

Thursday, 26th September, 1935

THE  
COUNCIL OF STATE DEBATES

VOLUME II, 1935

*(16th to 28th September, 1935)*

TENTH SESSION

OF THE

THIRD COUNCIL OF STATE, 1935

Chamber Furnigated. *8/10/35*



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## COUNCIL OF STATE.

*Thursday, 26th September, 1935.*

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

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### BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to remove certain doubts and to validate certain proceedings of the High Court of Judicature at Allahabad which was passed by the Legislative Assembly at its meeting held on Wednesday, the 25th September, 1935.

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### STATEMENT OF BUSINESS.

THE HONOURABLE MR. D. G. MITCHELL (Leader of the House): I think, Sir, that it will be for the convenience of the House if you permit me to make a statement of business at this stage. The business of which the Council has still to dispose before the session terminates consists of everything outstanding from yesterday's agenda with the addition of the Coffee Cess Bill which was laid on the table on Tuesday last and of the Divorce Proceedings Validation Bill which has been laid on the table today. From what transpired yesterday after the adoption of the Motion for the Consideration of the Criminal Law Amendment Bill I can only infer that the debate on the remaining stages of that measure will be protracted to such an extent that if the Council does not sit tomorrow there will be no prospect of concluding the outstanding business of the session on Saturday. I am aware that tomorrow, though not a holiday, is a day on which the Hindu Members of the Council would have preferred that the Council should not sit. With every desire to respect that preference, I have good reason to believe that the convenience of Members at large and the religious sentiments of the majority of the Hindu Members themselves would be more seriously affected by a failure to conclude the business of the session on Saturday than by the holding of a meeting tomorrow, for a failure to conclude the business of the session on Saturday would mean that Members remaining until the session was concluded would be unable to reach their homes in time to celebrate the Pujah Holidays which in Bengal and certain other provinces commence on October the 1st. In these circumstances, Sir, I am constrained to renew my suggestion of yesterday that the Council should meet tomorrow to dispose of the business entered on yesterday's agenda and that the remaining business, namely, the Coffee Cess Bill and the Divorce Proceedings Validation Bill should be taken on Saturday with a curtailment in respect of the last named Bill of the normal period of notice from three to two days.

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**THE HONOURABLE MR. HOSSAIN IMAM :** The non-official business is not heavy today and we might proceed with the Criminal Law Amendment Bill after the non-official business is finished and finish it and the rest of the work may be transacted on Saturday.

**THE HONOURABLE THE PRESIDENT :** Do you think you will be able to finish today's business early ?

**THE HONOURABLE MR. HOSSAIN IMAM :** Yes, Sir.

**THE HONOURABLE MR. D. G. MITCHELL :** Government very gladly accept the suggestion, if you, Sir, are prepared to adopt it. You have the power to take up official business after the non-official business has been concluded.

**THE HONOURABLE THE PRESIDENT :** I have the power under Standing Order 7 to allow this request to be entertained and I therefore decide that after the termination of today's business we will proceed with the further discussion of the Criminal Law Amendment Bill.

### PARSI MARRIAGE AND DIVORCE BILL.

**THE HONOURABLE SIR PHIROZE SETHNA (Bombay : Non-Muhammadan) :** Sir, I beg to present the report of the Joint Committee on the Bill to amend the law relating to marriage and divorce among Parsis.

### DURGAH KHWAJA SAHEB BILL.

**THE HONOURABLE RAJA GHAZANFAR ALI KHAN (West Punjab : Muhammadan) :** Sir, I beg leave to introduce :

" A Bill to make better provision for the administration of the Durgah and the Endowment of the Durgah of Khwaja Moinuddin Chisti, generally known as the Durgah Khwaja Saheb, Ajmer."

At this stage I do not think it is necessary for me to elaborate the various clauses of this Bill and I will only submit that this Durgah of Khwaja Moinuddin Chisti, Ajmer Shrine is the most sacred institution in India and Muhammadans all over the country have been feeling for a long time that the management of this Durgah should be put on a better footing. The Government had passed a law in 1867 appointing a committee, but the membership of that committee was for their life-time. This is considered a very undesirable sort of arrangement and the object of this Bill is to put the management of the Durgah in the hands of independent Mussalmans of Ajmer who will be elected by a popular electorate. At present the management is vested in the hands of those who are interested in the finances of the Durgah and therefore the arrangements are far from satisfactory. The desire for passing an Act on these lines has been expressed by the Muhammadan community throughout India and this desire has increased during the last two months. As Ajmer is a directly administered area, it is only the Central Legislature which can pass this Bill. I hope that the Government will also co-operate in seeing that this most desirable change is brought about without any loss of time. And I further appeal to the Muhammadan Members of the different Provincial Legislatures to follow this lead and introduce Bills concerning such sacred institutions in their own provinces in the different Provincial Councils.

THE HONOURABLE THE PRESIDENT: Motion made for leave to introduce:

"A Bill to make better provision for the administration of the Durgah and the Endowment of the Durgah of Khwaja Moinuddin Chisti, generally known as the Durgah Khwaja Saheb, Ajmer."

THE HONOURABLE KHAN BAHADUR NAWAB CHAUDRI MUHAMMAD DIN (East Punjab: Muhammadan): Sir,—

THE HONOURABLE MR. G. H. SPENCE (Government of India: Nominated Official): Sir, may I ask if the Honourable Member intends to oppose the Bill?

THE HONOURABLE THE PRESIDENT: Are you opposing the Bill?

THE HONOURABLE KHAN BAHADUR NAWAB CHAUDRI MUHAMMAD DIN: I am supporting it.

THE HONOURABLE THE PRESIDENT: If you are opposing the Motion you can speak now.

It is not necessary to read the Motion again.

The Motion was adopted.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Sir, I introduce the Bill.

#### RESOLUTION *RE* IMPROVEMENT OF JAIL LIBRARIES.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTY (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution:

"This Council recommends to the Governor General in Council to take such early steps as may be necessary to improve the libraries set apart for the use of the prisoners in the various jails in India."

Sir, I am just speaking with my personal experience of many jails in India that the present libraries are quite inadequate to meet the growing needs of the prison population. With your permission I shall read the relevant portion from the report of the Jails Committee of 1920. This is what they say at page 151:

"In addition to the provision of instruction for such prisoners as are capable of benefiting by it, we think it very desirable that jails should contain a supply of books suitable for issue to those prisoners who can read. Jail libraries where they exist at all are at present generally very inadequate. We recommend that a small library be provided in every central and district jail. The initial cost would not be great and the recurring outlay required for maintenance would be trifling. It should be placed in charge of an assistant jailor or possibly of an educated convict, if one is available, and prisoners should be allowed to borrow and exchange books freely under such rules as may be prescribed locally. Encouragement should be given to any prisoner who shows an inclination to spend his spare time in reading and in special cases if a man gives evidence of a desire to pursue a particular line of study he should be provided with any books reasonably required for the purpose. The books in jail libraries should be both in English and in the local vernaculars. They should not be exclusively religious and moral works but should include books which will promote a taste for reading."

