recommended, that the Legislatures should not appoint Directors. That principle is no new one, it is found in every

Pandit Madan Mohan Malaviya : My Honourable friend is not correct in making that statement.

Mr. H. G. Cocks : It is found in nearly every Central Bank of the world, and it is not a new principle, and it is a principle which the Government decided to adhere to. This House, on the other hand, has gone to the reverse side of that principle and has said that we will not have this Bill unless we get a right to appoint some of the Directors. The whole question is whether the Government is justified in sticking out for their view, and in the view of commercial opinion throughout the country

[Mr. H. G. Cocke.]

(*An Honourable Member*: "Not throughout the country."), European and to a certain extent Indian (*An Honourable Member*: "Not Indian opinion.") I am speaking of commercial opinion. I said European commercial opinion and to a certain extent Indian commercial opinion has approved of the principle that this House should not be permitted to elect Directors of the Bank. This House will not accept that principle; the long and short of the whole matter is that we broke on that principle and the Bill is dead. Whether in future any member on the Government Bench will be prepared to bring a Bill forward without that principle in it I do not know, but I hope I shall not be here when that state of things arises. (*An Honourable Member*: "Let us hope so.")

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan Rural): I just want to add one word. The Honourable the Finance Member said that the country practically approved of the principle which has been advocated by him. I put to him an easy test. Let him eliminate in all these divisions the votes of the nominated and Government official Members and see what the consequence is. That will give him an easy test of the verdict of the country about this Bill. May I ask Government if they will take a lesson from the fate of this Bill here, and that lesson is that there is no use governing this country by the votes of the official and nominated Members *plus* a few people who defy the public opinion of this country. Government managed to carry their amendments only by a majority of two votes. (*An Honourable Member*: "One.") Sir, I stand corrected. I will say by one vote. Was that really an adequate expression of public opinion of this country in favour of Government?

Mr. M. A. Jinnah: Oh, yes, of the Treasury Benches.

Lala Lajpat Rai: It was made clear to Government at the Simla Session that we were determined to obstruct and oppose it by all possible and legitimate means if the principle for which we stood, *viz.*, a State Bank and the majority of elected Indian Members, was not conceded. Government tried its best to carry the measure by the help of one vote. They did not think at that time that they were doing an unfair or an improper thing. The Honourable the Finance Member was quite right when he said in the Simla Session that he did not want to carry a measure of this kind by a narrow majority. He knew, perhaps he was conscious, he might have a narrow majority in his favour even then, but he was quite right when he said that a far-reaching measure of this kind should not be carried by a narrow majority in a spirit of controversy. I wish he had not deviated from that principle as he has done during the discussions on this Bill in this Session. Perhaps he is not to blame. The mandate came from high above, from the place where the destinies of India are decided by one man, and he had to submit. May I ask the Government to take this lesson to heart—that so long as they propose to thrust their reforms upon this House by a narrow majority, just as they did on the ratio question, they will have to face the solid opposition of the representatives of the people in this House and outside. There is no use of trying to carry any reforms in the teeth of this opposition with the help of the official block and by the manipulation of votes in the way in which it has been done so far. Will the Government take that lesson to heart in the coming struggle? I am afraid they will not, because they are determined to rule this country on principles on which they have hitherto ruled it. There is

a spirit abroad in the country which the Government ought to take note of. That spirit is this. That if the Government defies public opinion, public opinion will defy Government. Let the Government fix any franchise they please. Are they prepared to accept the verdict of the majority of the representatives elected on that franchise? I give them that challenge and if they go against the verdict of the elected representatives returned on that franchise, they might as well abolish this House and remove the pretence of governing by legislative chambers and rule, as they used to do before, by absolute autocracy. I am not at all sorry that this Bill has been killed. Just as the Government carried their amendments by one vote, we also carried our point by one vote. It is absolutely no use trying to thrust the verdict of the officials on the country as the popular vote. It will never pay. It will not redound to the credit of Government.

In reply to my Honourable friend Mr. Cocke, I just want to make one remark and that is that the views of the European commercial community in this country are not the views of the Indian commercial community. We do not accept that their views are for the benefit of the country and for the benefit of the trade and finances of this country. That is another lesson which they ought to remember. The practice of treating the opinion of the European commercial community as the opinion of this country must be abandoned, and the sooner it is abandoned the better it will be.

