

7th October 1937

THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume VII, 1937

(30th September to 7th October, 1937)

SIXTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,

1937



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Legislative Assembly.

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MR. S. SATYAMURTI, M.L.A.

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MR. M. GHASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Thursday, 7th October, 1937.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

IMPORT OF TWISTED SILK FROM JAPAN.

1053. ***Mr. N. V. Gadgil** : (a) Will the Honourable the Commerce Member state whether Government are aware of the fact that during the last twelve months there has been an abnormal increase in the import of twisted silk in India from Japan ?

(b) Are Government aware of the fact that this increase in imports has caused ruin for the workers in that line at Bangalore and other places in the Madras Presidency ?

(c) Are Government prepared to take steps in this connection so as to secure protection to the corresponding Indian industry ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member is referred to my reply to an identical question asked by him on the 29th September, No. 917. I have nothing to add to that reply.

Mr. S. Satyamurti : Has there been any effect on the import of twisted silk into India from Japan, as a result of the Sino-Japanese War ?

The Honourable Sir Saiyid Sultan Ahmad : That was also the subject matter of my reply. The same questions were put.

Mr. S. Satyamurti : Have the Government got any further information ? That is all I am asking.

The Honourable Sir Saiyid Sultan Ahmad : I said that I have nothing further to add.

Mr. N. V. Gadgil : Will Government take steps by way of import duty if there is any abnormal increase in the import of twisted silk into India from Japan ?

The Honourable Sir Saiyid Sultan Ahmad : That is a hypothetical question.

Mr. S. Satyamurti : Question No. 1054.

The Honourable Sir Saiyid Sultan Ahmad : There is a notice of an adjournment motion on the appointment of the Economic Adviser, and I was suggesting, subject to your permission, that this matter might

stand over till your decision whether the adjournment motion can be moved or not. If it be your ruling that it can be moved, then there will be no necessity for putting this question.

Mr. President (The Honourable Sir Abdur Rahim) : On the other hand, this information is wanted probably for the purposes of this motion so that the House may know what the facts are.

The Honourable Sir Saiyid Sultan Ahmad : If my Honourable friend agrees to that course ; otherwise I can answer.

Mr. S. Satyamurti : It is not as if I do not want an answer.

Mr. President (The Honourable Sir Abdur Rahim) : I have got to decide whether the motion will be in order, and for that I must have facts.

The Honourable Sir Saiyid Sultan Ahmad : Then, I will answer.

POST OF THE ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

1054. ***Mr. S. Satyamurti** : Will the Honourable the Commerce Member be pleased to state :

- (a) the reasons why the post of an Economic Adviser to the Government of India has been offered to a European on Rs. 3,000 a month ;
- (b) the reasons why the post was not advertised in India or elsewhere ;
- (c) the materials on which Government have come to the conclusion that this European is the most suitable man for this job ;
- (d) whether he has accepted the job or not ;
- (e) whether Government are aware that advice on economic questions even of experts is often coloured by the views of the economist on other than purely economic questions ; and
- (f) whether Government are prepared to withdraw the offer and advertise the post and appoint a suitable Indian thereto and if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have endeavoured to select an officer who will fill adequately the duties of the post.

(b) Government did not think that public advertisement was likely to be of assistance to them in filling the post.

(c) The record of his career up-to-date.

(d) Government have been informed that a formal offer is likely to be accepted.

(e) This is a matter of opinion and Government have no desire to express theirs.

(f) No. As to the latter portion, the Honourable Member's attention is invited to the reply given to part (d) of his question.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know what are the main duties proposed to be discharged by this Economic Adviser ?

The Honourable Sir Saiyid Sultan Ahmad : I would suggest that this may be left over for the debate, because we are not raising any objection as regards the adjournment motion.

Mr. S. Satyamurti : Then with regard to the answer to clause (b) of the question, what are the grounds on which Government came to the conclusion that advertisement for this post would not yield any useful results ?

The Honourable Sir Saiyid Sultan Ahmad : That also may stand over. The reply will be given in the debate.

Mr. S. Satyamurti : I will take that answer again and again. I merely put the question, in view of what the President has said. With reference to the answer to clause (c) of the question, may I know what is the past record of this European, on which Government have come to the conclusion that he is the most suitable man for this job ?

The Honourable Sir Saiyid Sultan Ahmad : That will certainly be placed before the House.

Mr. President (The Honourable Sir Abdur Rahim) : I may state this, that, as a matter of fact, my experience is that as a result of a short notice question the time of the House is sometimes saved. If full information is given, it has sometimes happened that a motion for adjournment is not moved after that. When the facts are not in possession of the Honourable Member who wishes to move a motion of adjournment, he elicits facts by short notice question and that is certainly the proper course to take before moving any motion of adjournment of the business of this House, because a motion of adjournment of the business of the House means that so much time of the House is taken up on a matter which might well have been avoided if all the information were available to the House in time.

The Honourable Sir James Grigg : The record of this officer appears in this morning's papers.

Mr. S. Satyamurti : But papers often commit mistakes !

The Honourable Sir James Grigg : But it is taken from Who's Who.

Mr. S. Satyamurti : That might also commit a mistake.

Sardar Mangal Singh : May I know whether the case of any Indian was considered ?

The Honourable Sir Saiyid Sultan Ahmad : That I have answered.

PROPOSAL FOR AN AMENDMENT OF THE GOVERNMENT OF INDIA ACT.

1055. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

(a) whether there is any suggestion or proposal by or on behalf of the Indian States before the Government of India for an amendment of the Government of India Act to suit their demands ;

(b) whether the Government of India are contemplating any amendment of the Act for any purpose and if so, for what ; and

- (c) whether any fresh Orders-in-Council are contemplated to be issued, and, if so, on what subjects ?

The Honourable Sir James Grigg : (a), (b) and (c). It is not in the public interest to give any information on these points.

IMPORT OF COTTON PIECE-GOODS FROM GREAT BRITAIN AND JAPAN AND PURCHASE OF INDIAN COTTON BY FOREIGN COUNTRIES.

1056. ***Mr. S. Satyamurti :** Will the Honourable the Commerce Member be pleased to state :

- (a) the latest figures available for this year for the import of cotton piece-goods into India from Great Britain and Japan. respectively ;
- (b) the purchases of Indian cotton by the two countries mentioned above ; and
- (c) whether any attempts are being made for the purchase of Indian cotton by other countries ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The Honourable Member is referred to the Monthly Sea-borne Trade Accounts for August, 1937, copies of which are in the Library.

(c) A large number of other countries not only attempt, but succeed in buying Indian cotton. Such purchases during April to August of this year amount to 87,000 tons, which is slightly higher than the purchases for the corresponding months of the two preceding years.

Mr. S. Satyamurti : May I know, in view of the report of a bumper crop of cotton in America, whether Government are taking any special steps to see that, as a result of the trade negotiations now going on between England and India, the consumption of Indian cotton by England is increased ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

†1057*.

HOURS OF WORK OF CERTAIN OFFICERS OF THE ASSAM BENGAL RAILWAY.

1058. ***Mr. Kuladhar Chaliha :** Will the Honourable Member for Railways please state the average hours of work during a single day of the following officers of the Assam Bengal Railway ?

- (i) Drivers, (ii) Firemen, (iii) Guards, (iv) Brakesmen, (v) Station Masters, (vi) Assistant Station Masters, (vii) Pointmen, (viii) Télégraph Signallers, (ix) Booking Clerks, and (x) Travelling Ticket Examiners.

The Honourable Sir Saiyid Sultan Ahmad : The information asked for is not readily available and Government do not consider that the cost and labour involved in its compilation would be justified by the results to be obtained. I would, however, refer the Honourable Member to the reply given to unstarred question No. 123 asked by Maulvi Muhammad Abdul Ghani, in this House on the 21st September, 1937.

†For this question and reply thereto, see page 3177 of these debates.

Mr. Kuladhar Chaliha : Are Government aware that there are Assistant Station Masters who work for 15 hours ?

The Honourable Sir Saiyid Sultan Ahmad : They are not aware.

Mr. Kuladhar Chaliha : Will Government make inquiries ?

The Honourable Sir Saiyid Sultan Ahmad : If the Honourable Member will let us know the names of the station masters, we shall certainly make inquiries.

IMPROVEMENT OF QUARTERS AT CERTAIN STATIONS ON THE ASSAM BENGAL RAILWAY.

1059. ***Mr. Kuladhar Chaliha :** Will the Honourable Member for Railways please state whether any improvement of the Assam Bengal Railway quarters of the stations between Gauhati and Tinsukia has been made and the ventilation improved ? If so, in how many stations ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no detailed information as to the actual work being done in this connection on the Assam Bengal Railway. The Budget for 1937-38 for that railway contains Rs. 2.50 lakhs for the construction or improvement of quarters, and at present it is proposed to provide for the next year the sum of Rs. 3.53 lakhs for the same purpose.

JORHAT PROVINCIAL RAILWAY.

1060. ***Mr. Kuladhar Chaliha :** Will the Honourable the Railway Member please state :

- (a) whether Government have arrived at any decision to take up the Jorhat Provincial Railway ;
- (b) whether it has been decided that the Railway Board will take it up, or it will be made over to the Assam Bengal Railway for management ; and
- (c) whether the branch of the Jorhat Provincial Railway to Titabar junction will be continued ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). The whole matter is under consideration at present.

†1061*—1064*.

CHINA'S APPEAL TO THE LEAGUE OF NATIONS AGAINST JAPANESE AGGRESSION.

1065. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether the Government of India have received any information about China's appeal to the League of Nations against Japanese aggression ;
- (b) whether the Government of India have been consulted on this matter by the Secretary of State, or by the League of

†For these questions and reply thereto, see pages 3177—80 of these debates.

Nations, or by His Highness the Aga Khan, an Indian delegate and the President of the present session of the Assembly ; and

- (c) whether the Government of India have given any instruction on this matter to their delegates to the Assembly of the League of Nations, and if not, why not ?

Mr. G. H. Spence : (a) to (c). The Honourable Member is referred to the reply given by the Honourable the Law Member to part (a) of the Honourable Mr. Mohan Lal Saksena's starred question No. 997 asked on the 2nd October, 1937.

Mr. S. Satyamurti : With reference to that answer and the subsequent events, may I know if the Government of India have officially heard from the Secretariat of the League of Nations about the Resolution passed by the League of Nations condemning Japan's aggression ?

Mr. G. H. Spence : We shall not hear officially from the Secretariat of the League of Nations until we get the documents in due course. The only official information we have received was in reply to a telegram we sent when we received notice of Mr. Mohan Lal Saksena's question.

Mr. S. Satyamurti : May I know if the Government of India have been informed of China's appeal to the League of Nations asking for help to meet Japan's aggression ? I have read a newspaper report to the effect that the Committee passed a Resolution on the Sino-Japanese War. Incidentally they passed a Resolution asking the nations to help China ?

Mr. G. H. Spence : We have not heard anything about that. Possibly the Honourable Member misunderstood a telegram which I saw in the *Statesman* of yesterday—a Reuter's telegram to the effect that the Budget Committee of the League had approved a proposal to grant £100,000 to fight epidemics in China. Is that what the Honourable Member has in mind ?

PROPOSALS FOR PARTITION OF PALESTINE.

1066. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether the Government of India have received a copy of the report of the Committee of the League of Nations on the British Government's proposals for the partition of Palestine, or have any information on the matter ; and
- (b) whether the Government of India propose at this juncture to represent the feelings of the people of India to the League against any partition of Palestine and if not, why not ?

Mr. G. H. Spence : (a) The Honourable Member is presumably referring to the Report made by the Permanent Mandates Commission to the Council of the League. Government received copies of the volume containing this Report together with the Minutes of the Extraordinary Session of the Commission by the last mail and a copy of the volume has been placed in the Library.

(b) No. The Honourable Member is referred to the Home Secretary's reply to part (c) of his starred question No. 236 asked on the 1st September, 1937.

Mr. S. Satyamurti : May I know if, subsequent to that answer, any communication has passed from the Government of India to His Majesty's Government or to the League of Nations through His Majesty's Government, regarding the feelings of Indians in this matter ?

Mr. G. H. Spence : I understand that the only communication which has since passed is the communication arising out of the undertaking given in answer to the Honourable Member's previous question, when it was said that the attention of His Majesty's Government would be specifically invited to his question and answer.

Mr. S. Satyamurti : Has that been done ?

Mr. G. H. Spence : That has been done.

(b) WRITTEN ANSWERS.

PURCHASE OF THE GRAND HOTEL FOR FEDERAL ASSEMBLY CHAMBER IN SIMLA.

1057. ***Bhai Parma Nand** : (a) Will the Honourable the Leader of the House be pleased to state whether it is a fact that on the completion of the Federation scheme a larger site would be required in Simla for a new Chamber of much bigger size to suit the needs of a larger Federal Assembly ?

(b) Are Government aware that the site on which the Grand Hotel and its adjoining buildings are situated is for sale in the market ?

(c) If the answer to parts (a) and (b) above be in the affirmative, do Government propose to consider the advisability of bargaining for the purpose of purchasing this site ?

The Honourable Sir Thomas Stewart : The question should have been addressed to me and to avoid delay I shall reply to it.

(a) The reply to the question will depend upon whether the Federal Government decide to hold the Sessions of the Legislature in Simla.

(b) Yes.

(c) No.

MAINTENANCE OF ADDITIONAL POLICE FOR RAILWAYS.

1061. ***Maulvi Muhammad Abdul Ghani** : Will the Honourable the Railway Member be pleased to state :

(a) whether the Bihar and Orissa Governments made repeated representations to the Government of India and through

them to the Secretary of State for India to relieve them from the burden of expenditure in connection with the maintenance of Railway Police for the Railway Companies within their boundaries ;

- (b) what contribution is made by every Railway company or by the Government of India to the respective Provincial Governments for the maintenance of an additional police specially meant for Railway Companies ; and
- (c) whether it is a fact that the respective Provincial Governments have to perform other works, such as realisation of railway fares and penalties and service of notices on the persons found travelling without tickets ; if so, whether any Railway Company or the Government of India pay any amount to the respective Provincial Governments for such services ; if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The question of incidence of cost of Railway Police has formed the subject matter of correspondence between all the Provincial Governments (including the Government of Bihar and Orissa), the Government of India and the Secretary of State for a number of years. Up to the year 1936-37, Company-managed Railways were paying to the Provincial Governments a sum of about Rs. 8 lakhs per annum as their share of the cost of Railway Police. No payments were made by State-managed Railways. The actual contributions for 1935-36 were as follows :

| | Rs. |
|--|----------|
| Assam Bengal Railway .. | 41,000 |
| Bengal and North Western Railway .. | 31,000 |
| Bombay, Baroda and Central India Railway | 2,04,000 |
| Madras and Southern Mahratta Railway .. | 2,19,000 |
| Rohilkund and Kumaon Railway .. | 10,000 |
| South Indian Railway | 2,09,000 |
| Bengal Nagpur Railway | 82,000 |
| | <hr/> |
| Total | 7,96,000 |
| | <hr/> |

Section 187 of the Government of India Act, 1935, provides that the cost of " Order " police employed on all railways, whether State-managed or Company-managed, shall be paid by the Federal Railway Authority to the Provincial Governments and administrations, etc. It is anticipated that the total liability of Railways on this account will be increased from Rs. 8 lakhs to about Rs. 27 lakhs per annum.

(c) Action taken by the Police under section 132 of the Railways Act in connection with persons travelling without a ticket is a duty which has been allotted to the " Crime " and not to the " Order " police and Railways are not required to pay the cost of such services.

APPOINTMENT OF AN ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

1062. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable the Commerce Member state :

- (a) whether Government are contemplating the appointment of an economic adviser to the Government of India ;
- (b) whether an offer has been made to a foreign expert ; if so, to whom ; and
- (c) whether any Indians were considered for the post ; if so, who were those Indians that were considered ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) No. The post has been offered to Dr. T. E. G. Gregory, Professor of Economics in the University of London.

(c) Yes. I am not prepared to disclose the information.

PURCHASE OF INDIAN COTTON AND TOBACCO BY JAPAN, ETC.

1063. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable the Commerce Member state :

- (a) whether it is true that the Japanese have stopped purchasing their usual amount of cotton owing to the China-Japanese War ;
- (b) whether the Japanese purchase of tobacco has gone down for the same reasons ;
- (c) whether Government have enquired into the effects of the China-Japanese war on Indian trade ; and
- (d) if so, what is the result of their enquiry ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The exports of cotton and tobacco to Japan have been higher during the period April to August, 1937, than in the corresponding period of either of the preceding two years.

(c) and (d). The Honourable Member is referred to the reply given to his starred question No. 399 on the 8th September, 1937. I may however state that Government are keeping a watch on the effects of the Sino-Japanese hostilities on Indian trade.

PURCHASE OF INDIAN COTTON BY JAPAN.

1064. *Mr. T. S. Avinashilingam Chettiar : Will the Honourable the Commerce Member state :

- (a) under the Indo-Japanese Trade Agreement what is the amount of Indian cotton that Japan has stipulated to take ;
- (b) whether, in view of the present developments in the Far East, this has diminished ; and
- (c) what will be the effect on the terms of the Trade Agreement in case of their not taking the required amount of cotton ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The minimum quantity of Indian raw cotton which Japan has agreed to take is one million bales in a cotton year, i.e., January to December.

(b) Exports upto the 31st August beyond which date figures are not yet available showed no falling off, but the effect of the present hostilities is only likely to disclose itself later.

(c) The Honourable Member's attention is invited to the Department of Commerce Press Communiqué, dated the 15th April, 1937, copies of which are in the Library.

UNSTARRED QUESTIONS AND ANSWERS.

SUM SANCTIONED BY THE RAILWAY BOARD FOR DISBURSEMENT AMONGST NON-STRIKERS OF THE BENGAL NAGPUR RAILWAY.

198. Mr. Mohan Lal Saksena : (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that a sum of Rs. 12 lakhs has been sanctioned by the Railway Board for disbursement amongst the non-strikers in the last Bengal Nagpur Railway strike ? If so, how is it proposed to be spent ?

(b) Is it a fact that about Rs. 6 lakhs is going to be paid as bonus, Rs. 4 lakhs as diet money and Rs. 2 lakhs as travelling expenses ?

(c) What is the total number of non-strikers to whom this money is going to be paid and how much will be paid to the Anglo-Indian employees ?

(d) How much of this money, if at all, had already been spent by the Railway administration in fighting the strike ?

(e) Was the Railway Finance Committee consulted ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (d). The only information available with Government is that the Agent, Bengal Nagpur Railway, paid the following bonus and allowances to non-gazetted

staff who remained on duty during the strike between the 13th December, 1936, and the 10th February, 1937 :

- (i) bonus to non-strikers at 25 per cent. of salary for December, 1936, January, 1937, and ten days of February, 1937, amounting to Rs. 6,75,000.
 - (ii) Diet allowance at various rates to both permanent and temporary staff amounting to Rs. 4,67,000 ; and
 - (iii) Fixed travelling allowance amounting to Rs. 2,000. I would add that Government confirmed Agent's action.
- (e) No.

EXPORT OF MONKEYS.

19 **Mr. M. S. Aney** : (a) Has the attention of the Honourable Member for Commerce and Railways been drawn to the article " For Monkey " by M. K. Gandhi published in the *Harijan* of the 18th September, 1937 ?

(b) Will Government be pleased to give the figures of the monkeys exported from India to America every year during the last five years ?

(c) Did Government receive any representations from humanitarian and anti-vivisection societies to prevent the export of monkeys from India to America ?

(d) If the answer to part (c) be in the affirmative, will Government be pleased to state what orders were passed on them ?

(e) Do Government propose to take any steps to stop the export of monkeys to America or any other country ?

The Honourable Sir Saiyid Sultan Ahmad : The question should have been addressed to the Home Department.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred questions Nos. 28 and 29, asked by Mr. Lalchand Navalrai on the 23rd August, 1937.

PROMOTION OF INDIANS TO STATION MASTER GRADE ON THE NORTH WESTERN RAILWAY.

Government are informed as follows :

Question No. 28.—(a) Yes.

(b) and (c). Yes. Since then, four posts have been raised from grade III to grade IV and one post, i.e., at Rajpura, has been reduced from grade IV to grade II from the date that station ceased to be a " terminal " station and was no longer considered important for a grade IV post.

(d) The number of grade IV posts has so far been raised by three and further increases will be considered according to traffic requirements.