Sir, on this, I think the Government of India have addressed Local Governments and they have formed small libraries in some of the central and district jails. During the course of my visits to jails in India I have very carefully

[Diwan Bahadur G. Narayanaswami Chetty.]

looked into the libraries. I do find that the present libraries are quite inadequate and the Local Governments of many provinces are not bestowing the attention that is required to improve the libraries in these jails. No doubt my Honourable friend Mr. Sloan may say it is a matter for the provinces, but I do feel that in a matter like this it is of all-India importance that the Central Government should ask the Local Governments to take the necessary steps. So far as the Madras Government is concerned, on the 26th June, 1930, the Government appointed a Committee and I shall read one or two relevant passages to show what its aims and constitution were :

“ With a view to provide reasonable facilities for the intellectual requirements of educated and literate prisoners, the Government of India directed the Local Governments to examine the condition of jail libraries in the province and to take steps to establish them where these are non-existent and improve them where they are defective. The Government at first accepted the proposal of the Inspector General of Prisons that the Superintendents of Jails might be directed to examine the condition of libraries in their respective jails and to submit proposals for effecting improvements. Steps have already been taken by the Inspector General to obtain lists of books available in existing jail libraries and Superintendents of Jails have also been asked to consult the District Educational Officers as to possible requirements.

“ The Government now consider that a committee should be formed to co-ordinate the opinions of these officers and suggest ways for placing jail libraries on a proper basis, and for the standardisation of books considered suitable to be placed in them, the standard of books being as far as possible kept on a level suitable to the general reader. They accordingly constitute a Committee with the following gentlemen as its members :

- (1) The Honourable Diwan Bahadur G. Narayanaswami Chetty Garu, C.I.E. (Chairman).
- (2) M. R. Ry. V. Krishna Rao Pantulu Garu, Telugu Translator to Government.
- (3) M. R. Ry. C. Achuta Menon Avl., Reader in Malayalam University, Orienta Research Institute.
- (4) M. R. Ry. C. R. Namasivaya Mudalyar Avl., Lecturer, Queen Mary's College, Madras, and
- (5) M. R. Ry. Rao Bahadur A. C. Pranatartihara Aiyar Avl., I.S.O., Registrar of Books.

The Superintendent of Prisons, Madras, will be Secretary to the Committee ”.

Sir, the Committee met and made a report. What was the result of that ? The Government said in their order, dated the 2nd February, 1932 :

“ The Government have considered these proposals and are unable to find the requisite funds in the present state of provincial finance. The Inspector General is requested to resubmit the proposals for consideration as a Part II scheme when there is a prospect of funds becoming available for the purpose ”.

That was in 1932. I am sorry to say that nothing has been done till now. Therefore, Sir, the Government of India ought to see that not only my province but all the provinces are made to spend some money in improving the libraries. So far as the A and B classes are concerned, they are allowed to get books from their friends when they are there. But it is the unfortunate C class prisoners that cannot get them. When I recently visited one central jail, I did not find a single copy of the *Ramayana*. That is a great book for the Hindus and the convict population are very eager to read books of this sort. And so far as the *Mahabharatan* was concerned, I found only pieces and portions of it instead of the whole book. These are religious books and would be helpful in reforming the prisoners. I do not think I need take much



of the time of the House. I am sure many of the Honourable Members will sympathise with the object of this Resolution and will urge upon the Government of India to press Local Governments to take early steps in the matter. The finances of the various Provincial Governments are in a very good state. After all, if each province spends a thousand rupees annually on the improvement of jail libraries it will be quite enough. I do not think many words of mine are necessary to commend the Resolution to the House.

Sir, I move.

THE HONOURABLE KHAN BAHADUR NAWAB CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, I support the Resolution moved by my friend the Honourable Diwan Bahadur Chetty who has been doing very useful work in connection with the reclamation of prisoners all over India. Well, Sir, these libraries are very useful for self-improvement. The majority of our prisoners in India are no doubt illiterate. The educated ones, however, though small in number, require good books to keep their minds occupied and also bring them in contact with the best minds. Continued association with persons who have committed ghastly crimes has a debasing effect on the mind and if the company of good men is not available, we should at least provide them with the company of good books so that they may come out of the jails more useful citizens than they were before they entered the prisons.

THE HONOURABLE MR. T. SLOAN (Home Secretary) : Sir, like my Honourable friend the Nawab Sahib who has just spoken I admire the Honourable Diwan Bahadur for his persistence and enthusiasm in the cause of better conditions in the jails and I can assure him that we have every sympathy with his aims and objects. I am not going to deal with the history of this question of libraries in jails which began with the recommendation of the Jail Committee in 1920. I will come down to much more recent times and remind the House of a question asked by the Honourable Diwan Bahadur in the Delhi session of the Legislature when he asked about the number of jails in India which had libraries. We then made inquiries from all Local Governments, with the result that we found that in the five provinces of Madras, Bombay, the United Provinces, Punjab and Assam, all jails had libraries, and in Bengal, Bihar and Orissa, and the Central Provinces, all central and some district jails had libraries. No doubt, these libraries are not what the Honourable Diwan Bahadur would like them to be or what Honourable Members generally would like them to be. Well, as a result of that question, the Government of India in May last, that is less than six months ago, called the attention of all Local Governments to certain orders passed in 1930 which were to the effect that reasonable facilities should be provided for the intellectual requirements of educated and literate prisoners, and also that the condition of jail libraries should be examined and where these were found to be defective or non-existent, early steps should be taken to improve or, in the alternative, to establish them. These were the orders of 1930. We called attention to these orders in May last and we impressed on Local Governments the desirability in modern conditions of giving literate prisoners books to occupy their minds and to stimulate thought. As I say, Sir, these orders were only passed in May and it is too early yet to know what the results have been. The Honourable Diwan Bahadur would like us to address

[Mr. T. Sloan.]

all Local Governments again. I feel myself—and I think a good many Honourable Members will feel with me—that it is perhaps rather too soon for us to address Local Governments again in the matter. We know that all Local Governments at present are in somewhat straitened financial conditions and they are finding difficulty in finding money for what I might call much more popular subjects than this and it is rather difficult for us in these conditions to press them too often or too hard. But I can assure the Honourable Member that we are in sympathy with him in this matter, that we will keep it before us, and that we will do what we can to keep it before Local Governments and to see that they do not neglect their responsibilities in this matter. I hope, Sir, that that will satisfy my Honourable friend and that he will not press his Resolution.