Mr. H. G. Cocke: I never said that.

Lala Lajpat Rai: That is the implication. The Government says that the country wants this Bill. Who wants this Bill in this form? Only the European commercial community plus a few. (*An Honourable Member:* "Mr. Kikabhai Premchand.") I shall not mention any names, I shall leave them unnamed. It has been suggested that the European commercial community wanted the shareholders' bank.

Mr. H. G. Cocke: May I correct the Honourable Member? I did not say that the European community wanted the bank. I said that if they had a bank, the House should not elect its Directors.

Lala Lajpat Rai: I stand corrected. It comes to the same thing. It does not mean any important difference. They said that they did not want the influence of the representatives of the people of this country in the management of this Bank.

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): We do not want political influence.

Lala Lajpat Rai: What are they here for except for political domination and exploitation? They do not want political influence. I ask them to exclude political influences from the Government of this country. Can they do it? What is the use of playing with words? Politics, economics and business are convertible terms. They are as political as we are. They are political in their interests. We are political in our interests.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadan Urban): We are patriots and they are politicians.

Lala Lajpat Rai: Patriots are not excluded from politics. What is the use of making these pretences? The fact remains that any attempt now or hereafter to govern this country with the help of the European commercial community and the votes of a few other Members whom they can induce to side with them will be in vain and will be resisted with as much unanimity and force as possible. That is the lesson of this Bill.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, the "impartial survey" of the situation given by my friend Mr. Cocke compels me to add a few words to the funeral orations that have been delivered over this Bill. When my Honourable friend the Finance Member characterised the verdict of this House with reference to clause 8 as a wrecking amendment, he was very unfair to this House. The meaning and significance of the verdict of this House on clause 8 is simply this that the House does not wish any more to put up with the huge farce which the Government was enacting on the floor of the House for two days. While clause 8 was solemnly discussed and amendments moved, there was an air of unreality and mockery over the whole situation; there was the consciousness in the mind of every Member in this House that the whole scheme of this Bill is to be upset in another place and that the real discussion and the real fight was to come later when the amended Bill came back from the other House. The verdict of this House on clause 8 does not mean that the House does not want a Reserve Bank, but that this House will not be a party to the farce. My Honourable friend Mr. Jamnadas Mehta said that the Honourable the Finance Member had agreed to a State Bank. The Honourable the Finance Member protested and said that he agreed conditionally and my Honourable friend Mr. Cocke gave a version of what took place in the Joint Committee in support of the contention of the Finance Member. I do not want to give away any of the secrets of the Joint Committee, but I am bound to say that after a good deal of discussion in Bombay and after the Finance Member had got over the first shock that he got from the result of the voting on the shareholders' scheme, he in unequivocal terms said that he would agree to a State Bank provided we could come to some agreement on a satisfactory directorate.

The Honourable Sir Basil Blackett: Hear, hear.

Mr. R. K. Shanmukham Chetty: I am glad that my Honourable friend the Finance Member corroborates me in my statement. In accordance with the recommendation of the Joint Committee this House agreed to the establishment of a State Bank and then we took up the clause dealing with the management of the Bank. It was only the other day in Simla that the Finance Member paid a handsome compliment to the members of my party for the genuine and sincere co-operation that they gave in the attempt to arrive at a settlement on this thorny question. It was not because we were obstinate and unreasonable that negotiations broke down. It was because some unseen power ordered the Finance Member to stop all negotiations that he unceremoniously dropped the Bill in Simla. Some of us fondly hoped that negotiations might be continued in Delhi; and what has taken place in the meantime? The Finance Member publishes in the Gazette of India a Bill radically altering the very scheme of the State Bank which was arrived at by agreement between this House and the Government of India; and yet the Honourable the Finance Member would say that the meaning of the verdict of this House on clause 8 is that this House does not want a Reserve Bank. I most emphatically protest against that insinuation. My Honourable friends on this side of the House said that they welcomed the announcement of the Honourable the Finance Member this morning with a sense of relief. I am sure, Sir, they did not mean to say that when they greeted that announcement with a sense of relief they were in an exultant or jubilant mood. If there was any section of this House that wanted the establishment of a Reserve Bank in this