PROMOTION OF STATION MASTERS TO GRADE V ON THE NORTH WESTERN RAILWAY.

Question No. 29.—(a) There are ten posts of Station Masters, grade V, on the North Western Railway. Of these, five have been held permanently by Indians, of whom two have been promoted permanently to grade VI and two others are officiating in grade VI.

(b) to (d). No promotion to Station Masters, grade V, is made from amongst Assistant Station Masters, grade V, qualified in Course T-7 (senior Station Masters and Traffic Inspectors Course). Promotion as Assistant Station Master, grade V, is open to suitable Station Masters, grade I to IV inclusive and Assistant Station Masters, grade I and II (Grade III and IV Assistant Station Masters posts do not exist at present), who have qualified in control duties and to certain other categories of staff qualified in Course T-5 and in control duties. The extent to which Station Masters and Assistant Station Masters in lower grades can seek advancement to Assistant Station Masters grade V and subsequent advancement to Station Masters grade V depends on their suitability to hold such posts and on the occurrence of vacancies.

(e) The channel of advancement is open to all Station Masters grade I to IV who are suitable and are qualified for such advancement.

Information promised in reply to starred question No. 348, asked by Mr. Amarendra Nath Chattopadhyaya on the 7th September, 1937.

DISCHARGE OF POSTAL CANDIDATES AFTER RE-EXAMINATION IN THE MADRAS POSTAL CIRCLE.

The question of further relaxing the restrictions whereby candidates are debarred under the new rules for recruitment from competing for appointments to the Posts and Telegraphs service in the grades of clerks (including postal signallers, sorters and telephone operators) has received the further consideration of the Government of India. In supersession of all previous orders on the subject it has now been decided by Government that the following concessions should be granted :

CLASS I.

Exemption of candidates for appointment as second grade clerks and sorters from further examination.

1. Exemption from appearing at the competitive examination should be granted in each case by Heads of Circles to those who :—

- (i) have had an aggregate satisfactory service in the Department of not less than 24 months between 15th July, 1934 and 15th July, 1937 ; or
- (ii) had been trained in telegraphy in the departmental telegraph training classes prior to the date on which the competitive examination was announced, and had qualified ; or
- (iii) were undergoing training on that date, provided that they complete or have already completed their training satisfactorily ; or
- (iv) have had an aggregate satisfactory service in the Department of not less than 12 months prior to 15th July, 1937 ; or
- (v) had been on the waiting lists for the whole of the year immediately preceding the 15th December, 1936, and have also (prior or subsequent to that date) had an aggregate service in the Department of not less than four months.

2. These exemptions should be granted subject to the conditions that (a) the candidates have passed an entrance test for appointment to the second grade of clerks, (b) the candidates have an unblemished record, and (c) the Head of the Circle is satisfied that they are fully competent.

In the case of candidates in categories (i), (ii) and (iii) it will be open to the Head of the Circle at his discretion to dispense with condition (a), i.e., the entrance test for the 2nd grade of clerks.

3. Approved candidates who fall under categories (i), (ii), (iii) and (iv) above should be provided for in existing vacancies or vacancies hereafter arising before any recruits who qualify in the competitive examination. Those falling under category (v) should receive appointments alternately with the new entrants secured by the competitive examination, subject in every case to the observance of the communal rotation.

CLASS II.

Appearance as departmental candidates at competitive examinations for clerks and sorters.

Permission to appear at the next competitive examination as *departmental* candidates with the relaxation of the upper age limit of 21 years in every case should be granted by Heads of Circles to candidates not coming under class I above who satisfy EITHER both the following two conditions :

- (a) they must have passed an entrance test for appointment to the second grade of clerks, and
- (b) they must have worked satisfactorily in the department for an aggregate period of not less than four months ;

OR all the following four conditions :

- (a) they must have passed the old lower division test,
- (b) they must have been on the waiting lists for the whole of the year immediately prior to December, 1936,
- (c) they must not have been subjected to the test for the second grade of clerks, and
- (d) they must have had an aggregate satisfactory service in the department of not less than 12 months.

These candidates should be considered for half of the vacancies reserved for departmental candidates, i.e., for 25 per cent. of the total vacancies and for any of the remaining 25 per cent. reserved for departmental candidates that are not secured by other departmental candidates.

CLASS III.

Appearance at competitive examination for clerks and sorters.

Permission to appear at the next competitive examination as *outside* candidates and the relaxation of the upper age limit of 21 years in every case should be granted by Heads of Circles to candidates not coming under class I or class II above who—

- (i) have passed an entrance test for the second grade of clerks and had been on the waiting lists for the whole of the year immediately preceding 16th December, 1936, or
- (ii) had served satisfactorily in the Department for any period prior to 15th July, 1937, and were on the waiting list on the 15th December, 1936.

CLASS IV.

Exemption of candidates for appointment as telephone operators.

Permission to appear as departmental candidates with the relaxation of the upper age limit of 21 years in every case should be granted by Heads of Circles and candidates who have an aggregate satisfactory service of not less than 12 months in the Department prior to 15th July, 1937, and have an unblemished record, provided that the Head of the Circle is satisfied that they are fully qualified.

Pending the holding of another general examination at which these men can appear, candidates who have worked satisfactorily for a period of less than four months whether prior to or after the date of the announcement of this year's competitive examination, should be retained in the posts in which they have been working with due regard to the observance of communal rotation. Their confirmation should be subject

to their appearing as *outside* candidates at the competitive examination held in the Circle in which they are working. These candidates must be informed that their service gives them no claim to a permanent appointment and that their retention in the service, and confirmation are dependent on their succeeding in the examination along with outsiders.

NOTE 1.—The phrase “ have passed the entrance test for appointment as second grade of clerks ” wherever it is used in the preceding paragraphs includes any test which was cancelled irregularly by the Head of a Circle owing to a misunderstanding of the orders of the Director General. For instance, the cancellation of a test held under the orders issued in this office letter No. Es.B.227-40|34 (1), dated the 18th November, 1934, on the issue of the subsequent orders contained in this office letter No. Es.B.220-2|36 of 24th February, 1936, and 6th May, 1936, was not asked for. Despite this many Circles actually cancelled the tests under the mistaken idea that this was intended.

NOTE 2.—If any of the candidates for appointment as clerks and sorters or as telephone operators satisfy the conditions prescribed under Class I above, and have already appeared at the competitive examination in any Circle, they should receive exemption irrespective of the results of the competitive examination.

NOTE 3.—Candidates coming under Classes II and III should be given only one chance to appear at the competitive examination. The concession shall cease when a candidate belonging to these categories has been unsuccessful in the examination. Consequently a candidate belonging to these categories who has already appeared at the competitive examination in a Circle and has failed cannot be allowed another chance to appear at the examination.

NOTE 4.—These concessions must not be regarded as dispensing with the necessity of passing the ordinary tests for confirmation in every case.

Information promised in reply to starred question No. 423 asked by Mr. Abdul Qayyum on the 9th September, 1937.

USE OF THE BARA WATER BY THE MILITARY AT PESHAWAR.

(a) No ; the use of the Bara water supply upto a maximum of 9.68 cusecs has been enjoyed by the cantonment since at least 1834 under inheritance from the Sikh Raj when the supply was fixed at 10 cusecs.

(b) No ; there has been a decrease in cultivation but this is in no way connected with the water the cantonment takes from the river.

(c) Yes ; various schemes have been considered, including the pumping of water from Kabul River Canal, but the cost cannot be met from military sources.

(d) No ; in view of the reply to part (c) the military authorities do not wish to surrender rights they have enjoyed for 100 years.

Information promised in reply to starred question No. 493 asked by Mr. Kuladhar Chaliha on the 13th September, 1937.

TEA ESTATES APPLYING EXPORT QUOTA.

(a) to (d). A statement is laid on the table giving as far as possible the necessary particulars. I may add that it has been difficult for the Indian Tea Licensing Committee to distinguish between Indian-owned and European-owned tea estates as a great number of concerns have share capital owned both by Indians and Europeans and which thus fall between the two categories in question. The method of distinction adopted by the Licensing Committee for the present purpose is explained in the Note to the statement.

NORTH INDIA.

| | Season 1933-34. | | | Season 1934-35. | | | Season 1935-36. | | | Season 1936-37. | | | Season 1937-38. | | |
|--|-----------------|-----------------|--------|-----------------|-----------------|--------|-----------------|-----------------|--------|-----------------|-----------------|--------|-----------------|-----------------|--------|
| | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. |
| <i>Registered Estates.</i> | | | | | | | | | | | | | | | |
| Assam, Bengal, etc. | 453 | 698 | 1,151 | 516 | 702 | 1,218 | 546 | 701 | 1,247 | 550 | 698 | 1,248 | 565 | 698 | 1,263 |
| Kangra ; Small Growers | 9 | 9 | 9 | 80 | 80 | 80 | 462 | .. | 462 | 595 | .. | 595 | 659 | .. | 659 |
| Mandi : Small Growers | .. | .. | .. | .. | .. | .. | .. | .. | .. | 180 | .. | 180 | 180 | .. | 180 |
| <i>Unregistered Estates whose quota applications were rejected.</i> | | | | | | | | | | | | | | | |
| Assam, Bengal, etc. | 10 | .. | 10 | 55 | .. | 55 | 42 | 1 | 43 | 21 | .. | 21 | 14 | .. | 14 |
| Kangra : Small Growers | .. | .. | .. | .. | .. | .. | 15 | .. | 15 | 115 | .. | 115 | 24 | .. | 24 |
| Mandi : Small Growers | .. | .. | .. | .. | .. | .. | .. | .. | .. | 17 | .. | 17 | .. | .. | .. |
| <i>Unregistered Estates whose quota applications were withdrawn.</i> | | | | | | | | | | | | | | | |
| Assam, Bengal, etc. | .. | .. | .. | 2 | .. | 2 | 1 | .. | 1 | 2 | .. | 2 | 6 | .. | 6 |
| Kangra : Small Growers | .. | .. | .. | 7 | .. | 7 | 1 | .. | 1 | .. | .. | .. | .. | .. | .. |
| Mandi : Small Growers | .. | .. | .. | .. | .. | .. | .. | .. | .. | 8 | .. | 8 | 23 | .. | 23 |
| Quota applications under investigation. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Total No. of Estates who applied for export quota. | 472 | 698 | 1,170 | 660 | 702 | 1,362 | 1,067 | 702 | 1,769 | 1,488 | 698 | 2,186 | 1,471 | 698 | 2,169 |

NOTE.—The above statement has been compiled from application forms for tea export quota. Where these are signed by Indians the gardens have been classified as 'Indian owned'. The remainder comprise in the main of Companies and there are no records in the office of the Licensing Committee to determine the extent, if any, of the capital held by Indians.

SOUTH INDIA.

| | Season 1933-34. | | | Season 1934-35. | | | Season 1935-36. | | | Season 1936-37. | | | Season 1937-38. | | |
|--|-----------------|-----------------|--------|-----------------|-----------------|--------|-----------------|-----------------|--------|-----------------|-----------------|--------|-----------------|-----------------|--------|
| | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. | Indian owned. | European owned. | Total. |
| Registered Tea Estates | 98 | 294 | 392 | 244 | 269 | 513 | 395 | 271 | 666 | 550 | 274 | 824 | 715 | 272 | 987 |
| Registered small growers | 1,595 | 1,595 | 1,799 | 1,799 | .. | 1,799 | 2,265 | .. | 2,265 | 2,627 | .. | 2,627 | 2,626 | .. | 2,626 |
| Rejected small growers | 1,693 | 294 | 1,987 | 2,043 | 269 | 2,312 | 2,660 | 271 | 2,931 | 3,177 | 274 | 3,451 | 3,341 | 272 | 3,613 |
| Total No. of Estates who applied for export quota. | 92 | .. | 92 | 15 | .. | 15 | 40 | .. | 40 | 914 | .. | 914 | 176 | .. | 176 |
| | 1,785 | 294 | 2,079 | 2,058 | 269 | 2,327 | 2,700 | 271 | 2,971 | 4,091 | 274 | 4,365 | 3,517 | 272 | 3,789 |

ALL INDIA.

Appeals to the Governor General in Council.

| | 1933-34. | | 1934-35. | | 1935-36. | | 1936-37. | | 1937-38. | |
|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| | Successful. | Rejected. | Successful. | Rejected. | Successful. | Rejected. | Successful. | Rejected. | Successful. | Rejected. |
| North India | .. | .. | 2 | 4 | 3 | 14 | .. | 4 | .. | 2 |
| South India | .. | .. | 2 | 1 | 1 | 1 | .. | .. | .. | 1 |
| Total | .. | .. | 4 | 5 | 4 | 15 | .. | 4 | .. | 3 |

* Does not include 2, 1937-38 outstanding.

Information promised in reply to unstarred question No. 75, asked by Dr. Ziauddin Ahmad on 13th September, 1937.

SELECTION OF ENGINEERING STAFF IN THE QUETTA DIVISION OF THE NORTH WESTERN RAILWAY.

Government are informed as follows :

- (a) Yes, applications were invited by the Divisional Superintendent, Quetta, for future temporary posts of Engineering Subordinates for the Reconstruction Branch.
- (b) Out of 132 candidates who appeared before the Selection Board 82 were selected.
- (c) No. Out of the selected candidates 13 were offered appointments immediately and the names of the others were kept on the waiting list for future vacancies. According to paragraph 6 of the advertisement issued in this connection, a copy of which is attached herewith, selected applicants called up for personal interview were to appear before the Selection Board at Quetta at their own expense.
- (d) Yes. Twenty-two men have already been appointed and four more are being offered appointments.
- (e) No. But to meet with the immediate requirements of the Reconstruction Branch, seven candidates, out of those called up for interview, were appointed tentatively pending the result of the Selection Board. This preliminary selection was not based on the strength of recommendations but on the merits of the certificates submitted by them with their applications showing their educational qualifications and past experience of work.

Extract Paragraph 6 from the Advertisement issued by the North Western Railway.

6. Selected applicants, called up for personal interview, will have to appear before the Selection Board at Quetta at their own expense and if detained for a day or so will have to make their own arrangements for their residence, etc.

Information promised in reply to starred question No. 536, asked by Mr. Badri Dutt Pande on the 15th September, 1937.

DECISION OF ALMORA INCOME-TAX CASES AT BAREILLY OR BUDAON.

(a) (i). No. Assessee of Almora and Kumaon Districts are not called to Bareilly, except in circumstances beyond the control of the Income-tax Department. It is also not correct to say that the Income-tax Officer, Bareilly, calls people from the Kumaon Division to Badaun as the latter place is not in the same income-tax circle.

(ii) Does not arise.

(b) There are definite orders to this effect, which are usually complied with.

Information promised in reply to starred question No. 577, asked by Dr. Ziauddin Ahmad on 16th September, 1937.

SELECTION OF ENGINEERING STAFF IN THE QUETTA DIVISION OF THE NORTH WESTERN RAILWAY.

(a) to (e). The Honourable Member is referred to the information laid on the table of the House today in connection with his unstarred question No. 75 asked in the Legislative Assembly on 13th September, 1937.

Information promised in reply to starred question No. 581, asked by Babu Kailash Behari Lal on 16th September, 1937.

REPLACEMENT OF INTERMEDIATE CLASS CARRIAGES ON THE BENGAL AND NORTH WESTERN RAILWAY.

1. There are 12 bogie intermediate class carriages ; these have all been rebuilt and are of the new type.

2. There are 32 bogie intermediate and third class composite carriages. Nineteen have been rebuilt and are of the new type ; four are being rebuilt now. There is a programme for rebuilding the remaining carriages at the rate of two per year.

3. There are 31 six-wheeled intermediate class carriages ; there is a programme for rebuilding these at the rate of ten per year starting in 1938-39.

4. There are 42 six-wheeled intermediate and third class composites. Sixteen of these have been rebuilt and are of the new type ; fourteen are being rebuilt now and the remainder will be rebuilt in 1938-39.

The question of changing the type of intermediate class carriage running between Barari Ghat and Bhagalpur will be looked into, and if possible, a carriage of the new type will be put on this run.

Information promised in reply to part (f) of starred question No. 653, asked by Mr. S. K. Gupta on the 20th September, 1937.

INSUFFICIENT STAFF ATTACHED TO INCOME-TAX OFFICERS IN THE MADRAS PRESIDENCY.

(f) No.

Information promised in reply to question No. 660, asked by Mr. Sri Prakasa on the 21st September, 1937.

LONG CONTINUOUS DUTY OF RAILWAY DRIVERS.

(a) Government are informed that it is not a fact that the same driver is on duty from Gorakhpur to Allahabad. Engine crews are changed at Benares.

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

Information promised in reply to unstarred question No. 130, asked by Mr. Ram Narayan Singh on the 21st September, 1937.

COMPLAINTS AGAINST THE HINDU REFRESHMENT ROOM CONTRACTOR AT DELHI.

A statement giving brief particulars of the complaints recorded against the Hindu Refreshment Room contractor at Delhi is appended. The contractor was greatly handicapped from the 15th February, 1937, when he took over the contract, to the 23rd June, 1937, when he was given occupation of the Hindu Refreshment Room and premises, owing to the refusal of the previous contractor to vacate the premises, and the business was carried on in a dining car stabled in the station.

Statement giving brief particulars of complaints.

1. Mr. B. L. Sondhi, Proprietor, Sondhi and Company, reported against the food served and poor service.

2. Mr. B. Garg, B.A., complained regarding high rates charged and poor food (sweets, puries, etc.), supplied to him by the sweetmeat-vendor.

3. Mr. A. B. Khanna reported that bad food was served ; that the service was unsatisfactory and the behaviour of the servants was rude.

4. The Manager, Ahmad Brothers, Lucknow, complained regarding the bad food served and unsatisfactory service.

5. S. Joginder Singh, M.L.A., has recorded that food served was bad, service poor, ghee used in cooking was not of good quality and there was also mismanagement.

6. Messrs. M. K. Puri, R. B. Mathur, N. Sen and S. L. Kapoor have recorded their remarks in the complaint book to establish that some other gentleman (whose name is not mentioned) was dissatisfied with the arrangements and was using some bad language.

7. The Secretary to Mr. Muhammad Azhar Ali, M.L.A., reported against bad service as tea was not served in time. The Manager also refused to produce the complaint book when asked.

8. Sheo Parsad Jain reported that the tea supplied to him was not fresh. The salesman was impolite.

9. Mr. Acharya complained that he was overcharged for the articles supplied to him.

10. Mr. B. B. Shiv Dass Amin reported that he was overcharged and also that the food served was bad. The ghee used was not of good quality.

Information promised in reply to unstarred questions Nos. 135, 136 and 140 asked by Mr. Amarendra Nath Chattopadhyaya on the 21st September, 1937.

INSTRUCTIONS REGARDING EMPLOYMENT OF NON-GAZETTED STAFF AS TEMPORARY HANDS ON THE EAST INDIAN RAILWAY.

Question No. 135.—(a) and (b) (ii). The Honourable Member is possibly referring to instructions issued by the Chief Operating Superintendent in October, 1935, to the effect that until further orders all staff would be appointed on a temporary basis. These instructions have since been replaced by general instructions of the Agent that all categories of staff, other than those apprentice-trained, shall not be appointed to permanent service until they have completed one year of continuous and satisfactory service.

(b) (i). Yes.

(iii) No.

(c) Does not arise.

MEETING OF SPORT OFFICERS ON RAILWAYS HELD AT DELHI.

Question No. 136.—(a) (i) and (ii). Presumably the Honourable Member is referring to the annual inter-railway Hockey and Athletic tournaments which were held in Delhi in March, 1937. If so, an officer of the East Indian Railway was sent in charge of the East Indian Railway teams in connection with these tournaments.

(iii) Yes.

(iv) The car was booked on a pass.

(b) The officer and his peon travelled on a pass and were granted certain allowances from the sports fund to cover their incidental expenses.

(e) and (d). Do not arise.

INSTRUCTIONS ISSUED ON THE EAST INDIAN RAILWAY FOR NOT PROMOTING CERTAIN NON-GAZETTED STAFF TO OFFICIATE IN THE LOWER GAZETTED SERVICE.

Question No. 140.—Government are informed as follows :

As regards the first part of part (a), the reply is in the negative.

The latter parts of part (a) and part (b) do not arise.

Information promised in reply to unstarred question No. 165 asked by Mr. Muhammad Azhar Ali on the 21st September, 1937.