THE HONOURABLE MR. V. C. VELLINGIRI GOUNDER (Madras : Non-Muhammadan) : Sir, the object of providing libraries is for the literate only. My Honourable friend who supported the Resolution told us that the majority of the population are illiterate. I do not know whether the object of my Honourable friend who moved this Resolution is also to benefit the illiterate majority of the population. If that is his idea, then I think that a reader is necessary to make the illiterates also get the benefit of these libraries. If the Honourable mover has this object also in view, I also would like to support this Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTY : Sir, the Honourable Mr. Sloan has just stated that the provinces cannot do anything at present owing to the financial stringency. All the provinces are not so bankrupt as to be unable to provide even a few hundred rupees each for the improvement of the jail libraries. If any province cannot do it, I hope the Government of India will dole out some money to that province. After all, jails are not a transferred subject. It is still a reserved subject. It will be another two or three years before all these subjects are transferred to the charge of popular ministers. Till that time, I hope the Government will not starve these libraries. I know some provinces can afford to spend a thousand rupees on these libraries. It is a small matter. I do not think the Government will have any difficulty in impressing upon the Provincial Governments the necessity of improving these libraries. Sir, as the Government of India have already taken some steps in the matter and as the Honourable the Home Secretary has promised that he will take further steps to impress upon the Local Governments the necessity of taking early steps to improve these libraries, I do not wish to press my Resolution and I beg leave of the House to withdraw it.

THE HONOURABLE THE PRESIDENT : Is it your pleasure that leave be given to the Honourable Member to withdraw his Resolution ?

SOME HONOURABLE MEMBERS : " Yes ".

AN HONOURABLE MEMBER : " No ".

THE HONOURABLE THE PRESIDENT : Resolution moved :

" This Council recommends to the Governor General in Council to take such early steps as may be necessary to improve the libraries set apart for the use of the prisoners in the various jails in India."

The Question is :

"That that Resolution be adopted."

The Motion was adopted.

### RESOLUTION RE PURCHASE OF GOLD.

**THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa : Muhammadan) : Sir, I rise to move :

"That this Council recommends to the Governor General in Council to purchase gold in India at the current market rate and to put a small export tax on gold exported out of India."

Sir, this Resolution is a part of the general scheme for reserving the resources of the country. When I gave notice of the two Resolutions, one relating to sterling loans and the other about gold purchase, my idea was to treat them as separate entities. The Honourable the Finance Secretary, while replying to my former Resolution, referred to this Resolution and he regarded these two as part and parcel of one scheme which will have an adverse effect on the finances of the Government of India. I have therefore been compelled to move this Resolution. Sir, gold export has many effects on our export trade. Firstly, the effect of an unchecked flow of gold is to have a surplus of funds in foreign markets and thereby induce a flow of imports into India. The second effect of gold export is that it causes a deterioration in the capital of the country which may be available for meeting foreign debts. The third effect is that it helps materially to maintain an unnatural and high rate of exchange which is disadvantageous to the interests of Indian exporters. For these reasons, Sir, we have tried many a time to induce the Government to put a stop on the unchecked flow of gold.

Sir, I moved a Resolution very much on the same lines on the 13th September, 1933. The difference between the wording of that Resolution and the present Resolution is that there I had indicated a certain amount of tax to be imposed, and I had asked Government to check the flow of gold, whereas now I do not ask them to do either of those things. My idea is simply that while allowing the gold to flow, some advantage should be taken by the Government of this opportunity to purchase gold inside the country. The reason why I ask the Government to purchase gold is this. No doubt, our holding of sterling has increased during the time we have been off the gold standard. Nevertheless, the amount of sterling holding is not so great and valuable as to allow us to do away with the gold that we want. I have to complain, Sir, that the Department of the Honourable Finance Secretary, *i.e.*, the branch under the Controller of the Currency, whose work has been materially lightened, has not yet been able to issue his annual report up till now on the management of the currency. Last year it was issued some time in August, I think in the beginning of August, but this year up till now no report has been issued. That has materially hampered me in giving statistics.

**THE HONOURABLE THE PRESIDENT** : You know there has been a transfer to the Reserve Bank.

**THE HONOURABLE MR. HOSSAIN IMAM** : But that has lightened the work of the Currency Department.

**THE HONOURABLE THE PRESIDENT:** It would not lighten the work in the preliminary stages.

**THE HONOURABLE MR. HOSSAIN IMAM:** Sir, the Controller of the Currency had to submit a report ending 31st March, 1935. In that period there was no Reserve Bank in existence. But as I said, I do not want to give many statistics because they are available to all the world, being published every week in the newspapers showing the position in regard to the amount of gold exported out of India since we went off the gold standard. As you know, nearly Rs. 253 crores of gold has been exported.

What I wish to bring to the notice of the House and the Finance Department is that we ought to follow the lines which England has followed so far. I am a great admirer of England and its methods and I have always asked the House and the Government to take that as a model and copy it. But strangely enough, when we want England to be copied we are thought to be extremists, but when it is something against our interests then what England dictates is held up to us as an example for us to follow? Now, what has the Bank of England done since it went off the gold standard? It will surprise the House perhaps though not the Finance Department that from the 21st September, 1931, when the Bank of England went off the gold standard up to date they have added Rs. 80 crores worth of gold to their reserve. Has the Government of India added anything to our reserve of gold? I challenge them to give us figures about this mismanagement of our currency reserves. Then, a further fact which is known to very few of us but is well known to the Finance Department is that not only the Bank of England but the Exchange Equalisation Fund has also been operating in the gold market of London and its holding of gold is enormous, anything from Rs. 100 crores and above. We are not able to give the exact figures because its holdings are not published by this Fund, but there are factors which give us an almost exact idea of what the Fund has been doing in the market. From the weekly reports of arrivals of gold in England and the gold purchased by other countries and re-exported after subtracting the gold purchased by the Bank of England of which we have records, you find that an enormous amount remains over of which no accounts can be found and of which about 90 per cent. is held by the Exchange Equalisation Fund. England, with all its enormous resources, with all its invested capital out of the country and with no drain facing it, has been prudent enough and sagacious enough to purchase gold and hold it in its reserves. But our Government, which does not want to safeguard the currency and which has no incentive to do good by us, has been allowing this flow of gold to continue. The Honourable the Finance Secretary has stated that if he stopped sterling borrowing and stopped the flow of gold then the exchange position would be jeopardised. That is the nightmare from which they suffer; that is the one thing of which they are terribly frightened; they think that if they do anything to check this flow of gold they will be faced with exchange difficulties. Their fear might have had some ground if the balance of account had been getting smaller and smaller. But seeing that the balance of account is increasing and is more than sufficient for all the petty requirements that may have to be met in the sterling market, it is not understandable why they should not purchase gold themselves.