country on sound national lines, it is we sitting on this side of the House. It is very unfair to say that the House did not want a Reserve Bank. The meaning and significance of this whole episode is this, that even when the representatives of the people of India and the Government of India were in a fair measure of agreement, even then the Secretary of State presiding over Whitehall used his enormous powers and upset the agreement. That is the meaning of this whole episode and it is a commentary, though a very sad commentary on the state of things prevailing in the administration of this country. Sir, we have received the announcement of the Honourable the Finance Member this morning with a sense of relief, with a sense of sorrow and with a sense of humiliation; relief, because we have been saved from this mockery and farce; sorrow, because we have been deprived of the chance of getting financial autonomy, and humiliation, because we have been made the victims of the autocrat at Whitehall.

Mian Mohammad Shah Nawaz (West Central Punjab: Muhammadan):

As you may remember, Sir, the Reserve Bank Bill emerged from the Joint Select Committee in a form for which the Honourable Sir Basil Blackett accepted no responsibility whatever. He was from the very start in favour of a shareholders' Bank, but in deference to the opinion of the opposition he acquiesced in the establishment of a State Bank, as he honestly desired to have the confidence of all the parties. Taking advantage of what Sir Basil had yielded the opposition wanted to introduce politicians into the Directorate, people who should have no place in a banking institution. (Several Honourable Members interrupted with laughter and jeers.) The opposition wanted to make the Directorate a dog-fighting place for partisans and politicians who should find no place in a banking institution. What is the situation now? The opposition say the blame lies at the door of the Government. As a matter of fact the blame lies at the door of the opposition. They have been obstructing . . .

Mr. M. A. Jinnah: May I point out to the Honourable Member that so far as my Party was concerned it had actually tabled an amendment and that amendment did not recognize the Legislatures as an electorate for the Board of Directors.

Mian Mohammad Shah Nawaz: That is so. But their position is this, that the present system of finance is unsatisfactory and they want to establish a Central Bank. Well, it is up to them to move any amendment that they like. All the amendments they did move were lost and the amendments moved by the Honourable the Finance Member were accepted. But when it came to the passing of clause 8, by some means, owing to the absence of some Members perhaps . . .

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Because of my vote. (Loud Laughter.)

Mian Mohammad Shah Nawaz: Well, as I have said the opposition did not want a Reserve Bank in its present form because the Government wanted that the Legislative Assembly should not elect members of the Directorate.

Mr. B. Das (Orissa Division: Non-Muhammadan): The Honourable gentleman is referring to the opposition. Is the Honourable Member a member of the Government?

Mian Mohammad Shah Nawaz: I am not a member of the Government, the Honourable Member knows perfectly well that I am an elected

[Mian Mohammad Shah Nawaz.]

Member. But I am not one of those frivolous obstructionists, irresponsible and impossible people who have come to this Assembly to obstruct. They come in when they like, they walk out when they like.

They say the present financial position is not satisfactory and they want the establishment of a Central Bank, and yet they demand that they should dictate the terms to the Government. Government cannot go on like that. They cannot have it both ways. The Bill is killed without a doubt, but the Government is not to blame. It is due to the obnoxious tactics of obstruction on the part of the opposition to practice which they have come here. I say, Sir, that it is absolutely the fault of the opposition.

***Mr. N. M. Joshi** (Nominated: Labour Interests): Sir, I generally do not intervene in a subject of this kind. But, Sir, having watched the progress of constitutional evolution as a Member of this Assembly for the last 7 or 8 years, I feel I should say a word or two. The Joint Parliamentary Committee that considered the Government of India Act in 1919 recommended the establishment of a convention that where the Government of India and the Legislature agreed on a financial measure the Secretary of State should not interfere. This convention was accepted by Mr. Montagu and by the Government of India and has been discussed in this Assembly several times. As regards this Bill there is no doubt that the Government of India and the representatives of parties in this Chamber were in a state of negotiation and those negotiations were broken off by the Government of India. The justification for that break was not fully explained in this House, but it is certain the Government of India cannot say that those negotiations were broken off by the representatives of the parties in this House. They were broken off by the Government of India under the influence of the Secretary of State. Sir, I think it is quite clear that the convention which was recommended by the Joint Parliamentary Committee, and which was accepted by the Secretary of State, was broken by the Secretary of State. It was due to the breaking of that convention that the new Bill was introduced. I should like the Honourable the Finance Member to express his opinion as to whether the convention was not broken by the Secretary of State for India.