CLERKS IN THE ESTABLISHMENT SECTION OF THE DIVISIONAL SUPERINTENDENT'S OFFICE, LUCKNOW.

Government are informed as follows :

- (a) The total number of clerks working in the establishment section of the Divisional Superintendent's Office, Lucknow, including the pay bill section is 39, of whom 30 are Hindus and 9 Muslims.
- (b) Six vacancies occurred in the section during the last three years. Five of them were filled by Muslims and one by a Hindu.

Information promised in reply to part (a) of starred question No. 795, asked by Babu Kailash Behari Lal on the 24th September 1937.

GUARDS ON THE BENGAL AND NORTH WESTERN RAILWAY.

Government are informed as follows :

- (a) The reply is in the negative.

Information promised in reply to starred question No. 799, asked by Mr. Lalchand Navalrai on the 24th September, 1937.

PROMOTION OF BOOKING CLERKS ON THE NORTH WESTERN RAILWAY.

- (a) Yes except that no payments are made by the booking clerks to the staff under the Payment of Wages Act.

- (b) The reply to the first part is in the negative ; the latter part does not arise.

- (c) and (d). Booking clerks are eligible for promotion to assistant claims inspectors, enquiry clerks and assistant sales inspectors' posts. They are not eligible for promotion to guards and yard foremen as these two classes are transportation staff while the booking clerks are commercial staff. They are also not eligible for special ticket examiner's posts as these are not in their regular line of advancement.

- (e) There are assistant claims inspectors and enquiry clerks now employed on the North Western Railway, who were previously working as booking clerks.

(f) The importance and volume of passenger traffic at each station is the deciding factor in fixing the grades into which booking clerks and other staff of a station should be fitted.

(g) Government do not consider it necessary to set up a permanent board of the kind suggested by the Honourable Member.

Information promised in reply to a supplementary question to starred question No. 836, asked by Mr. S. Satyamurti on the 28th September, 1937.

OPINIONS OF PROVINCIAL GOVERNMENTS ON INCOME-TAX EXPERT'S REPORT.

Replies are still outstanding from the Governments of Bengal, the Punjab and the North-West Frontier Province. The Government of United Provinces have communicated their views on Part II of the Income-tax Enquiry Report, but their views on Part I are awaited.

MOTION FOR ADJOURNMENT.

APPOINTMENT OF A NON-INDIAN AS ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of a motion for adjournment from Mr. Satyamurti to this effect :

“ I hereby give you notice that I intend asking the leave of the Honourable the President and of the House to move today that the House do now adjourn to consider a definite matter of urgent public importance, namely, the appointment of a non-Indian as Economic Adviser to the Government of India.”

I understand that Government do not take any objection to this motion.

I must make the position of the Chair quite clear with respect to this motion and yesterday's motion. It has been laid down more than once that in the case of any appointment, even an important appointment, that cannot be made the subject matter of a motion for adjournment unless there is some important principle involved and neither in regard to this motion nor yesterday's motion should my ruling is to be construed to the contrary.

Mr. S. Satyamurti (Madras City : Non-Muhammadian Urban) : Will the motion be taken up at 4 o'clock ?

Mr. President (The Honourable Sir Abdur Rahim) : The motion will be taken up at 4 o'clock.

AGREEMENT BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENT OF BOMBAY.

The Honourable Sir James Grigg (Finance Member) : Sir, I lay on the table a copy of the Agreement between the Reserve Bank of India and the Government of Bombay.

Reserve Bank of India :

Agreements between the Govern-
ment of Bombay and the —.

GOVERNMENT OF BOMBAY.

FINANCE DEPARTMENT.

Resolution No. 2019/33.

Bombay Castle, 15th September, 1937.

RESOLUTION OF GOVERNMENT.

The accompanying agreement* between the Government of Bombay and the Reserve Bank of India should be executed on behalf of Government and copies should be forwarded to the Government of India and officers and Departments concerned.

2. The Government of India should be requested to place copies of the agreements on the table of the Central Legislatures.

3. The Secretary, Bombay Legislative Council and the Secretary, Bombay Legislative Assembly, should be requested to place copies of the agreements on the table of the Provincial Legislature.

By order of the Governor of Bombay,

J. G. BULTON,

Deputy Secretary to Government.

To

The Accountant General,
All Departments of the Secretariat,
The Secretary to the Governor,
The Commissioners of Divisions,
The Commissioner of Excise,
All Collectors in the Presidency proper,
The Remembrancer of Legal Affairs,
The Solicitor to Government,
The Superintendent of Stamps, Bombay,
The Secretary, Bombay Legislative Assembly,
The Secretary, Bombay Legislative Council,
The Government of India, Finance Department (by letter).
The Secretary, Reserve Bank of India (by letter) (with duplicates).

*Printed as accompaniments to this Resolution.

No. of 1937.

Copy forwarded for information and guidance to

*Accompaniments to Government Resolution, Finance Department, No. 2019/33, dated the
15th September, 1937.*

AGREEMENTS.

AN AGREEMENT made this twenty-eight day of July One thousand nine hundred and thirty-seven Between THE GOVERNOR OF BOMBAY of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934)—(which as adapted and modified pursuant to the Authority contained in section 293 of the Government of India Act, 1935, by an Order of His Majesty in Council dated the 18th day of May, 1937, cited as the India and Burma (Burma Monetary Arrangements) Order, 1937, is hereinafter called "the Act") with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz. :—

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt, and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require, and
- (3) by section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows that is to say :—

1. This Agreement shall be deemed to have come into force on the first day of April One thousand nine hundred and thirty-seven.

2. The general banking business of the Government of Bombay (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this Agreement and of the Act and with and subject to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorised by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government which shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.

Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this Agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in Section 42 of the Act subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of the minimum balance prescribed under Clause 5 and any subsidiary agreement provided under the Clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole Agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of one-sixteenth per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rupees Two thousand per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, *etc.* :—

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge ;
- (b) The amount of stock certificates for Rupees Fifty thousand and upwards held by the Government or by any officer or officers of the Government authorised in that behalf provided that such amount exceeds one crore.

And in addition to the charge of Rupees Two thousand per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rupees Two thousand a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920), for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues.

Provided that loans not directly issued by the Government but issued under the guarantee, of the Government shall not be included in the calculation for the purpose of this clause but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Province of Bombay as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's day, Christmas day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that none of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any Government security shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the floatation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by Agreement between the two parties.

13. This Agreement may be determined by either party giving to the other party one year's notice in writing expiring on the thirty-first day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this Agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this Agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this Agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this Agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Haravu Venkatanarasimh Varada Raj Iengar, Esq., Secretary to the Government of Bombay in the Finance Department by the order and direction of the Governor of Bombay has hereunto set his hand and affixed his official seal and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board passed on the eighth day of February, 1937, has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

SIGNED, SEALED AND DELIVERED by the
abovenamed HARAVU VENKATANARASIMH
VARADA RAJ IENGAR, Esq., Secretary to the
Government of Bombay in the Finance
Department for and on behalf of the Governor
of Bombay in the presence of—

(Sd.) H. V. R. IENGAR.



(Sd.) B. M. RANE,

Assistant Secretary to Government,
Finance Department.

The Common Seal of the Reserve Bank of India
was affixed hereto in the presence of—

SULTAN MEHERALLY CHINYOY and DEVIDAS
MADHOWJI THAKERSEY two of its Directors
and

(Sd.) SULTAN CHINYOY,
(Sd.) DEVIDAS MADHOWJI
THAKERSAY,

Directors.

SIR JAMES BRAID TAYLOR, Kt., C.I.E., its
Governor.

(Sd.) J. B. TAYLOR,
Governor.



AN AGREEMENT made this twenty-eighth day of July One thousand nine hundred and thirty-seven Between THE GOVERNOR OF BOMBAY of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part supplemental to an agreement (hereinafter referred to as "the principal agreement") made on the twenty-eighth day of July One thousand nine hundred and thirty-seven between the parties hereto.

WHEREAS under clause 5 of the principal agreement it is provided that the Government of Bombay (hereinafter referred to as "the Government") shall maintain a daily balance with the Bank not below such minimum as may be agreed upon NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED as follows :—

1. The Bank shall inform the Government by telegram of the Government daily balance with the Bank at the close of each working day.
2. The Government shall take steps by taking a ways and means advance from the Bank or by issuing treasury bills to ensure that the Government balance on each Friday, is not less than a credit of rupees thirty lakhs. If a reduction in the Government balance is to be anticipated before the following Friday, e.g., owing to the beginning of the month disbursements, etc., the Government shall also take steps to ensure that this balance does not fall below the said minimum by more than rupees five lakhs.
3. The Government will not repay ways and means advances or invest any surplus of the Government balance unless the said balance exceeds a credit of rupees thirty-five lakhs.

4. Ways and means advances may be taken and repaid on any day without previous notice by telegraphic or such other intimation to such branch of the Bank as the Bank may prescribe provided that such advances shall be for a minimum period of seven days and provided further that such advances shall be in minimum amounts of rupees five lakhs.

IN WITNESS WHEREOF Haravu Venkatanarasimh Varada Raj Iengar, Esq., Secretary to the Government of Bombay in the Finance Department by the order and direction of the Governor of Bombay has hereunto set his hand and affixed his official seal and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board passed on the eighth day of February One thousand nine hundred and thirty-seven has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

SIGNED, SEALED AND DELIVERED by the
abovenamed HARAVU VENKATANARASIMH
VARADA RAJ IENGAR, Esq., Secretary to the
Government of Bombay in the Finance
Department for and on behalf of the Governor
of Bombay in the presence of—

(Sd.) H. V. R. IENGAR.



(Sd.) B. M. RANE.

Assistant Secretary to Government,
Finance Department.

The Common Seal of the Reserve Bank of India
was affixed hereto in the presence of—

SULTAN MEHERALLY CHINYOY and DEVIDAS
MADHOWJI THAKERSAY two of its Directors
and

(Sd.) SULTAN CHINYOY,
(Sd.) DEVIDAS MADHOWJI
THAKERSAY,

Directors.

SIR JAMES BRAID TAYLOR, Kt., C.I.E., its
Governor.

(Sd.) J. B. TAYLOR,
Governor.



THE MANŒUVRES FIELD FIRING AND ARTILLERY PRACTICE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill to provide facilities for military manœuvres and for field firing and artillery practice, as reported by the Select Committee.

The Honourable Sir Saiyid Sultan Ahmad (Member for Commerce and Railways) : Sir, I wish to say a few words on the point of order raised yesterday. But for the seriousness and the earnestness with which this point of order was taken by my Honourable friend, the Leader of the Opposition, I should have thought that the point could not be argued at all. On a mere reading of section 100, the position seems to be clear. It has been placed before the House on many occasions but I would beg leave to read sub-section (1) once again :

“ Notwithstanding anything in the two next succeeding sub-sections, the Federal Legislature has, and a Provincial Legislature has not, power to make laws with respect to any of the matters enumerated in List I in the Seventh Schedule to this Act.”

Therefore, we need not at present consider the later sub-section. Even if there may be certain provisions there which may be covered by sub-section (1), it makes no difference at all. Therefore, for the

present we may ignore those two sub-sections and see whether the Bill now before the House is covered by List I in the Seventh Schedule to this Act. If you will kindly turn to the Legislative Lists in the Seventh Schedule, List I, the words are 'His Majesty's military, naval and air forces borne on the Indian establishment'. Stopping at that, you will please observe that His Majesty's military forces are covered by the Federal Legislative List. Then, we go to the Bill. We find "military manœuvres there". If you turn to section 100 once again, you will find this :

"The Federal Legislature has, and a Provincial Legislature has not, the power to make laws—now the words which follow are very important—with respect to any of the matters enumerated in List I."

"With respect to any of the matters", that is, with respect, here to "military manœuvres". Therefore, the Bill purports to provide facilities for military manœuvres and for field firing and artillery practice, which would be covered by the List itself. And then if you will kindly proceed further to clause 2 of the Bill it says :

"The Provincial Government may, by notification in the local official Gazette, authorise the execution of military manœuvres over any area specified in the notification during a specified period not exceeding three months."

It is obviously not a provision for any *area*, but it is a provision for the execution of military manœuvres. Therefore, the object of the Bill is to provide facilities with respect to a military matter or with respect to military affairs. That being the object, the other clauses of the Bill are only provisions to provide facilities for the same. The procedure is given ; temporary acquisition is provided for ; there is compensation to be given to the owners ; then the return of the land or the areas to the landlords or whoever may be in possession of the area. All these are incidental to the main object of the Bill, which is, "provision for facilities for military manœuvres and for field firing and artillery practice". I therefore respectfully submit to the House and to you that the section is perfectly clear. It is a matter which is military and it is with respect to that matter that this House and this House alone can have jurisdiction. Therefore, the other points do not arise. But I would like to go further and show that this is really not covered by sub-sections (2) or (3) of section 100. Sub-section 3 says "Subject to the two preceding sub-sections". That at once brings in sub-section (1). Therefore, what is the good of considering this at all ?

Mr. President (The Honourable Sir Abdur Rahim) : You mean the entire provincial list ?

The Honourable Saiyid Sir Sultan Ahmad : I say yes.

Mr. President (The Honourable Sir Abdur Rahim) : In spite of any provision in List II ?

The Honourable Saiyid Sir Sultan Ahmad : Yes, Sir. It makes no difference at all, and that is exactly why this provision in sub-section (1) was enacted. But I would like to go further and I would like to refer you to the provincial list for a minute. The item that is relied upon is item No. 21 : "land, that is to say, rights in or over land, land tenures, land tenures, including the relation of landlord and tenant,

and the collection of rents ; transfer, alienation and devolution of agricultural land....." I think the Honourable Member relied upon that ?

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : I relied upon " rights in or over land ".

The Honourable Sir Saiyid Sultan Ahmad : Now, I respectfully submit that this Bill is not a Bill with respect to land. It is not a Bill which is making any provision for " land ".

Mr. President (The Honourable Sir Abdur Rahim) : What is the item No. 9 ?

The Honourable Sir Saiyid Sultan Ahmad : It is " compulsory acquisition of land ". Is this a Bill for the compulsory acquisition of land ? I respectfully submit it is not. It is a Bill which provides for " facilities for military manœuvres and for field firing and artillery practice ". Incidental to that, there may be temporary compulsory acquisition of land ; otherwise, I can envisage nothing in this world which can happen without land. For instance, the Insurance Bill was passed, there were head offices, and all sorts of things which must be on land ; a Superintendent of Insurance is going to be appointed, and he will walk on land.....

Mr. Bhulabhai J. Desai : Really, really, really !

The Honourable Sir Saiyid Sultan Ahmad : The head offices have to be on " land " : therefore it is covered by the Provincial List.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member need not go so far.

The Honourable Sir Saiyid Sultan Ahmad : I respectfully submit that in order to find out whether a certain Bill is to be passed by the Central Legislature or by a provincial legislature, what was said by Lord Watson, was that the " pith and substance " of the Bill will have to be examined. And what is that ? Is it for a military purpose, or is it for the acquisition of land ? Now this is what I have to submit, on the merits. There is one other point.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member will agree that the intention of the Government of India Act, 1935, is to separate the Provincial Legislatures from the Federal Legislature ? That is the main object ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, Sir, certainly and overlapping was really contemplated, and it was contemplated by section 100.

Mr. Bhulabhai J. Desai : That is the Concurrent List.

The Honourable Sir Saiyid Sultan Ahmad : Then the question does not arise, because section 100 says, " do not consider anything else " ; you have to see whether sub-section (1) of section 100 is complied with ; if it is, the other question does not arise. Then there is another matter which I would like to place before you, and that is whether a Bill—I am not taking my standpoint on the Bill being a Government Bill—whether a Bill which has been introduced could be thrown out on a ground like this I can understand the ground, which is palpable on the face of it.

Mr. President (The Honourable Sir Abdur Rahim) : The point whether it is palpable or not does not arise. The question is whether the compulsory acquisition of land is *ultra vires* or *intra vires* of this Legislature.

The Honourable Sir Saiyid Sultan Ahmad : Sir, we made a reference for inquiry in other countries which have got similar legislatures, like Australia and Canada. The result that we have got so far is that such a drastic power is not to be exercised by the Speaker.

Mr. President (The Honourable Sir Abdur Rahim) : Have you got any references here ?

The Honourable Sir Saiyid Sultan Ahmad : We have got them here, but I would like to refer to just a portion of them now.

Mr. President (The Honourable Sir Abdur Rahim) : What I propose to do is that I want to deal with this question that has been raised today and I suggested to the Leader of the Opposition that that is the difficulty I have been experiencing. Has the President the power to stop a Bill himself, or, whatever the nature of the considerations may be, the House must come to the conclusion whether a legislative measure should be passed or not. This is a very important matter, and I do not want to decide it today. But I should like to have all the references and the help that I can get on the subject because the practice has been the other way. The practice has been hitherto for the President to decide such question, but I want to re-consider that in view of the new Act. I should like you also to consider what is the practice in other similar legislatures.

Mr. Bhulabhai J. Desai : If there are reported cases, I hope my Honourable friend will do me the courtesy of sending me a copy.

The Honourable Sir Saiyid Sultan Ahmad : I hope my Honourable friend will also send me the cases that he may know of.

Mr. President (The Honourable Sir Abdur Rahim) : The question that I have been called upon to decide is certainly one of considerable importance, and the more so, because similar questions are likely to arise in the future with respect to legislation in this Assembly and perhaps in other Legislatures. This Bill, which was introduced before the present Government of India Act, 1935, came into force, seeks to provide facilities for military manœuvres and for field firing and artillery practice. Among other provisions in this Bill, there are provisions which, it is alleged, affect the rights in and over land in provinces, which now enjoy autonomous Government. The scheme of the Government of India Act, 1935, is to separate and to make independent the Governments and Legislatures in the provinces from the Central Legislature and the Central Government, which ceases under the Act to exercise any powers of superintendence and for control. In deciding a question of this character, one has always to bear that essential and cardinal fact in mind.

Now, in considering the specific point that has been raised. I shall assume that there are provisions in this Bill which affect the rights in and over land in such of the provinces where the military manœuvres will be held. But I do not think the Bill anywhere makes any provision for compulsory acquisition of land nor does it provide for acquiring any

rights in or over land, although, as I have assumed, there are provisions which might very well be construed to modify or affect rights in or over land in certain provinces. It has been argued by the Leader of the Opposition with his usual emphasis and ability that the Provincial List No. 21 lays down that legislation relating to "land, that is to say, rights in or over land", can only be passed by the Provincial Legislature. Item 9 of that List is concerned with the subject of compulsory acquisition of land as being with the exclusive jurisdiction of the Provincial Legislature and not of the Federal Legislature. He, therefore, argues that since there are provisions in this Bill which indirectly, at any rate, affect the rights in or over land, therefore it is not within the power of the Federal Legislature to entertain any such legislation. But I have got to consider not only the Provincial List but also the Federal List. Item 1 of the Federal List provides for legislation with respect to "His Majesty's naval, military and air forces borne on the Indian establishment". The words are very general and very wide and there can be no doubt that the object of this Bill does come within the words I have just read out. Then, it is argued, yes you can legislate regarding His Majesty's naval and military forces, but that legislation must in no way encroach upon the jurisdiction of the Provincial Legislature. As regards that, first of all, I have got to see, supposing there was any such encroachment, whether the encroachment would be justified under this Act. That is to say, whether the Federal Legislature for the purposes of items mentioned in List No. 1 can override some, at any rate, of the provisions in the Provincial List to the extent that may be necessary. It has been argued on behalf of the Government that section 100, sub-section (1), empowers the Federal Legislature to pass any legislation even if it overrides to any extent any of the subjects or encroaches upon any of the subjects mentioned in the Provincial List. I do not feel I am called upon in this case to say whether that argument, to the extreme limit that has been suggested by Sir Sultan Ahmad on behalf of the Government, is a valid argument or not. This much however is quite clear on the face of section 100 that the sub-section (3) is subject to the provisions of sub-sections 1 and 2. It says :

"Subject to the two preceding sub-sections the Provincial Legislature has, and the Federal Legislature has not, power to make laws for a Province or any part thereof with respect to any of the matters enumerated in List II in the said Schedule (hereinafter called the 'Provincial Legislative List')."