Now, Sir, I should like to place before you statistics to show how England and its trade has gained by this prudent method of conserving gold resources.

*I have not the latest figures, but from the figures up to 1934 I find that the price parity of United Kingdom manufactured goods exported to the raw materials imported in 1929 was about 100, while at the end of 1934 it was 122. But in India, mark this, Sir, while the price of our exported goods was 97 in 1929, it has fallen to 77 in 1934.* The price parity of exported goods in England has arisen by 22 per cent. while ours has fallen by 20 per cent. This difference is due to the manipulation of the Exchange Equalisation Fund. Sterling is always allowed to come up or go down as trade demands but in India we have to follow in the wake of sterling; we have no independent existence. Even this method of checking the export of gold or of making it difficult and of trying to stimulate our exports by operating in the gold market has not been adopted. As is well known to you, Sir, India plays the leading part at present in the gold market. Any movement in India of either checking or of augmenting the gold supplies would have an immediate effect on the price factor of this commodity—gold—throughout the world. We are eating up our capital, and no one who wastes his capital need be proud of the fact that he has got a high position. In past days we had to acquire sterling and thereby purchase gold. Now gold is being offered here; we do not require any foreign accommodation to be able to purchase gold, and yet the Government in its wisdom will not purchase gold. And what is the stock argument that the Government have got? That gold is a thing on which you get no interest and therefore it is disadvantageous to purchase gold, and hence you must sell it. Purchase sterling securities getting an insecure return of 16½s. per £100 or less than one per cent. The majority of our funds, perhaps, 40 per cent., is invested in British Treasury Bills. Now, Sir, I wish to ask the Government what would have been the disadvantage if they had held Government of India securities, terminable securities yielding high rates of interest as they hold rupee securities? The only answer is that they would be difficult to negotiate at the time when we require funds. I agree, Sir. But if we had gold bullion it would not only find a ready market but at any time that you want to liquidate you could do so in a day. Not hundreds of thousands, but crores and crores could be liquidated in one day. Therefore we should replace all our holdings of Treasury Bills which give a small yield by means of Government of India Sterling Loans. The advantage would be that there would be a filip to the exports of India. Sir, in 1913-14 our balance of trade excluding treasuries was Rs. 90 crores. For ten years ending 1929, our balance of trade was Rs. 97 crores per annum and that has been reduced to the paltry sum of Rs. 22 crores in the last year. That is materially due to the export of gold. If the Government do not think that this will have the desired effect they can at least give it a trial. I do not say make it a rule, but stop it and see what the effect is. It would reduce sterling commitments by an appreciable sum. My Honourable friend trades on the fact that the proportion of sterling loans has fallen by 10 or 15 per cent. in 20 years. But, Sir, as I said, that is not a fact. Time was when it was the rule for the Government of India to get all the accommodation which they wanted outside the country; that should be ended and that has to a great extent ended. In the recent five or six years Government have not taken sterling loans to finance their capital requirements. We are not content with that. We want sterling commitments to be reduced in every form, and therefore, Sir, it is not sufficient to say that we have done this and we have done that. We want that we should be in a position when the time comes to liquidate our

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sterling maturing loans—pay up those sterling loans which are going to mature in the near future without contracting sterling loans. I want India to have gold holding. If we purchase gold, every time sterling loans mature we could pay by means of gold. No doubt, we were very strict that the present holdings of gold should not be sold by the Reserve Bank, because the holdings of the Reserve Bank are the absolute minimum. I have seen the gold holding of many of the world's leading banks and I can say that no first class country has a lower proportion of gold holding to note and token coin circulation than the Government of India. All the world is now out to purchase gold; France purchases gold; the United States of America is purchasing; England is purchasing gold. The benefactor of the world, the spendthrift is India. It comes to this that everybody is a fool except the Government of India, because everybody is purchasing gold and universal wisdom has fallen on the Finance Department of the Government of India. Even Englishmen, the Bank of England, are acting foolishly. Is this an argument? I know our position is unique. We are under difficulties; we have no say in the matter, and those who have the power are under orders of the Secretary of State. I do not blame my friends sitting on the opposite benches. They are as powerless in the face of the Secretary of State as ourselves, but their mouths are shut; our mouths are not shut. They have not even this pleasure of having their fling as we have; they cannot say a word. They have got to adopt it as their own line. I realise the difficulty but, Sir, we have to keep the flag flying. We may not succeed now, but the time will come when we will succeed, and when we are able to force the hands of the Government, then and then only we will succeed.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA RAM; SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution. My Honourable friend Mr. Hossain Imam has so exhaustively dealt with the subject that he has left very little for me to say. Sir, this matter requires serious consideration of the Government. People are under the impression that gold is being exported without any restriction because Government want to meet its liability in gold with America and so they allow its export to go on. Every civilized country in the world, Sir, is adding gold to their reserves. Even, Sir, the Bank of England, although the Government promised to return the gold of France, they did not do so for some time. Sir, the international practice requires that the balance in trade should be met in gold. Whenever there are more exports than imports, the country which has an adverse trade balance has to meet it in gold. Sir, one of the reasons why this is being done, I consider, is due to the maintenance of the present artificial exchange ratio by Governments. Sir, in case the Government continues its present policy and all the gold from India is drained out, the time will soon come when Government will be forced, as there will be no other alternative left to change the present ratio which has done very much harm to India. I might also mention that as England and other countries having gone off gold it means that there is so much dearth of gold that the Government has no other measure than to meet the demands of their currency liability not in gold but in paper. Sir, Government would be well