(The Honourable the Finance Member rose in his place.)

Mr. President: Does the Honourable Member wish to address the House?

The Honourable Sir Basil Blackett: I would suggest that in view of what has been said I should be allowed to say a few words. I will be as brief as possible and I will try not to be provocative.

Mr. M. A. Jinnah: May I know, Sir, what the motion is before the House?

Mr. President: There is no motion before the House. I am ascertaining the sense of the House as to whether the Chair should or should not put the question that clause 9 stand part of the Bill. If the House is unanimous that I should not put the question, I will not do so.

*Speech not corrected by the Honourable Member.

Mr. M. A. Jinnah: May I point out that unless there is a motion before the House—and it is open to the Honourable Member the Leader of the House to move the adjournment of the further consideration of this Bill—the Honourable Member is not entitled to reply.

Mr. President: In view of the importance of the subject matter the Honourable Member is only asking the permission of the Chair to be allowed to make a further statement. But if I were to allow the Honourable Member to make any further statement the opposition might claim the same indulgence; the procedure would be unending. Therefore I think it is not right that such a procedure should be encouraged.

The Honourable Sir Basil Blackett: Sir, I should just like to say two words.

Mr. President: Sir Basil Blackett.

The Honourable Sir Basil Blackett: We have been having a difficult debate on a very serious subject. I do not think that any one here will disagree that the story of this Bill is not altogether a happy one, and that the final result is not I think satisfactory to any of us. It has been said that the opposition is to blame, it has been said that the Secretary of State is to blame, it has been said that obstruction is to blame, it has been said that the Government of India are to blame. I do not want to continue the question of who is to blame: but I do want to say just one word as to the result. The result is that an attempt to introduce a big reform (*Mr. M. A. Jinnah*: "Has failed.") under the new constitution has failed; and it has failed I think for many reasons. But one of the reasons is that it is perfectly obvious that the Assembly must not take the place of the Executive; there must be agreement; and the Assembly cannot force its views on the Executive against the will of the Executive, as I think it has attempted to do on the question of the Reserve Bank. We have got to work together; and I think that that is the lesson that must be learnt from this result, namely, that if in a fit of temper grown-up people throw valuable china about, they have to pay. I am afraid that has really happened in this case.

Mr. Fazal Ibrahim Rahimtulla (Bombay Central Division: Muhammadan Rural): Sir, this is not the first time that we have heard from the lips of the Honourable the Finance Member that he is not proceeding with the Bill before the House; and I do not know, Sir, whether this will be the last. But at any rate, Sir, I do not congratulate the Government on asking an elected Member to defend their policy, namely, *Mr. Shah Nawaz*, who has failed to convince this House that the opposition have obstructed the Bill all along (Hear, hear), because it appears that he does not know anything about what has happened in the past (Hear, hear); and I would like to leave him severely alone in view of the short time that is at the disposal of this House. But, Sir, I would like to take exception to the statement made by my friend, *Mr. Cocke*, that the Indian commercial community does not want the principle of the Indian Legislature electing

Mr. H. G. Cocke: What I said, Sir, was that European commercial opinion and to some extent Indian commercial opinion were against the principle that this Legislature should elect Directors.