But all that I am prepared to say at present is that federal legislation on any of the items enumerated in List I may to the extent that is necessary affect some of the subjects in List II, that is this provincial list. In fact there are several items that I can point out at once which must necessarily affect some of the subjects in List II. For instance item 14 : the survey of India, the Geological, Botanical and Zoological surveys of India. It is almost impossible to conceive any legislation on such a subject which would not necessarily affect land or right in land or over land to a certain extent. The next item, No. 15 : ancient and historical monuments, archæological sites and remains must also necessarily affect land and rights in or over land in the provinces.

Now, as regard the provision of this Bill I have already indicated that the Bill does not provide for the acquisition of land, nor does it provide for the acquisition of any right in or over land though some of the provisions may incidentally affect rights in and over land. Having

[Mr. President.]

considered the scope of section 100 and the items in List 1 and I must hold that there is nothing in the provision of this Bill which can be said to be *ultra vires* of the Government of India Act. During the course of argument on this point yesterday, I had suggested to the Leader of the Opposition that the question as to how far the President of the Assembly can be called upon to decide whether certain provisions of law in a Bill are within the competence of this legislature or not is one which I should be prepared to consider further on further materials that may be available to me. I am glad to hear from the Honourable the Commerce Member speaking on behalf of the Government that he is prepared to render me assistance in coming to a conclusion on this question and I trust that the Honourable the Leader of the Opposition will also be good enough to help me as far as possible in the matter.

The Honourable Sir James Grigg (Finance Member) : Sir, I gather from the Leader of the Opposition that he would like an opportunity for his party to be able to put down amendments to this Bill and to get the necessary sanction. Therefore, I have suggested to him that the motion before the House that the Bill be taken into consideration should be passed without further ado and that we should postpone the actual consideration of the clauses to the Delhi Session. I gather that that arrangement is agreeable to him and it will in addition facilitate further business being transacted.

Mr. President (The Honourable Sir Abdur Rahim) : I am very glad that the Government have agreed to the course which the Leader of the Opposition suggested to me in my chamber. It will be safer for the Government to get the sanction of the Governor General for the amendments. I take it now that there will be no further discussion on the motion that the Bill be taken into consideration.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : Sir, having regard to your ruling, may I know whether it is your decision that for the amendments to be moved to this Bill, to each one of them or to all of them the sanction of the Governor General is necessary.

Mr. President (The Honourable Sir Abdur Rahim) : I do not understand whether any ruling is necessary because the Bill will stand over.

Mr. Bhulabhai J. Desai : We will have to apply for sanction. It may result in very embarrassing situation if, say, amendments (a), (b), (c) and (d) are given sanction and sanction is withheld from amendment (e). I merely want your formal ruling.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member may state his point.

Mr. Bhulabhai J. Desai : The point shortly is this. I have carefully heard your ruling. You, Sir, made a distinction in the construction of section 299 (3) and read the words introducing or moving as disjunctive, introduction applying to Bills and moving applying to amendments in the opening part of the section. The result of the ruling, as I appreciate it—of course I should like your direction on it—is that no amendment

shall be moved making provision for the transference to public ownership of any land or for the extinguishment or modification of rights therein, etc., etc., without sanction of the Governor General. Of course I do not wish to re-argue the matter. But that section goes further that in reference to provinces, no amendment shall be moved without the sanction of the Governor. Therefore the lands in the two areas are to be separated, but inasmuch as if incidentally the rights in land are affected, a Bill the main purpose of which is one of the items in List I would still be within the purview of this Legislature. That is the substance of your ruling as I comprehend it. The only question that I wish to ask is this : whether consistently with your ruling reading introduction or moving as disjunctive in section 299 (3), is it obligatory on this part of the House that they should obtain the sanction of the Governor General before moving these amendments or any others.

Mr. President (The Honourable Sir Abdur Rahim) : Amendments affecting rights in or over land.

Mr. Bhulabhai J. Desai : Only those ; others do not come.

Mr. G. H. Spence (Secretary, Legislative Department) : Sir, perhaps it would simplify matters if I said that Government would be perfectly prepared themselves to take the orders of the Governor General.

Mr. President (The Honourable Sir Abdur Rahim) : The point of order raised is whether, though introduction of the Bill does not require any further sanction, the moving of amendments which affect rights in or over land would require such sanction.

Mr. G. H. Spence : On that the view that I submitted yesterday was, that assuming the requirement of sanction imposed by section 299 (3) to be attracted, then the moving of an amendment would require sanction. It has, hitherto, been the view of Government that the requirement imposed by section 299 (3) is not attracted. But may I go beyond the actual point of order and make a suggestion which may possibly help things ? The ordinary procedure, in cases of sanction to amendments, is that if the Honourable Member giving notice of an amendment thinks that it does or may require sanction, he makes an application for sanction or for a decision. The Governor General then either rules, as he is empowered to do under the Indian Legislative Rules, that sanction is not required, or if it is required he either grants or withholds it. I am not quite sure what practical difficulty was apprehended by the Honourable the Leader of the Opposition, but whatever the difficulty was I think it would be removed if Government undertook themselves to obtain orders from the Governor General in respect of all amendments standing on the Order Paper or all amendments of which notice may subsequently be given.

Mr. Bhulabhai J. Desai : In this Bill I think that will assist a solution ; in future Bills we will see what is to be done.

Mr. President (The Honourable Sir Abdur Rahim) : I think that will be best.

Mr. Bhulabhai J. Desai : I think notwithstanding, Sir James Grigg's blundering and blundering we must muddle through.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the Bill to provide facilities for military manœuvres and for field firing and artillery practice, as reported by the Select Committee, be taken into consideration.”

The motion was adopted.

THE WORKMEN'S COMPENSATION (AMENDMENT) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move :

“ That the Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes be referred to a Select Committee consisting of Mr. Kuladhar Chaliha, Mr. Sham Lal, Mr. K. S. Gupta, Prof. Ranga, Sir H. P. Mody, Maulana Zafar Ali Khan, Sir M. Yamin Khan, Dr. P. N. Banerjee, Mr. F. E. James, Mr. S. N. Roy, Shams-ul-Ulema Kamaluddin Ahmed, Captain Sardar Bahadur Dalpat Singh and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

In the course of last year, it was decided that it was desirable to amend the Indian Workmen's Compensation Act in order to remove certain ambiguities and minor defects which had come to light during the experience of the Act in the past few years. With that object in view a draft Bill was prepared which was circulated to all Provincial Governments with the request that the proposals contained therein should be given the widest possible publicity. As a result of that circulation a certain volume of opinion has been received, copies of which, I think, have been supplied to all Honourable Members. On the basis of those criticisms the original draft Bill was revised and this is the Bill which is now before the House. As I have suggested, Sir, certain of the defects which were discovered were of minor character, and, as a consequence, a certain number of amendments which we now propose are merely verbal or consequential. To such amendments I do not propose to refer in my following remarks. They are of a character that might be better discussed in the more intimate circumstances of Select Committee procedure. I shall, therefore, refer only to what I conceive to be the more important proposals. Clause 2 together with clause 12 refers to section 3 of the Workmen's Compensation Act. This section deals with occupational diseases. The general principle which is followed in connection with occupational diseases is that a workman cannot establish a claim to compensation in respect of an occupational disease until he has been for, at least, six months in the regular employment of one particular employer. To this principle there is one exception and it is in regard to the disease anthrax ; the reason for the exception being that anthrax may be contracted in a very much shorter period than six months. Medical experience has shown that anthrax is in this respect not exceptional, and we propose so to recast the section and the schedule as to be able to add to the list of diseases of the same character as anthrax. And we propose, in the first instance, to add to the anthrax category the disease of the lungs which arises from working in high air pressures and also a form of poisoning which is contracted by workmen who are dealing with lead tetra-ethyl. It will also be noticed from clause 12 that we propose to add to other category of diseases a few which have been scheduled by notification only and not by statute.

The next important amendment or series of amendments will be found in clause 5 which proposes an amendment of section 10 of the Act. Section 10 which we may call, for the sake of convenience, the limitation section lays down the conditions which must be fulfilled before a claim to compensator can be established. It lays down, first of all, that the workman must give notice to his employer as soon as possible after the occurrence of the accident and before he has left the employment in which the accident occurred. We propose to omit the phrase, "and before the workman has voluntarily left the employment in which he was injured". Our view is that that phrase is redundant. If the workman is required to give notice as soon as possible, there can be no other condition. We also consider that the present opening words of section 10 are too wide in their scope. The intention was that a claim for compensation must be lodged before the Commissioner within a period of six months from the occurrence of the accident. The opening words, however, say that no proceedings can be maintained in the court of the Commissioner unless they have been initiated within six months of the occurrence of the accident. Now, I suggest that the wording of the phrase is too wide in its scope. It might be that a workman who had succeeded in establishing his claim for damages and had been given an award might, say a year after the accident, return to the Commissioner saying: "Will you help me to recover damages? The employer has ceased to pay the instalments." Strictly speaking, under the wording of this section, such an application would be barred. We have, therefore, made an amendment which makes it quite clear that it is the original claim which is subject to the time limit.

A third ambiguity which has been cleared up is this: some doubt has arisen as a result of the ruling of a High Court as to whether it is indeed necessary for a claim to be made before the Commissioner within the statutory period of six months. It has been held that it is sufficient if the workman makes a claim on his employers within the period of six months. The new phrasing that we propose makes it clear that the actual claim for compensation must be made, in the court of the Commissioner, before the expiry of six months from the date of the accident. The amendment which we propose in clause 5 (b) has relation to the second proviso of section 10. This is a proviso which enables the Commissioner to waive the strict provisions of the main section in respect of giving notice to the employer, if it is obvious that the employer himself had adequate notice and immediate notice of the occurrence of the accident. The actual wording of the proviso refers only to the employer. We wish to extend that so as to enable the Commissioner to waive the conditions if a responsible agent of the employer has had such adequate and immediate notice of the accident. Again, in the third proviso to section 10, there is a provision that the Commissioner may entertain a claim if notice of the accident has not been given within due time. He is entitled to waive that condition if the workman can give a reasonable explanation of his failure to give notice within the limitation period. A High Court has ruled that the proviso lays only this obligation on the workman, namely, that he should explain away the delay for the first six months. Thereafter, it matters not whether he delays for another five years: he only has to explain away the first six months. That, I think, is an unreasonable position and we wish to put that right.

[Sir Thomas Stewart.]

Clause 6 has reference to section 11 (6) of the Act. This sub-section lays down a very salutary principle that no workman is entitled to receive additional compensation by reason of the fact that he has added to the degree of his incapacity by his own perversity in the after treatment of his injury. The amendment which we propose here adds merely another example of such perversity.

I turn now to clause 9 which has relation to section 21 of the Act. That section relates to the power of the Commissioner in one place to transfer proceedings from his own court to the court of some other Commissioner. As the section is now drafted, he has no power of transfer of his own motion, and in a case like the following there may be serious, if not injustice, yet inconvenience to interested parties. The workman is working in Calcutta and is killed in the course of his employment. His dependants are in Madras. It is in the highest degree inconvenient that they should be forced to go to Calcutta ; and, therefore, we propose to give to the Commissioner power to transfer on his own motion.

Clause 10 relates to section 24 of the Act, and increases the facilities for both employers and employed in relation to appearances in the court of the Commissioner : on behalf of the employees or workmen, we propose to give recognised trade unions the right of appearance in the court, and, as far as employers are concerned, we propose that insurance companies who are now very greatly concerned with the matter of workmen's compensation, should be allowed to appear on behalf of the employer.

Finally, clause 11 has reference to the categories of workmen who are entitled to claim compensation under this Act and the effect of clause 11 is to add to the categories who are eligible for benefits under the Act.

I think from what I have said it will be obvious that there are no points of principle involved in this Bill, that it is, as I said, a Bill to remove ambiguities, and to effect minor improvements. I, therefore, hope that this House will be pleased to accept my motion.

Mr. President (The Honourable Sir Abdur Rahim) Motion moved :

“ That the Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes be referred to a Select Committee consisting of Mr. Kuladhar Chaliha, Mr. Sham Lal, Mr. K. S. Gupta, Prof. Ranga, Sir H. P. Mody, Maulana Zafar Ali Khan, Sir M. Yamin Khan, Dr. P. N. Banerjee, Mr. F. E. James, Mr. S. N. Roy, Shams-ul-Ulema Kamaluddin Ahmed, Captain Sardar Bahadur Dalpat Singh and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Mr. N. V. Gadgil (Bombay Central Division : Non-Muhammadan Rural) : Sir, I welcome this Bill inasmuch as some of the disabilities under which our workmen have been labouring will be remedied by this measure. Sir, the Bill as it is presented today, in my opinion, does not go far enough. The condition that a man suffering from any occupational disease ought to have served in an industrial concern for a period of six months is not quite reasonable or happy. I may point out to this House that there is a corresponding provision in the English Act, and a reference to it has been made in the opinion given by the Government of

Bombay, which will be found at page 4 on the pamphlet entitled : "Opinions on the Workmen's Compensation (Amendment) Bill". This is what is stated here :

"In his opinion, if a workman is found to be suffering from an occupational disease while he is working in an occupation that gives rise to it, he should be entitled to recover compensation, irrespective of his length of service with the employer for whom he is working at the time."

That is to say, the compensation should be regarded as a charge on the industry responsible for the disease. This is recognised in England, where section 43 of the Workmen's Compensation Act, 1925, provides that :

"if the disease is due to the nature of any employment in which the workman was employed at any time within the 12 months previous to the date of the disablement whether under one or more employers, he or his dependants shall be entitled to compensation under this Act."

And a further method of apportioning the compensation is prescribed, and it is this :

"The compensation is recoverable from the employer who last employed the workman, with a proviso that the employer can recover from another employer, if he can prove that the disease was contracted with that other employer or, if that is not possible, then he can recover rateably from all other employers.

This seems to be a reasonable provision for dealing with cases of industrial disease and, in the opinion of the Governor in Council the Indian Act should contain a similar provision."

Now, Sir, if the intention of the Government is to have progressive labour legislation, then I think the suggestion I have made now should be carefully borne in mind by the Select Committee.

Then, again, Sir, in clause 5, an attempt is sought to be made to get round the rulings given by the Calcutta High Court as well as by the Bombay High Court. It is stated here that any claim for compensation must be instituted within six months. The position till now was not this. The only condition that was necessary was that a workman who suffered should have intimated the fact to his employer. Now this clause provides something more. It lays down that the claim shall be instituted before the Commissioner within six months. The House knows perfectly well the backwardness of the Indian labourer as well as his illiteracy, and I submit, this is not fair, and it will be much better if the original provision is retained as it is. The position that is contemplated in clause 5 is not the position that one finds in the English Workmen's Compensation Act. That Act provides that within six months the workman concerned ought to intimate the fact of his injury to his employer. Therefore, I submit, that since our workmen are more illiterate and more backward and less organized than their brethren in England, the original clause should stand as it is, and the clause now sought to be introduced in the Bill should be done away with.

Then, Sir, I come to another provision which is still worse, and that is clause (b) (iii), which lays down that intimation must be given to some person directly responsible to the employer for the management of any branch of the trade or business. The present position is that there must be intimation given to the employer directly or indirectly. There is no definition of the phrase "person directly responsible",—whether

[Mr. N. V. Gadgil.]

it is the manager himself or the head jobber or the assistant jobber is not specified. There must be some clear definition, otherwise the Commissioner will hold that the person to whom the workman gave intimation was not the person as contemplated in clause 5 (b) (iii) which lays down 'person directly responsible to the employer must be intimated'. I submit, Sir, that either this phrase 'person directly responsible to the employer' must be properly defined, or the original wording should be retained, namely, that the employer ought to be intimated.

Then, I come to another clause, clause 6. Here it is laid down that :

" if it is proved that the workman has not, thereafter, been regularly attended by a qualified medical practitioner or having been so attended has deliberately failed to follow his instructions, and that such refusal, disregard or failure was unreasonable, he will not be entitled to compensation."

This is the most dangerous provision, I submit. This means that a workman must, of necessity, get the medical treatment from his employers, and we know that those medical officers or medical practitioners who work as employes of the employers are naturally biased in favour of their employers and against the employe. This will be just like the medical officers that one meets in jails. Whenever any complaint is made, this I say—to borrow the phrase of my friend, Mr. Sri Prakasa, 'from my personal experience', the Doctor says : ' Oh, you are all right, you must go on with *chakki* work, you must get along with hard labour, you are pretending', and the only medicine that the jail doctor knows is Iodine ; whatever may be the nature of the disease, Iodine is the only medicine he gives ! Therefore, Sir, in this case if the workman is compelled to receive treatment from the employer's doctor, the result will be more or less identical. The employers will insist on medical attendance, at the hands of their own medical officers, and if the workman refuses to receive it, then he will be deprived of the compensation. The medical officers will naturally insist on certain conditions which may not be acceptable to the workers. Therefore, Sir, I submit that in the interests of workmen, for whose benefit alone this measure is, I understand, introduced, this clause ought not to find a place in this Bill. In my humble opinion, it is a most dangerous clause.

Then, Sir, I come to section 10. and that refers to representation. It is certainly an improvement, and I have not much to say against it, but still I want to make one suggestion. The employer should be charged with the responsibility of reporting every accident to the Commissioner himself, and if there is no representative available for the workman from the organized Trade Union or if there is no legal adviser, then I would humbly suggest that the Labour officers that are appointed by the various Provincial Governments should be made to represent the injured workman just as Government provides legal assistance to those who are accused of murder and who cannot afford to engage legal talent. In the same manner there should be a standing counsel provided to represent to Government the cases of workmen who cannot secure the services of any representative of the organized Trade Unions.

Then, Sir, there is only one more suggestion which I wish to make before I conclude, and it is this, that the scope of this Bill should be widened. The workmen who work on ferries and in the elephant catching industry, in which my friend, Mr. Chaliha, seems to be interested and for whose sake I stood out from the Select Committee, ought to be included in this Bill. The definition as contained in the original Act is not sufficiently wide. Therefore, if possible,—as far as I can see, there is no legal bar to it,—the scope of this Bill should be widened so as to include all those classes of labourers who work on ferries and in the elephant catching industry. That is all what I have to say at present, and I hope the suggestions that I have made will be acceptable to the Select Committee and carried out in the Select Committee by my friend, Prof. Ranga, who is in the Committee. Sir, I support the motion.

Mr. Brojendra Narayan Chaudhury (Surma Valley cum Shillong : Non-Muhammadan) : Sir, the Workmen's Compensation Act has hitherto had jurisdiction mostly over industrial areas, but by the amending Bill, which is now before us, it is sought to be extended to rural areas. If the progress of the Workmen's Compensation to rural areas were well ordered and beneficial both to the workmen as well as to the employers, I would have no objection, but I find that provisions are being sought to be inserted in this Bill laying down burdens on small employers which it will be impossible for them to shoulder. I should like to draw attention to clause 11 of the Bill. But before doing so, let me read section 2 (1) (n) of the existing Act. It says :

“ ‘ Workman ’ means any person (other than a person whose employment is of a casual nature and who is employed (*mark the word ‘ and ’*) otherwise than for the purposes of the employer's trade or business who is.”

So, by the definition of the term “ workman ” we include all workmen who are employed permanently either for trade or for domestic purposes, and also all employed casually for trade purposes. Now, let me read clause 11 (d) (*xxvi*), which extends schedule II where the cases fit for compensation are detailed. Clause 11 (d) (*xxvi*) says :

‘ employed, otherwise than in a clerical capacity or as agricultural labourers, in the handling or transport of goods in, or within the precincts of,

(a) any warehouse or other place in which goods are stored, and in which on any one day of the preceding twelve months ten or more persons have been so employed, or.”