advised to move in this matter and to put some limitations to the drain of gold in the way that the Honourable the mover of the Resolution suggests. Sir, it may be said that in times of economic distress, when the price of gold is high, it is in the interests of those who are holding gold to sell. That, Sir, it looks all right if we look at it in a superficial way. Perhaps this House remembers that some time back the late Finance Member, the Honourable Sir George Schuster, when dealing with a debate in this House, said that it was in the interest of the needy masses then to sell gold at a good profit. But time has gone on and we see that the advice which Sir George Schuster gave then experience shows that his advice was wrong. The price of gold since Sir George Schuster gave that advice has risen abnormally and those who did not keep gold feel sorry that if they had not been so advised they could have got much more for the gold which they disposed of then. Sir, as far as the gold reserves of the masses are concerned, the time will come when the people of India will have got nothing left but Government paper currency. This is one of the subjects which requires the most serious consideration of the Government and it is the duty of Government to look to the interests of India rather than of any other country. We want to help the British Government with gold as far as we can but not at the risk of our own country. Therefore, Sir, I submit that there must be some limit to the export of gold in the manner suggested by my Honourable colleague, by putting a prohibitive duty on the export of gold. As regards the exchange ratio, the Honourable the Finance Member has from time to time said that they are not going to reopen that subject. Sir, in case the export of gold from India stops, the Government will have no other alternative but to fall back on the old exchange ratio, which is right in the interests of India. As the actual ratio now works out at below 1s. the Government of India have no sound reason to explain why they are keeping up such a wrong artificial ratio, thereby making all zemindars lose 12½ per cent. of the price of their agricultural produce. However, I shall not enlarge on that subject but I do say that this restriction on the export of gold is in the interests of India and the sooner the Government imposes it the better.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I rise to support the Resolution moved by my Honourable friend, Mr. Hossain Imam. He has already given many figures and proved his case to the full. I do not want to go into the figures but certainly, Sir, I shall place some of the facts before the Honourable Members of this House and the Government for their consideration. We all know, Sir, that the agitation for putting some check on the export of gold is gaining ground daily and the public has been pressing this demand for the last two years. But the Government has turned a deaf ear to this demand. And what is the result? The result is that, as the Honourable the Finance Secretary pointed out yesterday, by 7th September, 1935, as much as Rs. 254 crores of gold had been exported from India. We all know, Sir, that gold is the reserve strength of a country. It is the lifeblood of a country. Just as if you take blood out of a body you will extinguish the life of it, in the same way if you take away all the gold of a country it will remain lifeless without any credit from outside. My Honourable friend, Mr. Hossain Imam, has just explained that many foreign countries are trying to stop the flight of gold from their countries, rather they are trying to keep as much

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

gold in reserve as possible. But our Government, which considers itself wiser than many other Governments, does not consider it necessary to either put an export duty on gold or to check it somehow or other. We all know, Sir, that India being an agricultural country is always in need of money, especially because we have been getting very bad harvests for the last five years and the poor agriculturists, finding that gold is being sold at this time at the little higher rate, try to dispose of it. And what is the result? The result is that whatever reserves they have got in the shape of ornaments is going out of India. If they get a little higher value than the price they paid for it and when they get cash they cannot keep it any longer with them. The money they get is spent either in paying off their rent to the landlords and the landlords paying revenue to the Government or it is spent in some ceremonies. They would have sold it and tried to meet the situation by any other means, had there not been this temptation of a higher price for gold before them. Considering all these points,

12 Noon.

it is very necessary that some check should be placed on the export of gold. Our business magnates as well as chambers of commerce have always stressed this point. We, in this House, and the Lower House, at the time of the presentation of the budgets as well as by moving separate resolutions, have stressed it. But, to our great surprise, Government, just as they are sticking to the 1s. 6d. ratio in spite of the fact that the country is losing so much, are also sticking to this point and are putting no stop to the flight of gold.

With these words, Sir, I support the Resolution.

**THE HONOURABLE MR. P. C. TALLENTS** (Finance Secretary): Sir, I should like, first of all, to put in a word on behalf of the Controller of the Currency who has been attacked by the Honourable Member opposite on the ground that he has not yet finished his Annual Report. The Honourable Member suggested that the Controller of the Currency's work has greatly decreased and that he was failing in his duty in that he had not produced his Annual Report already. I should like to remind the Honourable Member that at the beginning of this year the Controller of the Currency was deprived of both of his deputies and the greater part of his office staff. Retrenchments in his office staff were more extensive than the reduction in his work. The Controller of the Currency has been having exceptionally hard work this year and that is the reason why his report is not yet ready, though I think it will soon be.

Well, Sir, when my Honourable friend opposite the other day moved his Resolution about sterling borrowings, I suggested that it was a trail which had already been blazed. Today, he is inviting this House to walk down a track which has been beaten by the feet of thousands of people, most of whom have very volubly expressed their opinion on the subject. And rightly so, because it is a matter of the very greatest importance and interest to India. I would however, suggest that whatever charms the subject may have, novelty is not one of them.

The Honourable Member opposite gave a wealth of figures, as is his practice, to the House. May I also contribute my quota in order that we may have some sense of proportion in this matter? Since India went off the gold standard in September, 1931, down to the end of July last, India had exported on the



balance 294 lakhs of ounces of gold. During the previous seven years from 1924-25 to 1930-31, she had imported on the balance 332 lakhs of ounces of gold. She has not yet, therefore, exported as much gold as she imported during those seven years. There is still a balance of 38 lakhs of ounces.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Does that mean that Government want to wait till all that gold has drained out? You say that there is a balance of 38 lakhs of ounces out of the total amount of gold imported into India? Do the Government mean that unless that whole quantity of gold is exported from India, they will not take any action?

**THE HONOURABLE THE PRESIDENT:** That is not the point. The Honourable Member is controverting the statement made by the Honourable Mr. Hossain Imam.

**THE HONOURABLE MR. P. C. TALLENTS:** My point is just this, Sir, that the difference between the amount of gold imported during those seven years and the amount of gold exported since India went off the gold standard is 38 lakhs of ounces. For the gold which India imported during those seven years, she paid Rs. 194½ crores. For the smaller quantity of gold which she has exported since September, 1931, she has received Rs. 233 crores. Comparing these two periods, therefore, India has made a profit over her gold transactions of over Rs. 38 crores and still has 38 lakhs of ounces in hand.

**THE HONOURABLE MR. HOSSAIN IMAM:** What will be its value?

**THE HONOURABLE MR. P. C. TALLENTS:** I gave the figures. During these seven years she paid Rs. 194½ crores and during the last four years she has received Rs. 233 crores; so there is a net balance of Rs. 38 crores. I say nothing about the years previous to 1924-25. It is a well-known and undisputed fact that for many years India has been importing gold in very large quantities. The amount of gold which has been exported, though I admit it is a large amount, is negligible compared with the amount of gold which is still in stock. So much, Sir, by way of preamble.

I now come to the Honourable Member's Resolution. This Resolution falls into two parts. In the first place, it recommends that Government should purchase gold in India at the current market rate. Well, if Government started to purchase gold on a large scale, the first thing which would happen is that the price of gold would rise. However, I am prepared to admit, for argument's sake, that, by cautious purchasing as opportunity offered from time to time, Government might be able to secure gold without creating any very great disturbance in the market.

The next question that arises is,—if Government are to purchase this gold, where is the Government going to get the money from with which to do so? I do not know whether the Honourable Member will suggest that the Government balances should be used for this purpose. If so, farewell to the hope of any more crores of rupees for village improvement.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Borrow money at 3 per cent. and buy gold. It is a paying proposition.