Mr. Fasal Ibrahim Rahimtulla: I am glad he has cleared the point. Then the point arises, Sir, how this conclusion of the Government was arrived at to-day. Let us see, Sir, what the decision of the Legislative Assembly was in this connection. The opposition made it perfectly clear to the Government that what they really wanted was an elected Indian majority and that unless that was conceded to them, they were not in favour of a Reserve Bank. Now what do we find? We find that the two decisions arrived at by this very House on sub-clauses (f) and (e) of clause 8 amounted to this that six Directors were omitted irrespective of from which constituency they came, with the result that the clause as amended, namely clause 8, was that there were ten Directors out of whom only three were elected Indians. To my mind the reason why the contrary decision was arrived at was that those who voted for the amendments realized that they voted against themselves for want of confidence in themselves and having realized their mistake found some excuse to walk away; that the opposition found that they had a majority of one vote, and to show to this House that, having given a vote of no confidence, they were not going to tolerate any more decisions of this nature. And I made it perfectly clear, Sir, in my speech that the Honourable the Finance Member, when he is proceeding with the principle of a State Bank, must not bring in amendments which will be relevant to a future Reserve Bank with shareholders, unless this House had accepted the principle of shareholders. If his amendments were relevant to a Bill which was not really before the House, I make bold to say that he was not treating the House fairly and that the decision of the House could not have been otherwise than what it was, that they were not prepared to accept clause 8 as amended and give the majority to those whom this House does not look upon with favour. Sir, the Government, owing to the decision on last Wednesday, think that the House has arrived at two conclusions, and I want to say, Sir, that both those conclusions are wrong. One was that the opposition was in favour of the present financial policy of Government, and the other was that the House was not in favour of not proceeding with the Reserve Bank Bill. I say, Sir, both these conclusions are wrong. The House does want the Reserve Bank, but they do not want a Reserve Bank of the character which is thrust upon it by the Honourable the Finance Member. Mr. Shah Nawaz told us that the present result was due to the fact that the opposition wanted to dictate terms to Government. May I ask my Honourable friend, Mr. Shah Nawaz, for whose benefit the Reserve Bank is? Is it not for the people of this country? (*Mian Mohammad Shah Nawaz*: "For Bombay.") For India, and not for Mr. Shah Nawaz of the Punjab. Sir, the Reserve Bank is for the benefit of India. The Honourable the Finance Member has said it that it is in the interest of India and the representatives of India have every right to dictate the terms to Government, and Government have no right to thrust a Bill on the representatives of the people, and say that they are not in a mood to accept amendments and suggestions from this House. As regards the other point of my Honourable friend, Mr. Shah Nawaz, I can say, Sir, that the Independent Party and the commercial group informed the Honourable the Finance Member that if he was against the principle that the Indian Legislature should have no right of election, then he should come forward and co-operate and find out the scheme, and in fact the Independent Party did table an amendment to show to the Honourable the Finance Member the sincere desire of this House to co-operate with him, in finding

out a Directorate where there would be an elected Indian majority and where the principle for which Mr. Cocks is so very keen and eager was not to be dropped. But the Honourable the Finance Member would not budge an inch, and ultimately he repeated the same argument, that Government decided not to proceed with the Bill. Sir, we have begun this Bill in a very wrong manner. (*Mr. H. G. Cocks*: "Hear, hear.") I am glad Mr. Cocks says "Hear, hear", because on the first Resolution of the Joint Committee for a State Bank, the Honourable the Finance Member said that he was not proceeding with the Bill, and to-day he has said the same, that he wanted to give to this House a Bill which he would be able to give and no more,—no compromise, no amendments except this, or the Bill is dead. This House is not prepared to accept this Bill as it stands, and this House is at perfect liberty, when the Honourable the Finance Member makes a motion, to suggest what they think would be in the best interests of the country, and I think it is a very wrong attitude on the part of the Government to take, to stick to their arguments and not to listen to the arguments of the other side: and whenever an occasion arises, the Honourable the Finance Member gets up and says that he will not proceed with the Bill.

The Honourable Sir Basil Blackett: I would ask the Honourable Member to ask himself whether it is at all true that in this matter I have been unwilling to listen to the arguments of the other side . . .

Mr. Fazal Ibrahim Rahimtulla: How is the decision of the Government of India arrived at?

The Honourable Sir Basil Blackett: If the Honourable Member will look at the whole history of this Bill, he will realize that they could never have expected to find a Finance Member more willing to listen to the arguments of the other side. . . .

Mr. Fazal Ibrahim Rahimtulla: Sir, the Honourable the Finance Member was very willing to listen to this House but was not prepared to accept its decision, which is much worse. It is very good to listen to arguments and say "I regret I cannot accept them, but you accept my conclusions or you do not have the result." Is this the way he should treat the House after its close co-operation? If the majority decision is for a State Bank, does the Honourable the Finance Member feel justified in forcing on this House the shareholders' bank? And then what is the use of his saying that he is willing to listen? The whole House is willing to listen to what the Members say. The point is whether Government are prepared to accept the decision which this House wants to arrive at. That is the whole point, Sir, and I hope the Honourable the Finance Member will excuse me for my frank statement, because I feel that the lip sympathy of close co-operation and good-will goes to the winds when he does not budge an inch.