Now, Sir, I come from an extremely rural area, Eastern Bengal and Assam. I believe Honourable Members who come from rural areas, and also the Honourable Member in charge of the Bill, who in his journeys must have seen rural areas, know that throughout India in the rural areas there are small markets or shops and warehouses scattered near the small railway stations or small steamer stations which abound in the low lying area of Eastern Bengal and Assam. Now, suppose there is a small railway or steamer station, and close by, there is a warehouse and that warehouse belongs to a big merchant. He employs a lot of labourers during the year and I have no objection if the law can compel him to pay compensation. But take the case of his neighbour, a small

[Mr. Brojendra Narayan Chaudhury.]

shopkeeper with a capital of, say, Rs. 500. It is well-known, it must have been observed also, by those who have eyes to see, that in the small shops in this country there are often two rooms. The front room is the show room and sale room and there is another small room where the goods are stored, and the definition as given in the clause is : " or other place in which goods are stored ". So this small room would be interpreted as a " store ". If any workman employed by that small employer in carrying goods for storage, such as rice or wheat, sustains any accident by the falling of a bag on his back, that small shopkeeper, whose capital is only Rs. 500, may be required to pay for a single accident as much as Rs. 500 or 1,000. Yet within twelve months he might not have to pay even Rs. 5 as wages bill. I submit that this is an impossible burden. I sympathise with the workmen who are employed by the big warehouse keepers because they, the bigmen, are able to pay. If you want to have any work done, you won't have at such wayside stations coolies,—for the whole day. I mean that even though the work to be done be the work of only two men, these railway coolies will not turn up during the railway train hours, but they will come in a gang of ten or more afterwards, and work for an hour or less and if an accident occurs then the employer is liable. The definition also lays down, " any market in which on any one day of the preceding twelve months one hundred or more persons have been so employed ". My objection to this sub-clause (b) is almost on the same lines. At the time of the season, in a jute godown generally 100 or more persons are employed on any one day, by the big *godown walla*. For the crime of living in close proximity to the big godown the small shopkeeper who may not employ even one-tenth of the hundred labourers for a single day in the year becomes liable. I hope the Select Committee will take these points into their consideration and make appropriate amendments. The law ought not to lay an impossible crushing burden on the employer. The accidental death of a labourer ought not to kill the employer as well.

(Mr. M. Ananthasayanam Ayyangar rose to speak.)

Some Honourable Members : I move that the question be now put.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

" That the question be now put."

The motion was adopted.

The Honourable Sir Thomas Stewart : I have listened with considerable interest to the remarks of my friends opposite. I think they will agree with me that, however important their points are, they are points that should be discussed rather in Select Committee than here at this stage. In concluding, I would only draw my Honourable friend, Mr. Gadgil's attention to two facts. He referred to the desirability of extending the Act to ferrymen and elephant catchers. I am glad to inform him that the Act already covers both these categories.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes be referred to a Select Committee consisting of Mr. Kuladhar Chaliha, Mr. Sham Lal, Mr. K. S. Gupta, Prof. Ranga, Sir H. P. Mody, Maulana Zafar Ali Khan, Sir M. Yamin Khan, Dr. P. N. Banerjee, Mr. F. E. James, Mr. S. N. Roy, Shams-ul-Ulema Kamaluddin Ahmad, Captain Sardar Bahadur Dalpat Singh and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The motion was adopted.

THE IMPORT OF DRUGS BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands) : Sir, I beg to move :

“ That the Bill to regulate the import into British India of drugs and medicines be referred to a Select Committee consisting of Dr. G. V. Deshmukh, Mr. George Joseph, Sardar Mangal Singh, Seth Sheodass Daga, Sir Cowasji Jehangir, Maulvi Muhammad Abdul Ghani, Sir Muhammad Yakub, Mr. Suryya Kumar Som, Mr. J. D. Boyle, Dr. R. D. Dalal, Lieutenant-Colonel M. A. Rahman, Mr. A. K. Chanda and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Sir, I shall be as brief as possible in commending this to the House for two reasons, first, that Honourable Members are in a holiday mood, anxious to bring the proceedings to a termination as quickly as possible, secondly, the Bill is going to a Select Committee and this is not the occasion to make minute points. But I think I ought to explain, as briefly as possible, the main plan of the Bill. We are attempting to control the import of drugs into this country and in the process of control to extend our operations to two main categories, first, the importing individual and secondly, the imported drug. As regards the individual, the proposal, as Honourable Members will observe from sub-section (2) (f) of section 6 every importer of a drug has to be licensed. Then as regards the control of the imported drug, the plan is (a) to prohibit certain drugs, (b) to regulate the import of certain categories of drugs by conditions which we are going to prescribe. At the same time, Sir, it is not the intention to interfere with the legitimate operations of trade and for that purpose we are going to exempt samples from the scope of prohibition and what is more, we are going, in co-operation with Local Governments, to provide for the test of drugs which may be imported by way of samples in the first instance. The trade will be in this happy position, then, that in so far as drugs which are scheduled by us are concerned there will be no let or hindrance at all. They will be allowed to come into the country. Those, on the other hand, whose composition is not known, samples of those will have to be furnished to the laboratories which will test them and in the light of the test, they will be either on the free list or they will be on the regulated list. You will, of course, consider the possibility of people trying to smuggle or bring in by surreptitious means drugs which are deleterious to health. For dealing with those, naturally, we have to empower our customs officers to detain the samples that may be coming into the country. That is all that we are attempting to do. I do not think I need elaborate any further points at this stage. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That the Bill to regulate the import into British India of drugs and medicines be referred to a Select Committee consisting of Dr. G. V. Deshmukh, Mr. George Joseph, Sardar Mangal Singh, Seth Sheodass Daga, Sir Cowasji Jehangir, Mauvi Muhammau Abdul Ghani, Sir Muhammad Yakub, Mr. Suryya Kumar Som, Mr. J. D. Boyle, Dr. R. D. Dalal, Lieutenant-Colonel M. A. Rahman, Mr. A. K. Chanda and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Mr. J. D. Boyle (Bombay : European) : Mr. President, it is very satisfactory that the Government are now taking a second step to implement the recommendations of the Drugs Inquiry Committee. Now, that Inquiry Committee definitely worked on the assumption that two simultaneous lines of action would be taken, namely, regulation as to the import of drugs into the country and also, what is much more important, the indigenous manufacture of drugs. When I say that, I am sure Honourable Members who are members of the medical profession in this House will agree with me that there are extremely few laboratories which are at the present moment making standard drugs. When I say drugs, therefore, I have very largely in mind spurious drugs. Government have, by this Bill, dealt only with the import of drugs, although in the debate in the other place which was raised by Sir Nusserwanji Choksy, the Government spokesman made it clear that the efficiency of any legislation would be greatly impaired if legislation was not introduced on these two points simultaneously. Now, I quite realise that I shall be told that in so far as indigenous drugs are concerned, that is a matter for the provinces. That is true but Government have shown their appreciation of the vital importance of this matter to public health by the establishment of laboratories, by which it is hoped to set up a proper standard of drugs in this country. In view of the knowledge that we all have of the financial position of the provinces, I do hope that Government will not cloak inactively behind this formal plea. It should also be remembered that if provinces are allowed to legislate individually, there will be a complete lack of that uniformity which is so essential in legislation of this kind and we shall, shortly, be faced with a position in a small degree resembling that which exists in connection with the Motor Vehicle Rules. It may be thought that I am over-emphasising the importance of this matter but I venture to suggest that it is impossible to do so and from that point of view, I shall give two short examples. One is to show the danger of the present position, and the other to show how general the danger has become. As to the first, it is within my own knowledge that a mufassil hospital in the Bombay Presidency ordered supplies of “ insulin ” for a diabetic patient. Those supplies were sent up by a reputable Bombay firm of chemists, and the patient, Sir, after his first injection, was rapidly in a dying condition. When the “ insulin ” was examined, it was discovered to be nothing but a water and sugar solution, and even non-medical men in this House will realize that that is equivalent to signing the death warrant of a diabetic patient. Sir, this was, as a matter of fact, what actually happened and in case any Honourable Member may think that this is just a single case which we cannot hope to legislate for, I can say that in the city of Bombay there is an Association of second-hand bottle-wallahs and that this Association deals in nothing but the collection of medicine bottles bearing the marks both of very important drugs and of medicine such as Eno’s Fruit Salts and

that there is a profession which engages in filling the bottles with spurious drugs and all sorts of medicine. Sir, there is an actual Association to that effect and I have mentioned that to show you that the danger is not occurring just here or there but it is absolutely wholesale.

Now, very briefly, I would like to deal with one or two points of the Bill. I realize that most of them, such as the question of license fees, taxes, samples, etc., can most easily be dealt with in the Select Committee but there are just two points. From clause 3 (c) if you will read it together with clause 6 (2) it would appear that every single individual item of importation would have to be taxed and licensed separately and a sample also will have to be submitted. Now in so far as imports are concerned, only very reputable houses or anyhow to a very large extent are engaged in such importation and their importations are on an enormous scale. It would be a perfectly impossible imposition on them if every single item had to be licensed and taxed separately. In the same clause 3 (c) there is a provision that it shall not be possible to bring into India a patent medicine with an undisclosed formula. In England every patent medicine has an undisclosed formula and that is, in fact, the definition of a patent medicine and a special tax is levied upon patent medicines which does not apply to other medicines. If it is the Government of India's intention really to prevent the import of these patent medicines, the present provision cannot possibly do so because any importer who was making a reasonable profit would naturally introduce ingredients in bulk and manufacture in this country, which is a very simple process indeed. Before I leave this particular point I may mention that under the Therapeutics Act in Great Britain and under similar legislation in the United States, the legislation is on both these lines—simultaneously on imports and on indigenous manufacture and no differentiation is made at all and in their opinion that is the only method by which legislation can be made satisfactory and complete. Sir, I will not raise any more points; I think that they can probably be best dealt with in Select Committee. I would only say that this is a very technical matter and that those business houses which are at present dealing in this trade have a considerable fund of technical knowledge and I urge upon the Government of India both in connection with this Bill itself and also in connection with the rules, which are likely in this particular Bill to be of even greater importance than the Bill itself, that the trade should be consulted. With these observations I support the motion for a Select Committee.

Sir Girja Shankar Bajpai : Sir, there are only two or three points arising from my Honourable friend, Mr. Boyle's speech, on which I feel I ought to say something at this stage. The first point was that our Bill is limited to the import of drugs and leaves untouched the question of the manufacture and internal distribution of drugs. Well, Sir, after the discussions that have taken place, during the last two days in this House, on the respective constitutional powers of the Centre and the Provinces, I am sure my Honourable friend would agree that I should be raising a veritable hornet's nest if I made any attempt to regulate the question of manufacture and distribution, which is essentially a provincial subject. ("Hear, hear" from the Non-Official Benches.) I could not possibly attempt to do that, but at the same time, I would like to point out to him that the Provinces realize their responsibility in this

[Sir Girja Shankar Bajpai.]

matter, that the financial issue has not been raised by all of them in the correspondence which we have had, and that we hope that the legislation which we are undertaking now will serve as a stimulus to them to complete the work which we are beginning here. Then, Sir, the second question is that of the lack of uniformity. My Honourable friend apprehends that if each Province is left free to regulate its business, then there will be divergencies of both system and procedure. Well, my Honourable friend probably appreciates the fact that we have brought very recently into existence a Central Advisory Board of Health on which Provincial Governments are represented through their Ministers. That is the machinery which, we hope, will be utilised for the purpose of co-ordination of policy and methods of administration in regard to the activities of Local Governments in the direction of the control of both the manufacture and the distribution of drugs. Then, Sir, my Honourable friend went on to refer to certain clauses of the Bill. I will not go very much into detail but I would try to re-assure his economic mind or economical mind on one point. It certainly is not our intention to try to drive importers out of the business by taxing every article that they import. The idea that we have is that there shall be a general importers' license and then, subject to that, of course every drug will have to run the gauntlet of the customs schedule according to the prescription of that schedule. Finally, Sir, there is the question of the consultation of trade. Sir, we are commending this now to the Select Committee. We shall, meanwhile, circulate the Bill to the trade for its observations and if, in the light of the opinions which we receive by the time the Select Committee meets, that Committee still feels that witnesses ought to be examined, it will be for them to decide whether the trade should have that opportunity of examining the operation of this Bill. On the subject of the rules, I can say nothing at this stage, this matter will be considered by the Select Committee. That is all I have to say.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the Bill to regulate the import into British India of drugs and medicines be referred to a Select Committee consisting of Dr. G. V. Deshmukh, Mr. George Joseph, Sardar Mangal Singh, Seth Sheodass Daga, Sir Cowasji Jehangir, Maulvi Muhammad Abdul Ghani, Sir Muhammad Yakub, Mr. Suryya Kumar Som, Mr. J. D. Boyle, Dr. R. D. Dalal, Lieutenant-Colonel M. A. Rahman, Mr. A. K. Chanda and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The motion was adopted.

THE INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I move :

“ That the Bill further to amend the law relating to the protection of Inventions and Designs be circulated for the purpose of eliciting opinion thereon.”

Sir, within the past 12 months there has been carried out a very extensive overhaul of our Company Law and in the present Sessions we have had before us an equally comprehensive review of Insurance Law.

This Bill represents another step, though not such a long one, in the process of bringing up-to-date all our commercial law. The Act which we propose to amend dates from 1911 and, though there have been, from time to time, piecemeal amendments, we find that there are a considerable number of difficulties always arising in the relations of our Patents Office with those who apply for patents. It is for that reason that we have brought forward this Bill which, as Honourable Members will realise, is for the most part of a technical and legal nature. I suggest, therefore, that the discussion of our proposals could best be carried out after the Bill has been circulated for the opinion of those who are best acquainted with this technical subject. With these words, Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the Bill further to amend the law relating to the protection of Inventions and Designs be circulated for the purpose of eliciting opinion thereon.”

The motion was adopted.

RESOLUTION *RE* PAYMENT OF CONTRIBUTIONS FROM RAILWAY REVENUES TO GENERAL REVENUES.

The Honourable Sir James Grigg (Finance Member) : Sir, I move the Resolution which stands in my name on the paper. The central fact in the requirement of this Resolution is the Niemeyer Order-in-Council. Perhaps I can briefly describe the effect of that by saying that for the first five years of Provincial Autonomy the provinces are to get.....

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : You have to move the Resolution and you must read it.

The Honourable Sir James Grigg : I thought I would expedite the business by not reading it. The Resolution runs as follows :

“ That this Assembly recommends to the Governor General in Council that railway revenues be declared not liable, before the 1st April, 1940, or before the fixation under section 187 (1) of the Government of India Act, 1935, of the sum therein referred to, whichever is earlier, to repay to the Depreciation Reserve Fund maintained for Indian State-owned railways, the balance outstanding on the 1st April, 1937, of loans taken from the Fund to meet railway deficits or to pay to general revenues any contributions due under the Resolution of this Assembly of the 20th September, 1924, in respect of the period beginning on the 1st April, 1931, and ending on the 31st March, 1937.”

Sir, I was explaining that the central fact in the requirement of this Resolution is the Niemeyer Order-in-Council under which the provinces are to get a share of the centrally collected income-tax whenever, what I might call the divisible income-tax pool *plus* the railway contribution exceeds 13 crores, and for this purpose the railway contribution is to be calculated as if both the arrears of contribution to the Central Government and the debt to the Depreciation Fund have been cancelled. It looks as if there is a fair chance that the conditions under which the provinces get a share of the income-tax will be satisfied in this year. But, unless we take some action, we shall be in the position that the whole of the railway surplus will be added to the Depreciation Fund, while the Central Exchequer will have to find the contribution for the provinces out of its own unaided resources. In

[Sir James Grigg.]

these circumstances, the Government came to the conclusion that the proper course was to cancel outright both sets of arrears, and, personally, I still think that this is the proper course. When the Resolution to this effect was put down in the last Session of the Assembly, judging from the amendments put down, two lines of action emerged. The first was that of Mr. Satyamurti who proposed that the Resolution should be amended to cancel the debt of the Depreciation Fund only and the European Group put down a Resolution which, as I understood it, would leave the depreciation arrears not only outstanding but as a first charge on any surplus which arose. On this occasion, the amendment of the Party opposite was less embarrassing though I have no doubt that the Resolution of the European Group was sounder financially. The Resolution now put down is an attempt to steer a middle course between Scylla and Charybdis.....

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadian Rural) : From frying pan to fire.

The Honourable Sir James Grigg : The effect of the Resolution is, in effect, to declare a moratorium for three years for both the arrears of contribution and the debt to the Depreciation Fund. I understand that this Resolution will be accepted or is acceptable to all Parties in this House with no more than brief restatements of their various positions and, therefore, I commend to the House my small effort in responsiveness.

Mr. President (The Honourable Sir Abdur Rahim) : Resolution moved :

“ That this Assembly recommends to the Governor General in Council that railway revenues be declared not liable, before the 1st April, 1940, or before the fixation under section 187 (1) of the Government of India Act, 1935, of the sum therein referred to, whichever is earlier, to repay to the Depreciation Reserve Fund maintained for Indian State-owned railways, the balance outstanding on the 1st April, 1937, of loans taken from the Fund to meet railway deficits or to pay to general revenues any contributions due under the Resolution of this Assembly of the 20th September, 1924, in respect of the period beginning on the 1st April, 1931, and ending on the 31st March, 1937.”

Mr. Bhulabhai J. Desai : Mr. President, in not objecting to this Resolution which has been moved and which I have understood otherwise than how it was read in this House, may I commend to my Honourable friend, the Mover of this Resolution, an advice on the occasion of our parting until we meet next year that he should learn to be less and less embarrassed by what the other side of the House require, notwithstanding his opinions to the contrary. It is a very sound lesson for administration and it is also a very sound lesson for the success of the Government which he represents in this particular matter. He indicated to the House that not only will we be at liberty but it will be necessary for us to briefly state our position in the matter on which he has, though not called for, expressed his opinion. As regards the wiping out of the two items, amounting to 60 odd crores, he seems to take the matter lightly. Unfortunately, we, who have to foot the bill, cannot look upon it in the same way, and it would be wrong, even from the economic point of view, let alone finances or anything else, that a particular concern which is going to be separated now, the Federal Railway Authority, should commence its operations having got rid of its obliga-

tions so far as these 60 odd crores are concerned. Then they would be able to say that with a diminished capital they are working very well, indeed, and giving a little larger percentage than what they otherwise would have been able to show. It is much better that the Federal Railway Authority should accept the position so far as the capital valuation of the railways are concerned including these two items which they ought to have paid, so that at least their career of extravagance may, to a certain extent, be checked. Secondly, they will not be able to show in a wrong perspective a somewhat economical management of the railways concerned for, indeed, to say whether a capital of eight crores is paid or not is somewhat different to 7½ crores if not 740 lakhs. The result is that we maintain that whenever this adjustment takes place, it will have to be done when the Federal Railway Authority is constituted and neither of these items will be remitted. I quite agree that for the purposes of the Niemeyer's award the proviso for the purposes of calculation, at all events of these two items, is not to be considered. The proviso runs in this way :

“ Provided that for the purpose of ascertaining the net amount so payable to general revenues, borrowings from the depreciation fund before the commencement of Part III of the Act shall be deemed not to be repayable and arrears of contributions to general revenues for any year before the commencement of the said Part III shall be deemed not to be payable.”

Mr. President (The Honourable Sir Abdur Rahim) : What is the Honourable Member reading out ? Is it the amendment ?

Mr. Bhulabhai J. Desai : No, Sir ; we are not moving any amendment. I am reading out the proviso from the Order-in-Council. We are not trying to ask you for a construction of the section nor for any ruling from the Chair. I am reading it only for the purpose of putting forward our view. This idea of moratorium has been first started by France and then England followed. Next time my Honourable friends from the European Group are heard to say a word against the moratorium, they could not say that we are not observing sanctity of contract or that we are putting off our obligation. So that moratorium has evidently become the order of the day whenever it suits any State financially. Having regard to that, for the moment this moratorium is temporary for the purpose of calculation. This Resolution in fact comes to a moratorium for the Railways. The wording of the Resolution is that for the purpose of calculating the liability this shall not be considered which is really moratorium truly called. But it is understood as a part of this Resolution that it would be better having regard to the inauguration of Provincial Autonomy in the Provinces that contributions should be paid rather than these amounts should go to clear the debt which is maintained still to be legitimately due even though my Honourable friend, who is at present representing the debtor, might disappear and be replaced by another person, I have no doubt that they will continue to insist on the theory of sanctity of obligations and the only other thing that I wish to call attention to is section 187 of the Government of India Act. Again, I am referring to this not for construction by the Chair. The section reads :

“ There shall be deemed to be owing from the Authority to the Federation such sum as may be agreed or, in default of agreement, determined by the Governor General in his discretion, to be equivalent to the amount of moneys provided, whether before or after the passing of this Act, out of the revenues of India or of the Federation for capital purposes in connection with railways in India.”

[Mr. Bhulabhai J. Desai.]