**THE HONOURABLE MR. P. C. TALLENTS:** Another alternative might be that Government should borrow. A third alternative is that Government should start the printing press and just print notes.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** That is what they are doing now, using the printing press.

**THE HONOURABLE MR. P. C. TALLENTS:** In any case, I would point out, as one of the Honourable Members opposite has already done, that gold is essentially unproductive; that in the words of an article by an Indian gentleman which I read the other day on this very subject, it is "barren metal lying in idle hoards". There are many better uses to which Government surpluses, if any, and the proceeds of Government loans can be put than the purchase of gold.

Probably however the Honourable Member opposite would recommend the printing of notes for the purpose of buying this gold. He would purchase the gold; I presume he would then place it in the Issue Department of the Reserve Bank, and issue notes against it. But the issue of notes presupposes the presence of gold in the Issue Department. Whether it would be possible to issue notes before the gold was lodged in the Issue Department is a question which I am not prepared to answer offhand. Nor is it not a problem which I intend to think out with any care because it is a process to which I am sure Government would never agree.

There is another difficulty. Under section 33 of the Reserve Bank Act, the value of gold in the Issue Department is at the old parity. Since then the price of gold has risen. The result is this, that, if you wanted to purchase gold for the Issue Department, you would have to spend more rupees purchasing that gold than would be the value of the notes which could be issued, against it. There would be a considerable margin of difference and that margin of difference would represent a dead loss to Government. This alone is a strong argument against the purchasing of gold.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Why are other countries buying gold?

**THE HONOURABLE MR. P. C. TALLENTS:** Other countries are not all buying gold.

The next question which arises is. Assuming that you have purchased your gold, what are you going to do with it? Now, I do not know whether the Honourable Member opposite would agree to this gold being exported in order to settle the balance of trade. I gathered from his speech that he would not. If he did agree however, what advantage is there over the present arrangement when this gold is being exported on private account? You would merely be introducing Government as a third party into the exchange market where the presence of Government is not necessary. It is not only unnecessary; it is positively undesirable that Government should enter into the market and take the risk. I gathered just now from an expressive gesture of the head of the Honourable Member opposite that what he contemplates doing with his gold is to place it in the Issue Department and issue notes against it. I have already said that gold is essentially unproductive and that Government does not want more of it than is necessary. The present stock of gold and bullion is valued at Rs. 44½ crores. Government consider this to be amply sufficient and nothing that any Honourable Member has so far said in this debate has thrown any doubt on that conclusion. If, Sir, it is the proposition of the Honourable Member opposite that notes should be issued against the

gold let us consider what would have happened if all the gold that has been exported since September, 1931 had been diverted instead into the Issue Department and notes had been issued against it. There is absolutely no reason to suppose that commerce and industry in this country would have been any the better for it. On the contrary they would be very much the worse. The note circulation would be more than doubled; it would be the most disastrous inflation and, as more gold was purchased by the Honourable Mr. Hossain Imam and added to the reserve and more notes were issued the position would become even worse.

**THE HONOURABLE MR. HOSSAIN IMAM:** Expansion against a gold reserve is not inflation.

**THE HONOURABLE MR. P. C. TALLENTS:** I understand the Honourable Mr. Hossain Imam's desire is that this gold should be placed in the Reserve Bank and notes issued against it. India would be well started down the slippery slope if that policy were adopted. Possibly by exporting the gold which he had accumulated the Honourable Member might be able to save the rupee, but I doubt it. In any case he would have inflicted a fatal blow at India's credit, on the results of which it is unnecessary for me to dilate. I hope I have said enough to show that it is impracticable to give effect to the first part of the Honourable Member's Resolution. I now turn to the second part.

As regards the exports of gold there are three schools of thought. The first school of thought would stop it altogether: they would prohibit the export of gold or they would impose a prohibitive export duty. The second school of thought would allow the gold to be exported without any duty. The third school of thought, to which the Honourable Mr. Hossain Imam himself belongs, would allow the gold to be exported but would like to see Government take their toll in the process.

As regards the first school of thought,—that is the school of thought which would prohibit the export of gold altogether,—according to this school it is distress gold that is being exported and to allow its export to continue is to suck the very lifeblood of the distressed cultivator. Now, Sir, there are certain questions which can appropriately be put to those who hold this point of view. What is the good of a reserve if it is never to be used? The whole object of a reserve is that there should be something available against the rainy day. If the rainy day comes obviously the reserve should be used, particularly if it can be realised with substantial profit. In the second place, let me put a dilemma to the House. The gold which is flowing out of India is either distress gold or it is not. If it is distress gold, why not allow the distressed owner to make the best profit out of it that he can and reap the benefit of his former thrift? If it is not distress gold and it is being sold by a dealer who is making a bit over the transaction—and the recent revival in the export of gold in response to the increase in the sterling price of gold rather points to that conclusion—why stop him doing so? In the third place, if the export of gold is prohibited, you still are not going to help the distressed cultivator. The distressed cultivator will still want to part with his reserves to the local dealer: if the export of gold is prohibited the price of gold will go down and the distressed cultivator will not get so much from his dealer as he would otherwise have done.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Does Government advance money to the cultivator against the security of gold ?

**THE HONOURABLE MR. P. C. TALLENTS :** I venture to say that the prohibition of export would not help the condition of the distressed cultivator.

The second school of thought, as I said, is that of those who would allow the gold to be exported without let or hindrance, and that is the policy of Government. It is a commonplace, Sir, that the world at present is suffering from a general inhibition of trade and Government considered that the greatest service that India could render is not to throw further difficulties in the path of international trade. From India's point of view the benefits of this policy are as follows. Firstly, that the ultimate sellers of gold get the full benefit of their former thrift. They are parting with an asset which is not productive and in exchange are securing, or at least are being given the opportunity of securing, productive assets. In the same essay which I mentioned just now by an Indian gentleman in the *Economic Journal*, he described this as "mobile purchasing power"—a suitable expression. And I may add that a large proportion of the imports which are now coming into India which are being purchased with this gold are of a capital nature, machinery and so forth.

Well, Sir, the third school of thought, to which the Honourable Mr. Hossain Imam belongs—

**THE HONOURABLE MR. HOSSAIN IMAM :** And the European Association of Calcutta, Sir.

**THE HONOURABLE MR. P. C. TALLENTS :** They consider that although gold should be allowed to flow out, Government should use the occasion for revenue purposes and make something out of the process. Why have Government not adopted this policy ? Firstly because they wish to give the ultimate seller of the gold the full benefit of his thrift. There is nothing peculiar about gold exported from India which gives it a special value in the world market. The price of Indian gold outside India is the same as that of any other gold and is regulated by the world price. Therefore any export duty that the Indian Government was to impose on gold exported from this country must result in a corresponding deduction from the price that the ultimate seller would receive. It is in the interests of the ultimate seller and also to maintain unimpeded the flow of trade that the Government of India have hitherto refrained from imposing the moderate duty which my Honourable friend opposite recommends. They regard these objects as of greater importance than the revenue which they might derive from the duty. I would add that the flow of gold from India is not in such great volume now as it was, particularly in 1932-33. The imposition of such a duty therefore now would be less remunerative than it would have been a year or two ago. Government see no justification whatever at present for a change in their policy.