Mr. President: I think I have given the fullest indulgence to Honourable Members, and as no one else desires to speak I will merely say that I congratulate the Government and the opposition both; Government for the decision to drop the Bill altogether, and the opposition for the sigh of relief on their part. This relieves the Chair of further trouble in connection with this Bill.

I do not think I shall be justified in putting the motion that clause 9 stand part of the Bill in view of the unanimous opinion of this House that I should not.

Mr. M. A. Jinnah: If the Government wish to move the adjournment of the further consideration of this Bill, there ought to be a formal motion before the House.

Mr. President: I think technically the Honourable Member is perfectly right, but you cannot compel the Government to go on with the Bill if the Government do not wish to go on. There will come a stage when the Finance Member will have to decide whether he should make a motion that the Bill be passed and at that stage he will be perfectly at liberty to say "I do not wish to make the further motion". The Bill now is in charge of the Chair and the Chair is entitled to put question after question in regard to the various clauses of the Bill; and therefore technically the Honourable Member is perfectly right. If the House desires that I should go on with the Bill, I am perfectly willing to do so. But I see there is a unanimous opinion in the House that we should not proceed further with the Bill.

Mr. M. A. Jinnah: I say, Sir, that we are now seized of the further consideration of the Bill and the motion before the House is that clause 9 do stand part of the Bill. I want to know what the Government intend to do. I do not want merely a statement.

The Honourable Sir Basil Blackett: I am entirely in the hands of the Chair.

Mr. President: If any one Member objects, I propose to go on with the Bill unless the Government choose to make a motion that the further consideration of the Bill be postponed.

Mr. L. Graham (Secretary, Legislative Department): Will it not be open to any Member of the House, Sir, to make that motion?

Mr. President: Certainly.

Mr. L. Graham: I thought you said the Government.

Mr. President: But the opposition is not in a mood to make any such motion.

Mr. K. Ahmed: Sir, in order to save the situation, I beg to move for the adjournment of this House; the discussion may be postponed till to-morrow or the next Assembly day, so that further arguments may be developed and we may have the pleasure of listening to, if not taking part in, the debates on this matter.

Mr. President: If no Member is willing to make a motion that the further consideration of this Bill be adjourned *sine die*, the Chair proposes to go on.

Mr. K. Ahmed: I move, Sir, that the consideration of the Bill be adjourned *sine die*.

The Honourable Sir Basil Blackett: Sir, if it is the desire of the House, if it would be for the convenience of the House, that I should make a formal motion with a view to adjournment, I should be perfectly happy to do so. I was only anxious not to do anything that the House did not desire. If the House desires adjournment of the question, I am willing.

Mr. M. A. Jinnah: We have ceased to express any desire as far as this Bill is concerned. I only want to know what course Government wish to follow. Let us proceed according to our Standing Orders.

Mr. A. Rangaswami Iyengar: As I understand . . .

Mr. H. G. Cocke: On a point of order, Sir, I understand that my Honourable friend behind has already moved the motion for adjournment *sine die*.

Mr. President: Has the Honourable Member moved that further consideration of this Bill be postponed *sine die*?

Mr. K. Ahmed: Yes, Sir, *sine die*.

Mr. A. Rangaswami Iyengar: As that motion has been made, I do not propose to submit, if that motion is in order, what I had intended to raise.

Mr. President: The Honourable Member is entitled to say whether the motion is in order or not.

Mr. A. Rangaswami Iyengar: I am not questioning the legality of that motion.

Mr. President: The question is:

"That the further consideration of this Bill be postponed *sine die*."

The motion was adopted.

STATEMENT OF BUSINESS.