In other words, when we come to determine the amount so payable, I hope and trust that both these items of debt notwithstanding the opinion of my Honourable friend to the contrary will be acknowledged as a proper debt owing.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I feel great regret that a Resolution of this kind should be tabled and brought for consideration before this House at a time when the House is really not in a mood to give serious consideration to any serious proposals. It is true that the Resolution was tabled last Session also, but it was also then tabled in my opinion under the same difficulty that we find ourselves today. The intimation of the Government's intention to repudiate the liability which has accrued, under the separation convention, has come to us long before. References to that were made by the Honourable the Finance Member and other responsible Members of the Government in their speeches last Budget Session and so on. But those who were in this House, when the railway separation convention was brought about, know the difficulties which non-official Members had to face before they gave their consent to that convention. The House, as a matter of fact, was not then first prepared to accept the idea of separation of railway finances at all but it took several days before the parties could be brought about to a reconciliation on that point. Several days were taken by the House.

An Honourable Member : Several months.

Mr. M. S. Aney : I am referring only to the period taken in the House and not to the time taken outside the House. One of the reasons why the House agreed to that separation convention was that a certain amount was fixed as a contribution to the general revenues. That was one of the reasons why the House was, ultimately, persuaded to accept that convention. Now we find that on account of certain conditions that have ensued the railways are not able to manage their affairs properly. The mistakes of those who were in charge of the railway administration, during all these years when this convention worked, are to be paid for by the taxpayers who handed over charge of the railway affairs to the Railway Board accepting the scheme of separation of revenues also accompanying it. Because the railway management has not been able to manage the railway economically and profitably, the tax-payers have to suffer. Large debts were incurred every year for capital expenditure. All these debts were sanctioned by the House in the hope that money was being invested in lucrative concerns which would increase the earnings of the railway lines which would, in its turn, bring more revenue to the general revenues. This kind of confidence was reposed in the Railway Board by the House before they agreed to separate the railway finances from the general finances. The Railways then said : " unless we have complete control of our finances, we cannot show any real improvement in railway earnings. You fix your contribution once for all. Don't try to take a larger share than we can afford to part with because that would come in the way of working the railway lines profitably ". This was what was said to us then, before we agreed to the separation of the finances. What is the result that we find today ? After these long years, we are finding that we are not

getting any contribution. Our reserve fund has been swallowed up. Now the Honourable the Finance Member seriously comes forward with a proposal asking this House to wipe out altogether.....

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : No, not wiping out.

Mr. M. S. Aney : I know the term "wipe" is not there. The compromise put forward is that this should come again not before 1st April, 1940. My submission is this : let the liability remain on their head till that time. Let them go on making as much contribution to the general revenues as they can. Let the debt be piled up to that debt fund. This question should be decided, in my opinion, along with the question when Government will have to make some kind of agreement and fix the amount that is to be paid to the Government by the Railway Authority. When those negotiations will go on these old debts should be taken into consideration. If, at that time, it is found out by the Federal Authority that it is impossible to pay off the debt, I think the House will have enough understanding to see the reasonableness of the proposal. If it is a reasonable proposal, it will sanction it. But why should we say today that up to that period we allow them not to make any effort at all to economise the administration and make some payments towards the debts which are due from them ? Why should we tell them that for five years there should be a moratorium ? I do not understand why we should give them that sort of liberty. So without going into details, I will say that I am not prepared to allow this facility of doing away with the payments. This is the first attempt to ultimately wipe out the liabilities, which seems to be the ultimate fate of these debts. I do not want to be a party to that and, therefore, I have no option but to oppose the Resolution.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, ever since the publication of the Wedgwood Committee's report, non-official opinion was very nervous about two sentences in that report. The first is on page 123 where they say :

"We understand that it has been decided to write off both these liabilities."

These refer to depreciation and their debt to general revenues. And the second sentence is on page 129 :

"We think that this situation should be recognised and that the railways, while they should be expected to maintain full solvency, should not be regarded as a possible source from which contributions to the general revenue may be derived."

From these two sentences it seemed that the Wedgwood Committee recommended that not only the debts against depreciation and general revenues were to be wiped off but that the railways should pay no contribution whatsoever in future. That was the idea of the Wedgwood Committee but the present Resolution has eased the position. In the first place, it is now clear that it has not been decided definitely that all these debts should be written off, and, therefore, the report is not correct in saying this. The second thing is that it is contemplated that the railways will not be absolved from their obligation to pay to the general revenues. From these two points of view I welcome the present Resolution. There is one thing to which I should like to call attention and that is that the roads pay to the general revenue to the extent of six crores per annum,— $4\frac{1}{2}$ crores on the petrol tax and $1\frac{1}{2}$ crores on the other

[Dr. Ziauddin Ahmad.]

accessories of motor cars. Now, if the Railways do not pay anything to the general revenues it is natural that the sympathy of the Legislature will always be with the roads and it will always be against the railways, because one of these two means of communication would pay to the general revenue and the other would not.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Dr. Ziauddin Ahmad : Sir, I was pointing out before Lunch that the general revenues get about six crores from the road, and if we get nothing from the railways, the sympathy of the Legislature will naturally be in favour of the road and not of the rail.

We have been told, repeatedly, that the railways are a business concern and we should apply business principles there. May I ask my business friends on my left whether they would start a business in which they get only depreciation and interest at market rates and no profits whatever? They will never start one. So, if that is a business proposition, we must get some profits in addition to depreciation and interest charges. Of one thing I am quite sure, that the convention of 1924 requires reconsideration. We are not in the position of a joint stock company getting fixed dividend—one per cent. on the capital at charge; and we ought to revise it in such a way as to get a certain percentage of profits. Then all this question of non-payment, arrears, moratorium, etc., will disappear. Of course the numerical value of the percentage will not be a fixed quantity: it will be a variable quantity, and it must depend on the amount already in reserve fund and various other factors. Without going into the details I will say that we should get a certain percentage of the profit and the percentage should be a variable quantity depending on several factors which arise in the running of this administration. I will work out a formula.

The next point is the question of depreciation. Here we are undoubtedly on a different footing. Depreciation fund does not belong to general revenues. It belongs to the Railway Administration. As I have been saying repeatedly, this fund has been calculated on an absolutely wrong basis, on an unscientific basis for which there is no precedent in any other country. I am glad the Wedgwood Committee has drawn attention to it and said that the flat rate of one-sixtieth of the Capital at charge was absolutely unscientific and it should be calculated in an entirely different manner.

Another thing which is bad accountancy is that renewals, additions and repairs are met from three different sources—revenues, depreciation fund and capital fund—the distinction is absolutely unscientific

and arbitrary. A simple rule should be made that expenditure which yields income should be met from capital expenditure and expenditure on repairs, maintenance, additions and renewals, which are not going to yield fresh income, should be met from revenues. As regards the depreciation, we ought to follow the practice of life insurance companies : we ought not to set aside in 1937, what we might require 30 years hence, but only what we are required to pay in the current year, which may partly be the liabilities which we may have incurred 25 or 30 years ago. If this principle is adopted there is no need for a depreciation fund. But we do require a reserve fund and the amount of that fund should be the equivalent of the expenditure for one year—*i.e.*, in the neighbourhood of 80 crores. This is just what the Wedgwood Committee have recommended—50 crores for reserve and 30 crores for depreciation. It is ten per cent. of our capital at charge. I would like to amalgamate the two and keep 80 crores in the reserve fund to meet expenditure in bad years. It may be split up into sub-heads as is done in other railway administrations : in South Africa for example there is a wage equalisation fund, so that in bad years it may not be necessary to have a ten per cent. cut or reduction in salaries : then they have a rates equalisation fund, which is equally important : so that in bad years we may not have to increase rates as we have been doing for the last several years. Then there should be a betterment fund : *e.g.*, when we want to improve the conditions of third class traffic we might fall back upon this fund.

With these remarks, I welcome this Resolution which I consider to be a great improvement on the recommendations of the Wedgwood Committee.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, we, in this Group, were slightly surprised when we first learnt of this suggestion to postpone dealing with the question of the writing-off of the arrears due to the Central Revenues, and the amount borrowed from the depreciation fund : because as at first it seemed to us it was perhaps an apparent failure to tackle what seemed an immediate and urgent problem : and secondly, because there seemed to be possibly some conflict between what has now been decided on and the Order-in-Council dated the 3rd July, 1936, in which Order was embodied the decision of the Government of India and the Secretary of State following on the recommendations of Sir Otto Niemeyer. Underlying this apparently simple Resolution for the postponement of the question of writing-off of these two items of 31 odd crores, in each case,—in other words, the moratorium which is now proposed,—is a very big problem. This problem is one not merely of railway finances as a whole, but also a problem of general finances ; and a problem, which has a very important bearing, as my Honourable friend, the Finance Member, has already pointed out, on Provincial Revenues because of the contribution which the provinces hope, in due course, to receive out of income-tax revenues.

Now, I should like to remind the House, as of course, we all know, that the contribution from the provinces is coming from the income-tax primarily, though Sir Otto Niemeyer very wisely pointed out that this would be a dangerous thing to do if the Central Government was not certain that they were going to receive at least 13 crores from the railways plus the income-tax combined. But primarily the problem now appears as a problem of the financial stability of the railways. If that cannot,

[Mr. T. Chapman-Mortimer.]

reasonably, be assured, naturally the Central Revenues will suffer and, of course, also the provinces who hope, in due course, to receive substantial contributions from the Centre. At the same time, we recognise that both for the Central Government and for the Provincial Governments—who hope to benefit by the contributions from the Centre,—the Resolution, now before the House, must make a very powerful appeal. At the same time, Sir, we in this Group feel it necessary to enter a caveat at this stage in order that our position in regard to the Railways and Railway finances may be made quite clear. During the last three years, and more especially during the last 18 months or two years, the Financial Commissioner for Railways and the Finance Department of the Government of India have done a very great deal to improve the finances of the Railways. It is the least we can do, Sir, to recognise what they have done in this regard, and, more particularly, what my friend, the Honourable the Finance Member, has done in actively interesting himself in this question ever since he came to India. Because, Sir, we believe that a right solution of the railway problem and the placing of the railway finances on a sound basis is in many respects the key to the future of Central Finances, for the obvious reason that if the railways are not put on a sound basis,—and as I have already stated we consider a great deal has been done in this direction,—if the Railways are not put on a sound basis, it may have very serious repercussions on the Central Finances, and so, naturally, on the problem before the Finance Member and his successors. But, Sir, it does seem to us, or rather it seemed to us when we first heard that this was to be postponed and a moratorium was going to be declared, that really the essential problem was being shelved, but we hope that it is not the case, and that the Financial Commissioner for Railways and the Finance Member have still an open mind on the Central problem which is to be found in the Separation Convention of 1924. The effect of that Convention, more particularly the provisions underlying paragraphs 1 and 2, is that in good times extravagance in Railways is encouraged because the Railways very naturally feel that if they don't spend then the money would go, for when bad times come they would be asked to cut down expenses. Therefore, they naturally tend to be extravagant when the years are good, and that is what exactly happened between 1924 and 1929. Subsequently, in bad times, these same provisions, owing to their very narrowly restricted nature and their lack of elasticity, compelled the Railways drastically to cut down expenditure at the very time when, if matters were arranged somewhat differently, they could try if possible to ease the economic depression by maintaining their expenditure on renewals and repairs as far as was reasonably possible having regard to the trade depression. The result of this is that in bad times the Railways, themselves, accentuate the very difficulties which cause their own difficulties, and so a sort of vicious circle is set up.

Now, Sir, as it has already been pointed out, Sir Otto Niemeyer recommended that the Separation Convention of 1924 should be the basis upon which Government should make their calculations when deciding as to how much of the income-tax would be available for distribution to the provinces, taking into account the railway contributions to the Centre plus income-tax. At the same time he also pointed out that there were serious dangers in regard to railway finances, and he further pointed out that it was

absolutely essential that effective steps should be taken to place the railways on a sound and stable basis. As I have already said, Sir, a good deal has been done in the direction indicated by Sir Otto Niemeyer to improve the finances of the Railways ; but we, in the Group, feel and our constituents, among whom are the Chambers of Commerce of Bengal and Bombay, also feel, that the key to the situation lies in the revision of the Separation Convention. I was, therefore, very glad to hear my friend, Dr. Ziauddin Ahmad, express the views that he did in this connection, because I feel certain that he has put his finger on the real weakness in regard to the finances of the railways. I would, in this connection, Sir, remind the House that the Government of India, in their despatch on the Niemeyer Report, pointed out that the Separation Convention was not in itself a precise basis of assessment, though, of course, they quite rightly generally accepted the proposals of Sir Otto Niemeyer in this connection. The Secretary of State too in his reply recognised the difficulty of standing too narrowly upon the Separation Convention of 1924, therefore, we hope, Sir, that having regard to the fact that the Secretary of State has expressed himself in that same despatch as anxious to place the Railways on a sound basis, and as now he has agreed to a slight modification of the Order in Council, passed as a result of the recommendations of Sir Otto Niemeyer, he will not stand too much on the letter of the agreement but will see his way clear to agree to some reasonable revision of the Separation Convention of 1924. I do not propose, Sir, to go into that matter now as it is neither the time nor the place for it, but I should just like, briefly, to indicate that we, on these Benches, do not mean by agreeing to the Separation Convention that the Central Government should get much less than it is likely to get now ; far from it. What we want, Sir, is, very much what my friend, Dr. Ziauddin, has pointed out. There should be no accumulation of debts against the Railways in bad times, and in good times, out of the surplus which will accrue after the Railways have met all their ordinary running and other expenses, they should be able to keep for themselves a certain percentage which they will be able to place to Reserve to meet various contingencies, as was so ably explained by my Honourable friend.

As to the question what the percentage should be, on that, Sir, we, on these Benches, have not made up our minds. The reason why we should have liked to see the writing off of both these items, approximately, 31 crores, in each case, linked up to the proposal for an early revision of the Separation Convention of 1924, is that we do feel that this is an extremely important matter, and it is absolutely vital, we believe, in the best interests, not merely of the Railways and of the Central Government, but also of the provinces, who hope to gain so much in due course from their share of the income-tax, that the railway contribution to the Centre should be as stable as it is possible to make it. Naturally, you cannot provide against all contingencies ; you cannot provide absolutely against years of depression and so on, but to some extent you can make provision by allowing the Railways out of the surplus that will accrue to build up a reserve which will enable them to do what we should call in business building up an equalisation fund ; in this case to safeguard the contribution to the Central Revenues and also to meet expenses which would be in the nature of " betterment " or to provide against the misfortune of having to cut salaries or wages, etc. Sir, we support the Resolution.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadian Urban) : Sir, this is a very serious matter. The Resolution of the Honourable the Finance Member seeks to write-off a large sum of money which is due to the general revenues of India from the railways.

The Honourable Sir James Grigg : I think the Honourable Member is under a misapprehension. That was the original Resolution, but this one is only to declare a moratorium, and not to write off.

Dr. P. N. Banerjea : I stand corrected. The amended Resolution seeks to postpone the payment of a large sum of money which is due from the railways to the general revenues of the country. I desire, in this connection, to allude very briefly to the history of the separation of the railway finance from the general finance. The objects with which this separation was made were made clear in the Resolution which was moved by Sir Charles Innes in the Legislative Assembly on the 3rd March, 1924. The preamble ran thus :

“ This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable the railways to carry out continuous railway policy based upon the necessity of making a definite return over a period of years to the State on the capital expended on railways.”

So, there were two points emphasised in this preamble. The first one was to relieve the General Budget from violent fluctuations, and the second was to make a definite return over a period of years. How have these two objects been fulfilled ? Violent fluctuations, of course, are not there, but has the general exchange gained anything during the last seven years ? No payment has been made although, in this preamble, it was made very clear and the Assembly was assured to the fullest extent that the return would be made year after year. The Members of the then Assembly entertained very great doubts about the ultimate effect of this Resolution and the matter was, first of all, referred to a Committee and this Committee again referred some of the details connected with this matter to a Sub-Committee. The whole thing was postponed from March till September, 1924. In the meantime, a sort of compromise was arrived at. What were the terms of the compromise ? In the first place, originally, it was proposed that the fixed contribution should amount to five-sixths of one per cent. Now the Government was willing to increase it to one per cent. Secondly, it was feared by many Members of the Assembly that the control of the Assembly over railway finances would not be as great as before, and, for this, an assurance was given that the Assembly would retain full control over railway finance. Thirdly, an amendment was accepted to the effect that the railway services would be Indianised at a very rapid pace and Indians would be appointed as Members of the Railway Board. In view of these concessions which were made, the Assembly accepted the Resolution in a modified form. This, in brief, is the history of the separation of railway finance from general finance.

Now, have these terms of compromise been kept ? I have already pointed out that during the last seven years the contribution has not been paid. Secondly, with regard to the control of the Legislature over railway finance, we all know that a Statutory Railway Authority is going to be appointed and the Legislature will lose its control altogether over railway finance. As regards the third term of compromise, namely,

Indianisation, we all know that Indianisation has not proceeded at a rapid pace. Whenever experts are required, they are imported from abroad, and, at the present moment, there is no Indian as a member of the Railway Board.

The Honourable the Finance Member told us, only an hour ago, that a fresh compromise has been arrived at here. Who were the parties to this compromise? I gave notice of an amendment, but I do not know of any compromise. My Leader, Mr. Aney, does not know of any compromise. Who, then, were the parties to this compromise to which the Honourable the Finance Member alluded?

Captain Sardar Sir Sher Muhammad Khan (Nominated Non-Official): Mr. Aney was not here.

Dr. P. N. Banerjea: Has he left Simla?

Another Honourable Member: He was not on the spot.

Dr. P. N. Banerjea: I pause for a reply from the Honourable the Finance Member. Who were the parties to this compromise? No reply is forthcoming, and, therefore, I must take it that no compromise has been arrived at to which all Groups agreed. Then, what are the terms of this compromise? I admit that the Resolution in its amended form is an improvement on the original Resolution of which notice was given. If that be the compromise, well, I think there has been some improvement, but not that anything substantial has been gained. It has been urged by the Honourable the Finance Member that the Acworth Committee did not contemplate the payment of any contribution from the railways to the general finances in future. That may be true, but everybody in this House has condemned the Acworth Committee's Report. That Report is extremely unsatisfactory and we must not base any conclusions on that Report. The Resolution, as it stands at present, speaks of postponement, but my Honourable friend, Sir James Grigg, used two words; he used the word "cancellation" as well as the word "moratorium". What his exact intention is I do not know. If this Resolution merely seeks to postpone consideration of the question of contribution for some time, will he assure us that in the next Budget he will demand this contribution from the railways to general revenues? If not, I do not see where the compromise comes. Even as it is, there is a great deal of loss and injustice to the Indian taxpayer, and I must record my protest against the decision.

Some Honourable Members: Let the question be now put.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That the question be now put."

The motion was adopted.

The Honourable Sir James Grigg: I suppose that on the whole I cannot complain about the reception by the House generally of what I called my small effort at responsiveness, although, both the Leaders of the Congress and the Congress Nationalist Party have made certain small complaints. In the case of Mr. Aney, as far as I could follow his complaint, it was entirely directed

[Sir James Grigg.]

to the Resolution which I put down last Session and not this Resolution at all and, anyhow, I think his point was that though contributions to the depreciation fund might be cancelled, it was very wrong to cancel the contributions to the Central Government. I might reassure him if I tell him that for a great many years to come the effect of a proposal of that sort would be precisely the same as the proposal that I have now put on the paper, so that I do not think he can base any large case for a hardship on the Indian taxpayers on the difference between this Resolution and the one which he would like to see. As regards the Leader of the Opposition, I think his first slight acerbity was to complain that I had restated my position at all. Well, I restated it in one sentence, which was a great deal more briefly than any one else did. I do not think he can make much of that. Then he made a homily, a brief one, which was more or less to the effect that if only on every question I give up my view and accept his view I should never get any trouble in this House. I wonder if he is quite sure about that. I heard from Dr. Banerjea a few rumblings of a controversy which agitated this House a few days ago. It was complained bitterly that the Government and the Congress had come to an understanding. So, not only am I unable to accept his suggestion, I am not even able to accept it as universally true. Sir, I must apologise to the European Group for having, unintentionally, misrepresented what I thought was their attitude towards the original Resolution put down last Session on this subject and I gather that on the whole their attitude is to agree with my original contention that both these sets of debts should be cancelled.....

Mr. S. Satyamurti : That is not the view of the House.