If my memory serves me correctly, it has been my painful duty to oppose every single Resolution relating to the Finance Department which the Honourable Member opposite has moved during the last two sessions. I have not done this for the sake of being obstructive or with the intention in any way of throwing cold water on the manifest interest and pleasure which

the Honourable Member takes in unravelling the mysteries of the Government accounts. Many Members of this House are in the practice of sharpening their wits by the daily cross-word puzzle. The Honourable Mr. Hossain Imam has chosen a more exacting and elusive hobby; his hobby is finance. I still hope that he and I may one day discover some subject on which we can agree. Unfortunately this is not one of them. I, therefore, Sir, must oppose the Resolution which he has moved this morning. (Applause.)

THE HONOURABLE MR. HOSSAIN IMAM: Before I proceed, Sir, with the reply to the speech of the Honourable the Finance Secretary, I should like to congratulate him on the mild way in which he opposed the Resolution. I have also great pleasure in anticipation of having him as a Member of our Provincial Executive Council. (Applause.) Although we have differed, and as I said so often, he knows that I have to advocate the cause of my electorate and I know that he is voicing the dictates of others, and therefore we both may be excused for our differences, because these are not personal differences.

I join issue with the Honourable the Finance Secretary on each and every item that he has today stated. I shall start from the end. The last proposition that he enunciated was that if we put an export duty on gold it will cause distress to the sellers by reducing internal prices. I should like him to remember a word which he stated just before, that if Government starts operating in the market, the prices will increase. This was his dictum and again his dictum was that the prices would fall. Which dictum of his am I to take? I leave it to him to answer. I say that I brought forward both propositions knowing full well the counter-effects of each. Export duty may have the effect of reducing prices and the Government's policy will have the counter-effect. Bulls and Bears may fight but there will be an equilibrium. The net position would be that holding a paramount position in the gold market India would be bound to affect the world prices of gold. We have the instance of silver. When we increased our silver duty we had a reduction in world prices because India was a buyer and therefore the import duty that we put on silver had the effect of bringing down world prices. India is not a factor in the bullion market which can be disregarded. It can almost with impunity impose any tax; it holds such a strong position.

Then he said, Sir, an unheard of thing, and I asked him to quote to me the authority of any notable writer on finance to substantiate his dictum. He said that increase of the note issue against gold is inflation. This is a new theory enunciated by the Honourable the Finance Member in the other House during the introduction of the budget, which has no echo in the world. I said it then and I say it again that I want him to quote the authority of any well-known world writer on finance. However, wise the Finance Member may be, I cannot take it as a dictum in the face of world opinion being against it.

The third item which the Honourable the Finance Secretary enunciated was that if we purchase gold we would like it to be transferred to the Issue Department, but the Issue Department will not advance money before the gold is in the custody of the Reserve Bank; therefore there will be an interval, in which there will be no money and perhaps Government will have to borrow money. We have some idea of Government finances. We know what

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Government balances are, and in order to show how inadequate or adequate our balances are, I should like to quote the cash balances of the Government of India for the four months of this year. Its balance in April was Rs. 19 crores in the Reserve Bank and Rs. 2 crores in the treasuries; in May it was Rs. 1·7 crores in the treasuries and Rs. 20·31 crores in the Reserve Bank; in June it was Rs. 1·87 crores in the treasuries and Rs. 20·94 crores in the Reserve Bank; and in July it was Rs. 1·79 crores in the treasuries and Rs. 13·45 crores in the Reserve Bank, besides the enormous balances held in England. In the month of May our sterling balances were Rs. 12·96 crores and in June Rs. 7·11 crores. Sir, with such enormous holdings for the Government to say that they will have to borrow in the market, when only four or five days would elapse between the purchase of gold and the lodging of it in the Reserve Bank, is absurd.

THE HONOURABLE THE PRESIDENT: But he made the statement in connection with the proposition that to buy gold against issue of notes would be an unremunerative proposition.

THE HONOURABLE MR. HOSSAIN IMAM: So far as remuneration is concerned, Sir, we would replace all securities which do not yield on the average even 2 per cent. by higher yielding assets of Government of India sterling loans which would give 3½ per cent. and divert and sell part of British Treasury Bills and thereby meet our sterling demands in England. The amount of money which the Government wants to send to England in the shape of sterling would be advanced by the Reserve Bank and in exchange for sterling we would give gold. There is no operation in it which involves either loss or any sort of interval. Sir, our point was and has always been—and as I said it was first advocated in 1932 by the European Association of Calcutta—that there should be a small duty on the export of gold. They wanted to suggest it as an alternative source of revenue in order to get a reduction in the surcharge on income-tax and I know, Sir, that if that had been done it would have been possible for the Government to give some relief to these wealthy gentlemen of the European community of Calcutta. Therefore, Sir, there was this unanimity in all commercial and financial schools of thought in regard to this export duty. But even though Indians and Europeans, non-officials alike, were unanimous, the Government of India remained unconvinced. Sir, as I was saying, our intention was that you should replace the low yielding sterling securities now held in the Issue Department by gold; the difference between the book value and the purchase price would be made good by *ad hoc*s. And in this connection, Sir, I should like to remind him that the holdings of the Reserve Bank in rupee securities are at a very favourable figure at the present moment. I have not got the exact figure, Sir, but as far as I remember, when we transferred the Issue Department the Government of India had given them rupee securities of about Rs. 49 crores and at the present moment their holdings of rupee securities are below Rs. 26 crores. Now, according to the Reserve Bank Act, the Reserve Bank can have in its portfolio rupee securities up to the value of Rs. 50 crores or 25 per cent. whichever is higher. Therefore, Sir, on a modest estimate the Government of India can purchase gold