The Honourable Sir Basil Blackett (Leader of the House): In view of the position which has arisen on the Reserve Bank Bill there is no business which Government can bring before the House to-morrow, and we suggest, Sir, that when you adjourn the House to-day you should adjourn it till Monday, the 13th. The business which we propose to bring before the House next week is as follows. On Monday a motion will be made to refer to Select Committee a Bill to amend the Indian Mines Act, which has been under circulation. On Tuesday a motion will be made to take into consideration the Hindu Family Transactions Bill as passed by the Council of State, which was laid on the table of this House on Wednesday, the 8th. If that motion is carried, a further motion will be made to pass the Bill. On Wednesday motions will be made to take into consideration the Bills to amend the Auxiliary Force Act and the Territorial Force Act as passed by the Council of State. These Bills were laid on the table of this House this morning. Thursday is allotted for non-official Resolutions. It is possible that leave will be asked in the course of the week to introduce the Indian Naval Discipline Bill. It is possible also that leave will be asked to introduce a Bill to amend the Indian Tariff Act; but I am unable yet to fix days for these.

THE INDIAN MERCHANT SHIPPING (AMENDMENT) BILL.

The Honourable Sir George Rainy (Member for Commerce and Railways): Sir, I rise to move that the Bill further to amend the Indian Merchant Shipping Act, 1923, in order to vest in the Governor General in Council the control of matters covered by that Act, be referred to a Select Committee consisting of Mr. K. C. Neogy, Dr. B. S. Moonje, Seth Jamnadass, Sir Purshotamdas Thakurdas, Mr. Sarabhai Nemchand Haji, Mr. Abdul Haye, Sir Walter Willson, Mr. Anwar-ul-Azim, Mr. T. Couper, and the Mover, with instructions to report on or before the 1st March, 1928; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be six,

[Sir George Rainy.]

I had hoped, Sir, to present myself before this House in the guise of a modest and unassuming preface to the very interesting business which was to follow, but as things have turned out, I have to appear, I am afraid, in the less welcome guise of an anti-climax. I must ask therefore for the indulgence of the House, for what I have to place before them obviously cannot compare for one moment in interest with the discussion to which we have just listened.

It will not be necessary, I think, Sir, that I should speak at any length on this motion. As I explained when I introduced the Bill, it makes provision for the transfer to the Government of India of the powers in connection with merchant shipping at present vested in the Local Governments. When the Bill was under preparation, the instructions to the draftsman might have been summarised in a very few words—wherever the words “Local Government” occur in the Merchant Shipping Act, substitute “the Governor General in Council” and make all necessary consequential changes. The result is the short Bill now before the House, and to it is attached a rather lengthy Schedule. The details of the Schedule will, of course, require examination in the Select Committee, but there is nothing to which I need call attention now. The principle which the House is asked to affirm is merely this that for the future the Merchant Shipping law shall be administered directly by the Government of India, and I will confine myself to that one point.

In pre-reform days the distribution of functions between the Central Government and the Provinces was determined by considerations of practical convenience rather than on theoretical grounds, and, although the control of shipping was a matter which obviously must ultimately be regulated by one authority, it was nevertheless found convenient to leave the actual administration mainly to the Local Governments. They were on the spot, having their headquarters in the principal ports of the country and controlling the officers in whose hands the actual work must lie. At the same time, such uniformity as was necessary could be secured at any time by the exercise of the power of superintendence, direction and control of the Government of India. That was the position at the time the reform scheme was introduced. In that scheme Merchant Shipping was definitely classified as a Central subject, but no immediate change in administrative methods was made. The legal powers still rested with the Local Governments but thenceforward they exercised them not as powers naturally inherent in a Provincial Government but as the agents of the Government of India. It was not likely, I think, Mr. President, that an arrangement of this kind could be of long duration. Under the new constitution the number and importance of the agency functions discharged by the provinces must inevitably diminish and the Government of India must more and more assume direct responsibility for its own duties. Last Session a beginning was made in this direction when a Bill transferring the control of lighthouses to the Government of India was passed with the consent of all parties. It is now proposed to take another step forward and to take over the administration of the Merchant Shipping law, that is, the responsibility for the drafting and the enforcement of the whole code of regulations which governs the transport of goods by sea, the safety of passengers, the safety and comfort of the crew of vessels and generally the control of the mercantile marine. If this Bill is passed, all these matters will be dealt with centrally.

and the Local Governments will be concerned only with certain minor matters which, for reasons of economy and practical convenience, it may be thought best to leave to them.