The Honourable Sir James Grigg :..... but they added as a proviso that the convention which regulates the financial relation between the Central Government and the Railways should be revised. Well, Sir, on that, I do agree very definitely with the European Group that it would be a wise thing for the railways to accumulate reserves and there is, in my mind too, a certain fear lest the process of building up reserves, which is after all taking a long view of railway finances, should be abandoned for the short view of extracting the greatest possible benefit to the Central Exchequer but I think the European Group will agree with me that there has not been very much evidence among the speakers who spoke today that a convention which emphasized more the building up of reserves and less the payment of contributions to the Central Exchequer would receive the approval of a majority of Members of this House. Sir, I do not think I need deal with any of the other points that were raised and I commend the Resolution for the acceptance of the House.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That this Assembly recommends to the Governor General in Council that railway revenues be declared not liable, before the 1st April, 1940, or before the fixation under section 187 (1) of the Government of India Act, 1935, of the sum therein referred to, whichever is earlier, to repay to the Depreciation Reserve Fund maintained for Indian State-owned railways, the balance outstanding on the 1st April, 1937, of loans taken from the Fund to meet railway deficits or to pay to general revenues.

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any contributions due under the Resolution of this Assembly of the 20th September, 1924, in respect of the period beginning on the 1st April, 1931, and ending on the 31st March, 1937."

The motion was adopted.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

The Honourable Sir James Grigg (Finance Member) : I do not think that there would be any very great advantage in moving the motion relating to the Public Accounts Committee because of the short time left to us for discussion. Therefore, with your consent, I do not move that, but I go straight on to move the Excess Grants.

DEMANDS FOR EXCESS GRANTS FOR 1935-36.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

The Honourable Sir James Grigg (Finance Member) : Sir, I move :

"That an excess grant of Rs. 2,12,734 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36, in respect of 'Indian Posts and Telegraphs Department'."

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

"That an excess grant of Rs. 2,12,734 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36, in respect of 'Indian Posts and Telegraphs Department'."

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : I have an amendment to this motion.

Mr. President (The Honourable Sir Abdur Rahim) : You cannot raise any question of policy on this motion.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Under Rule 49, an excess grant is to be treated as an ordinary grant.

Mr. President (The Honourable Sir Abdur Rahim) : It is a well established rule of this House that when a demand is made for an excess grant, no question of policy can be discussed.

Mr. S. Satyamurti : May I make a suggestion on that ? I looked up May's Parliamentary Practice. The position is this. If my friend, the Finance Member, can prove to your satisfaction that the two lakhs odd, he is now asking for, does not cover the subject sought to be discussed by Mr. Mohan Lal Saksena, then the amendment is out of order. If, for example, this excess grant has nothing to do with the question of the Government of India insuring goods indented from foreign countries with foreign companies, then I quite agree that the amendment should not be moved. If it has, then I submit it is in order.

The Honourable Sir James Grigg : Sir, I do not know whether you would wish to give your ruling on that narrow point, but if so, if you will look at page 2 of the Report of the Public Accounts Committee for

[Sir James Grigg.]

1935-36, you will see in regard to this vote that the excess was mainly due to pensionary charges. As this was the first year in which the Posts and Telegraphs Department were taking the actual pensionary charges instead of contributions, estimating was difficult. That is one point, and the other point is that, to all intents and purposes, the Government of India do not insure either with Indian or foreign companies.

Mr. President (The Honourable Sir Abdur Rahim) : What is the meaning of "raising the question of the Government of India insuring goods indented from foreign countries with Indian companies" ?

Mr. Mohan Lal Saksena : You might remember, Sir, that on the floor of the House when my friend, Mr. Satyamurti, asked the Honourable the Law Member to give an assurance that the Government of India would insure with Indian companies, the Honourable the Law Member had stated that the Government of India had nothing to insure. But my information is that it was not correct. As a matter of fact I believe that goods indented for the railways and the posts and telegraphs from foreign countries are insured and generally insured with foreign companies. So I wanted to raise that question.

Mr. President (The Honourable Sir Abdur Rahim) : But this is in connection with pensionary charges ?

Mr. Mohan Lal Saksena : Under the circumstances, I admit it is not in order, Sir. (Laughter.)

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

"That an excess grant of Rs. 2,12,734 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36, in respect of 'Indian Posts and Telegraphs Department'."

The motion was adopted.

INTEREST ON MISCELLANEOUS OBLIGATIONS.

The Honourable Sir James Grigg : Sir, I move :

"That an excess grant of Rs. 50,358 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of 'Interest on Miscellaneous Obligations'."

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

"That an excess grant of Rs. 50,358 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of 'Interest on Miscellaneous Obligations'."

The motion was adopted.

EXECUTIVE COUNCIL.

The Honourable Sir James Grigg : Sir, I move :

"That an excess grant of Rs. 10,381 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of 'Executive Council'."

Sir, in order to save time and to bring the facts before your notice I may mention that the same paragraph of the Public Accounts Committee's Report to which I have already referred explained with regard to this grant that more expenditure was incurred on touring than could have been anticipated. So I do not think that neither a motion to censure the Government for perpetuating the Ottawa Agreement nor a motion to discuss their non-compliance with rules in the matter of the supply of Government publications to Members of the Central Legislature nor a motion to draw attention to my illegal and improper curtailment of the powers and functions of the Standing Finance Committee would be in order.

Mr. Mohan Lal Saksena : Does it include allowances given to Sir Muhammad Zafrullah Khan in connection with his deputation to England ?

The Honourable Sir James Grigg : That is for a different financial year entirely.

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That an excess grant of Rs. 10,381 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Executive Council ’.”

Mr. S. Satyamurti : Sir, my motion is this :

“ That the demand for an excess grant under the head ‘ Executive Council ’ be reduced by Rs. 100.”

and the object of my motion is “to censure the Government for perpetuating Ottawa and for refusing to consult and abide by the verdict of the Assembly before arriving at any agreement for replacing Ottawa”. Sir this Ottawa Agreement was denounced in the Delhi Session, of this particular financial year ; therefore, so far as the time is concerned. I am perfectly within the limits of this grant. Sir, you will notice that the salaries of the Members of the Executive Council are non-votable, their allowances are non-votable, and what comes before us is their stenographers, and so on.

The Honourable Sir James Grigg : 1935-36 ?

Mr. S. Satyamurti : That is the year when Ottawa was denounced.

The Honourable Sir James Grigg : It was denounced in 1936-37 and not in 1935-36.

Mr. S. Satyamurti : It was the Budget Session of that year.

The Honourable Sir James Grigg : “ Six months’ notice ”.

Mr. S. Satyamurti : I submit, Sir, that as far as I remember, this Ottawa was denounced during the financial year for which the excess grant is asked for. Sir, so far as the Executive Council is concerned, we can criticize their policy only under such items as the pay of their stenographers and their touring expenses. Their salaries and their allowances do not come before us for voting at all, and, if my Honourable

[Mr. S. Satyamurti.]

friends go about touring and then want me to vote the excess, I refuse to do that. I submit I am using an argument in favour of the position that the Government cannot argue now that it is outside the scope of the excess demand, when they refuse to carry out the verdict of the House and they now ask us to vote increased money within the very narrow limits within which the House can function.

Mr. President (The Honourable Sir Abdur Rahim) : It is a question of policy : that cannot be raised.

Mr. S. Satyamurti : It is not a question of policy, Sir ; I am raising a specific question.....

Mr. President (The Honourable Sir Abdur Rahim) : I rule that the amendment is out of order.

Mr. S. Satyamurti : Very well, Sir. I will now speak against the motion of my Honourable friend, the Finance Member. I oppose this motion. I do not see why these Honourable gentlemen should go about touring all over the country when they turn a deaf ear to every vote of this House. We are here the elected representatives of the people, we come here and tell you what you ought to do and what you ought not to do, you turn a deaf ear to all that we say, and yet you want to go about in big saloons and making friends and making enemies as you go about ; and then you ask us to vote extra money for the touring of the Executive Council Members, after you have behaved in this manner of irresponsiveness to every vote that we pass. Sir, they do not deserve a single pie on this occasion and I oppose this grant and ask the House to turn it down. (Hear, hear.)

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadian Rural) : Sir, this item of expenditure includes, I am sure, expenditure incurred by the Honourable the Finance Member on tours undertaken to gather information and opinion throughout the length and breadth of this country. Sir, while we are elected by this Honourable House to be their representatives on the Standing Finance Committee, and while we offer advice to the Honourable the Finance Member, he throws all that to the winds and he tries to gather opinion throughout the length and breadth of this country himself,—and spending more money than has already been voted, but we say that could have served really no useful purpose. Sir, why does he encroach upon the powers and functions of that Committee? He utters platitudes and says that he is going to convert these Committees into committees after the parliamentary pattern, to help in framing the Budget, to help in suggesting ways and means to retrench expenditure, and so on. That is what he said at the outset, and that is why he said that he will move a Resolution recommending enlargement of the functions of that Committee, and we have been looking forward to that. Sir, he seeks to gather information from other quarters although the requisite information and the proper opinion is available to him already through the elected representatives of the people. On all these grounds, therefore, Sir, I say that this excess grant ought not to be voted.

The Honourable Sir James Grigg : Sir, I do not think I need reply at any very great length to the contentions which have just been raised. I again ask pardon for quoting from the Report of the Public Accounts Committee and I propose to quote two passages—one on page 3 and one on page 7. The one on page 3 is this :

“ We recommend that the necessary excess grants be voted by the Legislative Assembly.”

The quotation from page 7 consists of the words : “ S. Satyamurti ”. (Laughter.)

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadian Rural) : Sir, it is true that the Public Accounts Committee.....

The Honourable Sir James Grigg : It is also signed by Prof. N. G. Ranga.

Prof. N. G. Ranga : It is true that the Public Accounts Committee of which my Honourable friend, Mr. Satyamurti, Mr. B. Das, Sardar Jogendra Singh and myself are the Members, from our Party, recommended that this excess grant should be accepted by the House, but at the same time we have reserved our opinion in regard to the manner in which these Executive Councillors have been roaming about the country, wasting the public money.

Mr. President (The Honourable Sir Abdur Rahim) : Does it appear in the report ?

Prof. N. G. Ranga : No, Sir. We thought that it was only a formal excess and, therefore, it was right on the part of the House to pass it. But when we come to the whole policy underlying these tours, it is legitimate for any Member of this House to rise in his seat and protest against the manner in which these Executive Councillors have been behaving themselves in this country. In this connection, I want to take one point. We are told that the Honourable the Finance Member pays a sort of annual visit to Bombay in order to keep himself in touch with the commercial interests there and I think the Industries Member also tries to keep himself in touch with the industrialists in Bombay, Calcutta and other places once a year. Some of the Members of the Executive Council also try to address the annual gathering of the Indian Merchants Chamber. If they have taken so much pain to ascertain the views and opinions of the commercial interests in this country, I would like to know why they have so far failed to take into their confidence the various labour organisations and various Kisan Sabhas all over the country. They have not tried till now to get into touch with any labour organisation or with the Sabhas of the Kisans and Mazdurs in this country, who form part of the overwhelming majority of the population of this country.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non Muhammadian Rural) : When labourers carry their luggage at the railway stations, they come in contact with them ?

Prof. N. G. Ranga : And they get agitated over them even when they have served them. It is for this failure, among so many other omissions of theirs, not to get into touch with the masses of this country through their organisations that I recommend to the House to throw out this particular grant.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 10,381 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Executive Council ’.”

The motion was adopted.

LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 13,556 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Legislative Assembly and Legislative Assembly Department ’.”

In order to save time, I may point out that the two cut motions relate to a year other than the year now under discussion.

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That an excess grant of Rs. 13,556 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Legislative Assembly and Legislative Assembly Department ’.”

The amendments are quite out of order.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 13,556 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Legislative Assembly and Legislative Assembly Department ’.”

The motion was adopted.

PUBLIC SERVICE COMMISSION.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 605 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Public Service Commission ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 605 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Public Service Commission ’.”

The motion was adopted.

LIGHT HOUSES AND LIGHTSHIPS.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 6,405 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Lighthouses and Lightships ’.”

Mr. President (The Honourable Sir Abdur Rahim): The question is :

“ That an excess grant of Rs. 6,405 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Lighthouses and Lightships ’.”

The motion was adopted.

MINES.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 815 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Mines ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 815 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Mines ’.”

The motion was adopted.

MEDICAL SERVICES.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 2,714 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Medical Services ’.”

Here, too, I think I am correct in saying that the particular iniquity for which Mr. Saksena wishes to censure the Government occurred in a year other than the year of account.

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That an excess grant of Rs. 2,714 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Medical Services ’.”

The amendment is out of order.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 2,714 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Medical Services ’.”

The motion was adopted.

CENSUS.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 644 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Census ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 644 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Census ’.”

The motion was adopted.

EMIGRATION—EXTERNAL.

The Honourable Sir James Grigg : Sir, I move :

“ That an excess grant of Rs. 11,464 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Emigration—External ’.”

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That an excess grant of Rs. 11,464 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Emigration—External ’.”

There in an amendment in the name of Mr. Mohan Lal Saksena. He wishes to reduce the grant by Rs. 100 in order to discuss the question of Indians in South Africa. That is out of order.

Mr. Mohan Lal Saksena : This excess grant relates to expenditure in South Africa.

Mr. President (The Honourable Sir Abdur Rahim) : I quite understand that, but no question of policy can be discussed now.

The question is :

“ That an excess grant of Rs. 11,464 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Emigration—External ’.”

The motion was adopted.

REFUNDS.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 7,68,038 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Refunds ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 7,68,038 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Refunds ’.”

The motion was adopted.

DELHI.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 10,718 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Delhi ’.”

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That an excess grant of Rs. 10,718 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Delhi ’.”

Mr. M. Asaf Ali (Delhi : General) : I have got an amendment in my name.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member wants to discuss a question of policy. It is on the same footing as the other amendments and, therefore, it is out of order.

Mr. M. Asaf Ali : I want some sort of explanation as regards the expenditure where and how it has been incurred in excess of the amount voted by the Assembly. I should like to draw the attention of the Chair to the fact that this happens to be the only Legislature for Delhi Province where the grievances can be ventilated and year after year for the last three years, I have not been able to say what happens to Delhi. There are various reasons for that. I shall certainly take my chance next time.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member again seeks to raise the question of policy.

Mr. M. Asaf Ali : I have several times tabled amendments but they have all been crowded out unfortunately.

Mr. President (The Honourable Sir Abdur Rahim) : In that case it is for the Honourable Member to come to some arrangement with his own party and with the other parties so that the question relating to Delhi may be raised.

Mr. M. Asaf Ali : I would certainly take my chance during the next Budget Session and I promise the Honourable Members on the Treasury Benches to put them on their trial. In the meanwhile may I know how this expenditure has been incurred and in what respect.

The Honourable Sir James Grigg : I am very sorry that owing to my absence from India I could not preside over the Public Accounts Committee this time and I notice that though the Public Accounts Committee has given explanation in the case of a great many items, they did not attribute very much importance to this particular excess because I can find no explanation for it at all. Presumably, before they decided to recommend that the excess grant should be voted by the Legislative Assembly they, on the advice of the Auditor General, must have satisfied themselves that the expenditure was legitimate.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member Mr. Asaf Ali must then enquire of the Members of the Public Accounts Committee.

Mr. M. Asaf Ali : If I may just say a word, I have made careful enquiries from the Deputy Leader of my Party who happens to be a Member of the Public Accounts Committee and I have also enquired from other Honourable Members of the Public Accounts Committee and they tell me that they have had absolutely no explanation to offer. It is an extraordinary thing.

The Honourable Sir James Grigg : I cannot believe that his colleagues on the Public Accounts Committee made this recommendation in complete neglect of their responsibilities. I cannot imagine that.

Mr. M. Asaf Ali : Since the Honourable the Finance Member was presiding over the proceedings of the Public Accounts Committee, I only want some explanation from him.

The Honourable Sir James Grigg : I did not preside over the Committee.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, if no information is forthcoming either from the Chairman of the Committee or from any of the documents published, then what is the data on which this House is expected to satisfy itself before giving its vote.

An Honourable Member : Blind faith.

Mr. M. S. Aney : Faith in whom ? We are prepared to put faith in the Chairman of the Committee if he knows anything about this and if he could explain it. He says he has no explanation to offer.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : May I point out that all these things are given in the report of the Public Accounts Committee for 1935-36 and in the evidence volume that has been supplied to the Honourable Member.

Mr. M. S. Aney : It is not there.

Dr. Ziauddin Ahmad : Copies have already been supplied to Honourable Members.

The Honourable Sir James Grigg : In the Appropriation Accounts the explanation is given in great detail. There are two items which more than account for the excess. It is on page 326. Under one item leave-salary of officers transferred to the Punjab—debts were not anticipated. Another item on page 328. There appear to be two notes and I am not quite sure which is the right explanation. One is reduction of population in jails—postponement of purchase of certain tools and fall in price of foodstuffs. That cannot be the right explanation and so it must be “unanticipated debits for purchases in the previous year adjusted after the close of the financial year, 1935-36”.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“That an excess grant of Rs. 10,718 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘Delhi’.”

The motion was adopted.

HYDERABAD.

The Honourable Sir James Grigg : Sir, I beg to move :

“That an excess grant of Rs. 1,594 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘Hyderabad’.”

Mr. President (The Honourable Sir ~~Abdur~~ ^{Abdur} Rahim) : The question is :

“ That an excess grant of Rs. 1,594 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Hyderabad ’.”

The motion was adopted.

INTEREST FREE ADVANCES.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 2,69,613 be voted by the Assembly to regularise the disbursements actually made in excess of the voted grant in the year 1935-36 in respect of ‘ Interest Free Advances ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 2,69,613 be voted by the Assembly to regularise the disbursements actually made in excess of the voted grant in the year 1935-36 in respect of ‘ Interest Free Advances ’.”

The motion was adopted.

RAILWAY BOARD.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 13,928 be voted by the Assembly to regularise the expenditure chargeable to railway revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Railway Board ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 13,928 be voted by the Assembly to regularise the expenditure chargeable to railway revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Railway Board ’.”

The motion was adopted.

REFUNDS.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 1,88,639 be voted by the Assembly to regularise the expenditure chargeable to railway revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Refunds ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 1,88,639 be voted by the Assembly to regularise the expenditure chargeable to railway revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Refunds ’.”

The motion was adopted.

WORKING EXPENSES—MAINTENANCE OF CARRIAGE AND WAGON STOCK.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 3,86,138 be voted by the Assembly to regularise the expenditure chargeable to railway revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Working expenses—Maintenance of carriage and wagon stock ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 3,86,138 be voted by the Assembly to regularise the expenditure chargeable to railway revenue actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ Working expenses—Maintenance of carriage and wagon stock ’.”

The motion was adopted.

NEW CONSTRUCTION.

The Honourable Sir James Grigg : Sir, I beg to move :

“ That an excess grant of Rs. 3,01,375 be voted by the Assembly to regularise the expenditure chargeable to railway capital actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ New Construction ’.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That an excess grant of Rs. 3,01,375 be voted by the Assembly to regularise the expenditure chargeable to railway capital actually incurred in excess of the voted grant in the year 1935-36 in respect of ‘ New Construction ’.”

The motion was adopted.

The Honourable Sir James Grigg (Finance Member) : Sir, as there is only a quarter of an hour left, and as the next motion standing in my name cannot be finished in a quarter of an hour, I am willing, if it is the general wish of the House, not to move the motion, but to allow the House to utilise this time in discussing the private Members' Bills which appear next to it.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Thank you.

THE DURGHA KHAWAJA SAHEB (AMENDMENT) BILL.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, I beg to move :

“ That the Bill to amend the Durgah Khawaja Saheb Act, 1936, be taken into consideration.”

There are no new facts, but only an improvement in language. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the Bill to amend the Durgah Khawaja Saheb Act, 1936, be taken into consideration.”

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 3 stand part of the Bill.”

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Sir, I beg to move :

“ That in clause 3 of the Bill, in sub-section (1) (c) of the proposed section 5, for the word ‘ Board ’ the word ‘ Committee ’ be substituted.”

Mr. President (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 3 of the Bill, in sub-section (1) (c) of the proposed section 5, for the word ‘ Board ’ the word ‘ Committee ’ be substituted.”

Dr. Ziauddin Ahmad : Sir, I accept the amendment.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 3 of the Bill, in sub-section (1) (c) of the proposed section 5, for the word ‘ Board ’ the word ‘ Committee ’ be substituted.”

The motion was adopted.

Sir Muhammad Yakub : Sir, I beg to move :

“ That in clause 3 of the Bill, in sub-section (1) (d) of the proposed section 5, for the word ‘ Board ’ the word ‘ Committee ’ be substituted.”