worth Rs. 75 crores without straining and the additional amount of indebtedness created by means of adding *ad hocs* would be no loss because the Government of India is after all the reversionary of the Reserve Bank. Every profit made by the Reserve Bank in excess of the Rs. 17½ lakhs which is going to the shareholders will ultimately come back into the Government's exchequer. And you will remember, Sir, that I have questioned the wisdom of the Government of India in placing the estimate of the income of the Reserve Bank at the figure of Rs. 50 lakhs. That, Sir, gave us a hint that our reserves in the Issue Department would be invested mostly in British Treasury Bills. Sir, as I said, my model for action and inaction is the Bank of England and the Government have no model, their guiding spirit is the whim of the head of the Finance Department of the Secretariat. The Government had no reply to make to my statement that the Bank of England has bought Rs. 80 crores of gold. The real reason behind the present policy of the Government of India is that the whole existence of the sterling block depends on the flow of gold from India to strengthen the resources of the sterling. If India kept out of the market sterling will to a great extent lose its strength. We are not, Sir, animated by any animosity towards England in asking for that. As the Honourable Member has rightly pointed out, we are not prohibitionists—we do not want to prohibit the export of gold. What we want is that there should be a policy of live and let live. At the present moment, the *fiat* of the Finance Department is that it is imprudent to purchase gold, I would have thought, Sir, that during the time that Sir James Grigg was in England he would have stopped the Bank of England from purchasing gold, but as a matter of fact most of the gold was purchased during the time he was attached to the English Treasury. I cannot say, Sir, what the exact figure was at that time, or what is the position now, for want of notification by the Exchange Mobilisation Fund; but this much I can say, that a good deal of the gold purchased by them was during the time of Sir James' office at the Exchequer. Why did he not advise them against it? Or if they did this in defiance of his advice, his opinion cannot be infallible.

Sir, we were told by the Honourable the Finance Secretary that by allowing latitude to sell gold, they are helping India. Then he said, "What is the good of a reserve when it is not to be used"? I, Sir, agree entirely. But I fail to see, Sir, how the intervention of Government in the gold market by purchasing gold would have any adverse effect on the prices which will be received by the sellers. As I said, Sir, the two effects of reduction and increase will counter-balance each other and there will be no lag in the prices. I wish he had remembered this, Sir, when he was taking his sterling loan in July. I ask him again to remember his own words: "What is the use of a reserve if you do not use it"? But, Sir, we have realised that our differences are not so much with the Government of India as with the power behind the throne. He stated, Sir, that we have not yet exhausted our seven years balance. Against that, I should like him to look up the report of his own Controller of the Currency at page 65, where he will find that we have exhausted all our balance of gold in point of value which we have purchased during the last 14 years. In the 14 years ending 31st March, 1935 we have practically exported as much gold as we have purchased in that time in point of value. No doubt India has always been fond of gold and it has purchased gold, but then, Sir, we know that there has been a constant drain. In previous years, gold used to go out of India by the land

[Mr. Hossain Imam.]

frontiers and by other means for which records do not exist. Therefore, Sir, to say that India's holding of gold is of a certain figure is not exactly correct. I would therefore request the Government to reconsider the matter and to at least give in, when Indians and Europeans are all thinking alike, if they do not give in at other times.

THE HONOURABLE THE PRESIDENT: Motion moved:

"That this Council recommends to the Governor General in Council to purchase gold in India at the current market rate and to put a small export tax on gold exported out of India."

The Question is:

"That that Resolution be adopted."

The Motion was negatived.

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### CRIMINAL LAW AMENDMENT BILL.

THE HONOURABLE THE PRESIDENT: The Council will now proceed with the discussion of the Criminal Law Amendment Bill. I will put each clause separately, as suggested by the Honourable Raja Ghazanfar Ali Khan the other day, and I hope the discussion will be limited to each clause.

Clauses 2, 3, 4, 5, 6 and 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. SLOAN (Home Secretary): Sir, I move:

"That the Bill to amend the Criminal Law, in the form recommended by the Governor General, be passed."

The Motion was adopted.

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### RESOLUTION RE EMPLOYMENT OF WOMEN DURING THE NIGHT.

THE HONOURABLE MR. D. G. MITCHELL (Industries and Labour Member): Sir, I move:

"That this Council recommends to the Governor General in Council that he should ratify the Draft Convention concerning the employment of women during the night (Revised 1934) adopted at the Eighteenth Session of the International Labour Conference."

Sir, this is not a very great matter, and it will require just a few words to explain the position of India. In 1919, a Resolution was adopted at Washington which prohibited the employment of women in industrial establishments during the night. About a couple of years later, it was ratified by India. A few years later again, some of the countries concerned raised the question whether this Resolution related to women who were employed in supervisory capacities in industrial establishments. The question was discussed for some time in the Governing Body and finally sent to the Court of International Justice for a ruling. They ruled that the Convention be applied to these women. As this did not suit the conditions in some of the contracting countries, the case was raised again at the International Labour Conference and a revised Convention was



entered into in 1934 at Geneva, whereby a relaxation of the rigidity of the former Convention was made, allowing women employed in supervisory capacities to work in factories and other industrial establishments at night.

As regards India, the position is that in the Factories Act of 1910 and again in the Factories Act of 1934 the Local Governments have been given power to exempt women holding supervisory positions in factories. To that extent, our law is not in consonance with the Convention of 1919. Further, the formula we have for exemption in our present law is somewhat wider than the formula which is allowed by the Convention of 1934. So, on both these accounts it is necessary for us to amend our present Act.

The position was considered very carefully by the Government of India in consultation with Local Governments and it was decided that we should make a clean cut in India and should entirely prevent the employment of women in factories at night. As ordinary women workers may not work in factories at night, any woman worker in a supervisory position would find herself alone at night in the factory watching a gang of men workers. That is a position which we think should not arise in India. We accordingly propose to introduce legislation which will amend the present Factories Act and will entirely prevent the employment of women in factories at night in any capacity whatsoever. But, meanwhile, there is no reason why we should not ratify the Convention of 1934 which will give us a power to make an exemption which at present we do not intend to use.

Sir, I move.

The Motion was adopted.

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### FACTORIES (AMENDMENT) BILL.

THE HONOURABLE MR. D. G. MITCHELL (Industries and Labour Member):  
Sir, I move :

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

This, Sir, is the legislation to which I have just referred and I have nothing to add.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. D. G. MITCHELL: Sir, I move :

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

The Motion was adopted.

## REPEALING AND AMENDING BILL.

THE HONOURABLE MR. G. H. SPENCE (Government of India : Nominated Official) : Sir, I move :

“ That the Bill to amend certain enactments and to repeal certain other enactments as passed by the Legislative Assembly, be taken into consideration.”

This, Sir, is a perfectly *bona fide* repealing and amending Bill, that is to say, it repeals nothing which is not dead and it makes no amendments which are not purely formal.

The Motion was adopted.

The First and Second Schedules were added to the Bill.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. G. H. SPENCE : Sir, I move :

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

The Motion was adopted.

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The Council then adjourned till Eleven of the Clock on Saturday, the 28th September, 1935.