Now, if the question is asked, what were the main reasons which induced the Government of India to put forward their proposals at the present juncture, I think a perfectly clear answer can be given. We are not proceeding mainly on theoretical grounds, nor merely on the ground that because these are Central subjects, it is necessary that we should take them over at once. If that were the case, I have no doubt the change could have been postponed for a considerable time. Our reasons are different. In the first place, the need for greater uniformity in the regulations and in their administration becomes from year to year more obvious. I may illustrate this point by an allusion to a Recommendation of the International Labour Conference which was brought before this House last Session, I mean the Recommendation concerning the general principles for the inspection of the conditions of the work of seamen adopted by the International Labour Conference in June 1926. The particular proposal was that whenever it is compatible with administrative work and in order to secure the greatest possible uniformity in the enforcement of the laws and regulations relating to the conditions under which seamen work, the different services or bodies responsible for supervising the enforcement of such laws and regulations should be centralised under a single authority. This Bill, therefore, is, in effect, a measure which carries out the policy favoured by the International Labour Conference, and I have no doubt that other examples of the same kind might be quoted. It is especially in these labour matters that the need for greater uniformity has become prominent. There is also a second reason which, in my view, is even more important why a step forward should be taken now in the direction of centralization. In all these merchant shipping matters what the Government of India feel at present is the extent to which they are handicapped owing to the absence of an adequate expert professional staff to advise them on the important questions that come up for consideration. As long as the work is split up between four Local Governments, each of them with its own staff, I can see no hope that the Government of India, with whom the final decision rests, will be in a position to reach satisfactory decisions. It is clearly necessary that the Government of India should have their own expert staff and should not have to decide between the experts in different provinces when they happen to disagree. As an example of an important question of that kind, I should like to refer very briefly to the recommendations of the 'Deck Passengers' Committee. The real reason why the Government of India have been unable to make progress in dealing with the report of that Committee is to be found very largely in the fact that they have not hitherto had adequate expert advice on the important recommendations made, and personally I regard it as very important that we should be put in a position in which we can deal properly with these important questions.

I have only one other topic to refer to before I sit down. In the letter to the Local Governments with which we sent down our draft Bill for opinion, we also outlined the scheme of reorganisation which the Government of India contemplated after they had taken over the direct administration of the subject. I do not propose to trouble the House with the details of that scheme of reorganisation for the simple reason that it is not really relevant to the Bill before the House. If this House should pass the Bill, it will not commit itself to approval of that scheme or any part

[Sir George Rainy.]

of it, and the provisions of the Bill would be exactly the same whatever the details of the reorganisation might be. We have received a number of comments and suggestions from Local Governments and other bodies and these will be fully considered and will be placed before the Standing Advisory Committee attached to the Commerce Department. For that reason, it is not necessary that I should trouble the House with them to-day. What I ask the House to do to-day, Sir, is to approve the principle of the measure, namely, that the time has come for the Government of India to assume direct responsibility for the administration of the Merchant Shipping law.

Sir, I move.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): I beg to move, Sir, that the name of Haji Abdoola Haroon be added to the Select Committee.

Mr. G. Sarvotham Rao (West Coast and Nilgiris: Non-Muhammadan Rural): I beg to move, Sir, that the name of Mr. B. Das be also included in the names of the members of the Select Committee.

Mr. President: The question is:

“That the names of Haji Abdoola Haroon and B. Das be added to the list of the members of the Select Committee.”

The motion was adopted.

Mr. President: The question now is:

“That the Bill further to amend the Indian Merchant Shipping Act, 1923, in order to vest in the Governor General in Council the control of matters covered by that Act, be referred to a Select Committee consisting of Haji Abdoola Haroon, Mr. B. Das, Mr. K. C. Neogy, Dr. B. S. Moonje, Seth Jamnadass, Sir Purshotamdas Thakurdas, Mr. Sarabhai Nemchand Haji, Mr. Abdul Haye, Sir Walter Willson, Mr. Anwar-ul-Azim, Mr. T. Couper, and the Mover, with instructions to report on or before the 1st March, 1928; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be six.”

The motion was adopted.

THE NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL.

APPOINTMENT OF SIR WALTER WILLSON TO THE SELECT COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move that Sir Walter Willson be appointed to the Select Committee on the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Monday, the 13th February, 1928.