Mr. President (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 3 of the Bill, in sub-section (1) (d) of the proposed section 5, for the word ‘ Board ’ the word ‘ Committee ’ be substituted.”

Dr. Ziauddin Ahmad : Sir, I accept the amendment.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 3 of the Bill, in sub-section (1) (d) of the proposed section 5, for the word ‘ Board ’ the word ‘ Committee ’ be substituted.”

The motion was adopted.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, I beg to move :

“ That in clause 3 of the Bill, for clauses (e) to (o) of sub-section (1) of the proposed section 5, the following clauses be substituted :

‘ (e) eleven, not being persons residing within the limits of the Ajmer Municipality, shall be elected in the following manner, namely :

- (i) three by the Muslim members of the Central Legislature ;
- (ii) one by the Muslim members of the Provincial Legislature of Madras ;
- (iii) one by the Muslim members of the Provincial Legislature of Bombay ;
- (iv) one by the Muslim members of the Provincial Legislature of Bengal ;
- (v) one by the Muslim members of the Provincial Legislature of the United Provinces ;
- (vi) one by the Muslim members of the Legislative Assembly of the Punjab ;
- (vii) one by the Muslim members of the Provincial Legislature of Bihar ;

[Maulana Zafar Ali Khan:]

- (viii) one by the Muslim members of the Legislative Assembly of the North-West Frontier Province; and
- (ix) one by the Muslim members of the Legislative Assembly of Sind;
- (f) one shall be nominated by His Exalted Highness the Nizam of Hyderabad and Berar; and
- (g) four shall be Sajjadanashins of the shrines of the Chishti order of Sufis co-opted by the members of the Committee referred to in clauses (a) to (f)."

Mr. President (The Honourable Sir Abdur Rahim) : Amendment moved :

"That in clause 3 of the Bill, for clauses (e) to (o) of sub-section (1) of the proposed section 5, the following clauses be substituted :

- ' (e) eleven, not being persons residing within the limits of the Ajmer Municipality, shall be elected in the following manner, namely :
- (i) three by the Muslim members of the Central Legislature ;
- (ii) one by the Muslim members of the Provincial Legislature of Madras ;
- (iii) one by the Muslim members of the Provincial Legislature of Bombay ;
- (iv) one by the Muslim members of the Provincial Legislature of Bengal ;
- (v) one by the Muslim members of the Provincial Legislature of the United Provinces ;
- (vi) one by the Muslim members of the Legislative Assembly of the Punjab ;
- (vii) one by the Muslim members of the Provincial Legislature of Bihar ;
- (viii) one by the Muslim members of the Legislative Assembly of the North-West Frontier Province ; and
- (ix) one by the Muslim members of the Legislative Assembly of Sind ;
- (f) one shall be nominated by His Exalted Highness the Nizam of Hyderabad and Berar ; and
- (g) four shall be Sajjadanashins of the shrines of the Chishti order of Sufis co-opted by the members of the Committee referred to in clauses (a) to (f)."

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, in the amendment which has been moved I find there is a clause which relates to His Exalted Highness the Nizam of Hyderabad being empowered to make a nomination. My point is whether this House is competent to make any recommendation like that—that His Exalted Highness the Nizam shall make a nomination to any committee. Are we competent to adopt or pass any proposition of this nature? I wish either the Law Member or the Legislative Secretary will clear up this point. I think we are going outside our power in putting in this addition. I have got nothing more to say : let us have a committee appointed by us, but we are now calling upon a sovereign of an Indian State to make a nomination to a committee appointed by this House.

Sir Muhammad Yakub : Mr. President, may I say that we do not make it compulsory for His Exalted Highness to make any nomination. If His Exalted Highness chooses to nominate a member to this Durgah Committee he may : the wordina is "may".....

Some Honourable Members : It is "shall".

Sir Muhammad Yakub : So there is no compulsion by the House.

Maulana Zafar Ali Khan : "Shall" may be changed into "may".

Dr. Ziauddin Ahmad : I accept the amendment.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

"That in clause 3 of the Bill, for clauses (e) to (o) of sub-section (1) of the proposed section 5, the following clauses be substituted :

(e) eleven, not being persons residing within the limits of the Ajmer Municipality, shall be elected in the following manner, namely :

(i) three by the Muslim members of the Central Legislature ;

(ii) one by the Muslim members of the Provincial Legislature of Madras ;

(iii) one by the Muslim members of the Provincial Legislature of Bombay ;

(iv) one by the Muslim members of the Provincial Legislature of Bengal ;

(v) one by the Muslim members of the Provincial Legislature of the United Provinces ;

(vi) one by the Muslim members of the Legislative Assembly of the Punjab ;

(vii) one by the Muslim members of the Provincial Legislature of Bihar ;

(viii) one by the Muslim members of the Legislative Assembly of the North-West Frontier Province ; and

(ix) one by the Muslim members of the Legislative Assembly of Sind ;

(f) one may be nominated by His Exalted Highness the Nizam of Hyderabad and Berar ; and

(g) four shall be Sajjadanashins of the shrines of the Chishti order of Sufis co-opted by the members of the Committee referred to in clauses (a) to (f)."

The motion was adopted.

Sir Muhammad Yakub : Sir, I move :

"That in clause 3 of the Bill, to clause (b) of sub-section (2) of the proposed section 5, the following proviso be added :

'Provided that the Central Government may, by special order, declare that any person disqualified under this clause shall cease to be so disqualified.'

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

"That in clause 3 of the Bill, to clause (b) of sub-section (2) of the proposed section 5, the following proviso be added :

'Provided that the Central Government may, by special order, declare that any person disqualified under this clause shall cease to be so disqualified.'

The motion was adopted.

Sir Muhammad Yakub : Sir, I move :

"That in clause 3 of the Bill, for sub-section (3) of the proposed section 5, the following sub-section be substituted :

(3) No person shall be disqualified for election to the Committee under clause (e) of sub-section (1) by reason only of the fact that he is not a member of the Legislature or Legislative Assembly concerned.'

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 3 of the Bill, for sub-section (3) of the proposed section 5, the following sub-section be substituted :

‘ (3) No person shall be disqualified for election to the Committee under clause (e) of sub-section (1) by reason only of the fact that he is not a member of the Legislature or Legislative Assembly concerned.’ ”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 3, as amended, stand part of the Bill.”

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clause 4 was added to the Bill.

Maulana Zafar Ali Khan : Sir, I move :

“ That after clause 4 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

‘ 5. For section 9 of the said Act the following section shall be substituted, namely :

‘ 9. (1) Members of the Committee, other than those referred to in clauses
 Terms of office of (a) and (b) of sub-section (1) of section 5,
 members and casual shall hold office for five years from the date
 vacancies. of their election, nomination or co-option ;
 and casual vacancies among such members
 shall be filled by election, nomination or co-option, as the case may be,
 by the authority which elected, nominated or co-opted the member
 whose place is to be filled.

(2) The term of office of a member elected, nominated or co-opted to fill a casual vacancy shall continue for so long only as the member whose place has been filled would have been entitled to hold office if the vacancy had not occurred.’ ”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That after clause 4 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

‘ 5. For section 9 of the said Act the following section shall be substituted, namely :

‘ 9. (1) Members of the Committee, other than those referred to in clause
 Terms of office of (a) and (b) of sub-section (1) of section 5,
 members and casual shall hold office for five years from the date
 vacancies. of their election, nomination or co-option ;
 and casual vacancies among such members
 shall be filled by election, nomination or co-option, as the case may be,
 by the authority which elected, nominated or co-opted the member
 whose place is to be filled.

(2) The term of office of a member elected, nominated or co-opted to fill a casual vacancy shall continue for so long only as the member whose place has been filled would have been entitled to hold office if the vacancy had not occurred.’ ”

The motion was adopted.

New clause 5 was added to the Bill.

Original clause 5 was added to the Bill.

Clause 6 was added to the Bill.

Clause 7 was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 8 stand part of the Bill.”

Sir Muhammad Yakub : Sir, I move :

“ That in clause 8 of the Bill, in the proposed section 14, for the words, brackets and letters ‘ any of clauses (e) to (m) ’ the word, brackets and letter ‘ clause (e) ’ be substituted.”

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 8 of the Bill, in the proposed section 14, for the words, brackets and letters ‘ any of clauses (e) to (m) ’ the word, brackets and letter ‘ clause (e) ’ be substituted.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

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

The motion was adopted.

Clause 8, as amended, was added to the Bill.

(It being Four of the Clock.)

MOTION FOR ADJOURNMENT.

APPOINTMENT OF A NON-INDIAN AS ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I rise to move :

“ That the House do now adjourn.”

I make this motion not in any spirit of personal hostility to Professor Gregory, whom I do not have the honour of knowing, and who, I have been told, is a very excellent professor ; but the motion raises a very different matter altogether, and as you have ruled this morning that the question of any appointment cannot be made the subject matter for an adjournment motion, I seek to raise by this motion the question of policy behind it, and not the personal fitness or otherwise of the professor for this job. Now, Sir, the question of policy falls under two categories. I want to know, Mr. President, from the Honourable the Finance Member, if I may, what is the position of experts under modern Governments ? After all, the duty of any Government is to govern, with such knowledge and experience as it possesses, and can experts ever govern,—experts never agree,—and it does seem to me, it must be a very weak and demoralised Government which abdicates its functions in favour of an expert ; and I know this that any intellectual expert who agrees to serve any Government, and especially the Government of India, must be a very poor expert at that, at least he cannot be a genuine expert.

[Mr. S. Satyamurti.]

Secondly, Sir, if you want an expert, why go in for a foreign expert ? This morning, I asked a question as to what his qualifications were, and I got no answer, but I have been told by my friends on this side of the House that he is very good ; but, Sir, if he is very good, let him stay in his own country and help England which is in an economic morass and try to bring England out of that morass, instead of coming out to my country.

Then, Sir, my third point is this. Economics is not an exact science like physics or chemistry. I can understand that and, if experts in those sciences come out, it is good. I believe knowledge is power, I welcome experts from anywhere in the world, even from England, but economics is not an exact science ; it is a human science, it is a national science, and I believe, Sir, that England's economics themselves have changed considerably. Before Sir James Grigg was born or was heard of, England was a protectionist country ; they had their shipping laws ; they punished people for wearing foreign silk, and they followed protection. When England had become thoroughly the economic master of the world, when Griggs and Gregories began to advise, all these people who had built up their country on protection wanted to force trade on other countries in order that they may consume the surplus products of their own country.

Then, Sir, we had the old saying that taxation ought not to be discriminating against the rich. When Mr. Lloyd George proposed his land values taxation, there was a furore in the country, but today, it is entirely different. Moreover, on the question of State Socialism and the responsibility of the State for the poor and unemployed, there has been a considerable change. So far as India is concerned, Mr. President, I want to know what is the expert knowledge which this esteemed professor from Manchester possesses,—I will say in passing that this gentleman has written a book called 'Gold, Unemployment and Capitalism' and do you know to whom this book is dedicated,—it is to 'Mr. T. D. Barlow and my other friends in Manchester', the one enemy of the industrial progress of this country, as the excise duty on cotton goods showed, as the Mody-Lees Pact shows, the Murray Report shows and, in spite of the Honourable the Commerce Member's silence, the present Indo-British negotiations show. This gentleman comes from Manchester to tell me how to run the economics of my country. And do you know why he has been chosen ? He writes in his book :

"The threat to capitalism comes not from the nationalisation of the mines, or the electric supply, or the railways, but from another direction altogether. The real danger lies in an uncritical acceptance of the virtues of 'economic planning', or the attempt, in the interests of 'security', to place production in a straight waistcoat."

I can now understand the love of Sir James Grigg for Professor Gregory. They think alike, and for a masterman like the Honourable the Finance Member, he is a fool who does not agree with him, and he is a wise man who agrees with him ; hence, as my friend reminds me, this Grigg-Gregory combination. God help India !

Sir, in my country, there are economic experts whose names for fear of the strong hand of Sir James Grigg I shall not mention ; the Government of India know there are experts in this country, but they have no use for them. They speak of economics as they understand it.

That does not suit my friend. And, Sir, is he not an expert who has said : ' no monkeying with the ratio ' ? He is an expert, I believe, and I take it he says : ' no monkeying with the ratio ' because he thinks it is good for the country. Supposing the new expert chosen by Sir James Grigg speaks in favour of the ratio, then my friend will say : ' Oh, don't speak of it, go home '.

Then, Sir, I want to know whether this gentleman is going to help the Finance Member in revising the whole Tariff Act, because I know the Government of India are actively considering the whole question of the tariff policy of this country. My friend's heart bleeds for the consumers of this country, with the help of the learned Vice-Chancellor of the Aligarh University. I want to put it to my friend, Sir, that if this theory of dumping foreign goods continues, it will come to this, that there will be no consumers left in this country, and probably no Professor Gregory of the Manchester School, no economic planning, no protection. I want to ask him,—another question ; my friend, Sir Nripendra Sircar, is not here nor his astrologer,—but, whatever his astrologer may or may not do, His Excellency the Viceroy said the other day in his speech that Federation is coming very soon,—I want to ask my friend—why does he want to handicap the future Finance Minister or the Commerce Minister by all his experts like Chambers and Gregories ? You are going away in another 18 months at the most,—why not give the new Ministers a chance to select their own experts ? My friend goes to England, collects two or three experts, and dumps them on this country. God knows how many more experts he is going to import ? I do not know. But it does seem to me, Mr. President, it is an insult to the intelligence of this country, and to the self-respect of this country that we should import experts like this from outside. I want to know what his functions are going to be....

An Honourable Member : Adviser.

Mr. S. Satyamurti : Advise whom ? Sir James Grigg wants his advisers to follow ' His Master's Voice ' like a gramophone record, and yet he wants Professor Gregory to write learned notes. I want to know how this great professor was recruited, and what his salary is. Moreover, Sir, we have had a very sorrowful experience of experts, Dr. Meek, I think, was the expert selected to represent India at the Sugar Conference. Do you know what he did ? He sold this country by signing India's agreement on sugar. The Wedgwood experts came and wrote what any expert in India would have written better, and what else those Wedgwood experts have written is all nonsense. We have had experts on vocational education, on Agricultural Research ; in fact on every conceivable subject we import—experts from outside. I suggest, Mr. President, this importation of an expert for advising the Government of the country on its economics is not going to do any good to this country. After all, each country has its own economic problems to solve. As I said, I shall have no objection to a genuine expert, but an expert coming from England to India is, I think, unfairly weighting the balance against us. England's economic interests and India's economic interests conflict at every stage. Therefore, I suggest that it is bad enough to have one expert in Sir James Grigg. We pay for him, he is the expert, he has definite categorical views. I ask him one frank and straightforward

[Mr. S. Satyamurti.]

question, for which I require of him a frank and straightforward reply. Supposing Professor Gregory says that the ratio ought to be 1s.—4d. and not 1s.—6d., will he accept it ?

An Honourable Member : He won't say !

Mr. S. Satyamurti : Supposing he does, supposing he says that there must be more protection, will he accept it ? Supposing he says that, in order to redress the economic balance of this country, your salaries will have to be cut down by half.....

An Honourable Member : No fear.

Mr. S. Satyamurti : and you ought to pursue a policy of definite economic planning, is my Honourable friend going to accept it ?

An Honourable Member : He will never say so.

Mr. S. Satyamurti : I am using that argument for another purpose. Supposing he says, supposing he is intellectually honest and sees things for himself in this country and converts himself and states these things, he will suddenly develop illness, and he will be made to take leave and be sent home. (Laughter.) My Honourable friend, Sir James Grigg, will be wiser in choosing experts afterwards. But it does seem to me that the dominant economic problem of this country is the poverty of this country and how to deal with it. Do you want an economic expert ? There is one at Segaon, Mahatma Gandhi. He understands the economics of this country far better, than you or I can ever do. He knows the poverty of this country because he lives in it, and you can solve the economic problems of this country if only you will take his advice. But you will not. I say that this anxiety to import foreign experts is not good for the future of this country. I want to know where my Honourable friend found the money for this officer, in the middle of the year ? He is a master of financial soundness and propriety. In the Public Accounts Committee, you will see him as the purest of financial purists. He stood out for regular financial control, if anything was done without the sanction of this House. I want to know why this officer is being created, what are the duties which he is expected to discharge, and whether we cannot get equally good, if not, better Indian experts to advise the Government.

Sir, I want an early vote because several Honourable Members are anxious to go. I think the issue is simple and straightforward. We do not want experts. Governments ought to govern. The Honourable Sir James Grigg is good enough, or one too many, for us. Let us not have one more expert thrown at our heads. But, if we do want experts, we have got Indian experts, and an English expert is bound to be against us, because the economic interests of England and the economic interest of India conflict at every stage. I, therefore, feel that this House ought to tell the Honourable the Finance Member and the Government of India, before we take leave of them, till we meet in Delhi, once more that we censure their conduct. It may or may not have any effect, but let us do our duty and pass this vote of censure. All these votes of censure, one after another, will have their cumulative effect, and these gentlemen will soon vacate their seats on the Treasury Benches, and more honest, more patriotic and more responsible Members will take their place, who will

not import experts from outside, who will ruin our economic interests but will honestly solve the economic problems and promote the prosperity of this country. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim) : Motion moved :

“ That the Assembly do now adjourn.”

The Honourable Sir James Grigg (Finance Member) : I hope the House will not misunderstand my action in attempting to put before it the Government case on this occasion.

Mr. S. Satyamurti : We understand it very well.

The Honourable Sir James Grigg : It does not arise from any desire to play the Mussolini, as the Leader of the Opposition suggested this morning, over the whole of the departments of the Government of India. Nor is it due to the fact that I have become such a hardened criminal that I am prepared to stand in the dock on behalf of all my Colleagues. It is due to the fact, that, although it is a Commerce Department matter, the selection of Professor Gregory was, in the main, due to me, because it was done during my recent visit to England. I suppose I ought to know better than being surprised at anything that comes from my Honourable friend, Mr. Satyamurti, but I must confess I am a little surprised at the turn which this discussion has taken from the start. My Honourable friend, first of all, said, “ What do you want experts for at all ? Governments should be capable of doing their own expert business, and it is the business of Government to make up their minds without having any real and scientific information put before them ”. Then at a later stage, he asked me whether, if Professor Gregory gave certain advice, I would accept it. First of all, he exhorts Government not to bother about experts, and then, as far as I can make out, he exhorts them to accept the advice of the experts if the advice is given in a particular sense. But I think the function of experts is perfectly clear. It is their business to provide Government with information and advice so that no decision is taken except on the fullest possible information. And that will be the function of Professor Gregory. I may say, lest Honourable Members should go on repeating their suspicion that this is a deep laid plot on my part,—I may say two things. The first is that the Professor will be under the Commerce Department, which, as Honourable Members know, has an Indian Member at the head of it.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Does the denial mean an open plot, if it is not a deep laid one ?

The Honourable Sir James Grigg : No plot at all. As I say, he will be under the Commerce Department. The second point is, knowing what would happen as soon as Professor Gregory was appointed, I carefully refrained from reading any of his works, so that I do not know whether he was an anti-planner or not.

Prof. N. G. Ranga (Guntur cum Nellore : Non-Muhammadan Rural) : You only had a conversation with him !

The Honourable Sir James Grigg : On that point, I had not seen Professor Gregory since about 1930 until I saw him at the India Office, and the sole topic of conversation was his appointment. In dealing with this question I hope the House will bear with me, if, somewhat unusually, I speak quite frankly (Laughter), or rather bluntly.

Mr. S. Satyamurti : Frankly is better.

The Honourable Sir James Grigg : I would say, rather bluntly. I do not do it out of provocativeness but, because candour is allowed to friends, provided they do not do it too often nor too brutally, and I think that in this matter candour is the best service that I can render. I claim that I have probably read more of the recent works of Indian economists than anybody else in this House.

Prof. N. G. Ranga : Question.

The Honourable Sir James Grigg : I have not read any of yours. They fall in the main into two perfectly clearly defined classes. The first is,—I think the Professor will see into which class he falls—the first is the industrious and unoriginal compilation from the works of other people for the purpose of providing academic text-books and exercises. The second is the adaptation, to use an unemotional and unprovocative word, of economic reasoning to serve a pre-conceived political or industrial end. I do not mean to imply that these classes are all-embracing. There are certainly in India honourable exceptions, particularly among the veterans of economic teaching and among some of the very young students. I do not think that the work of either class is a qualification for the scientific and dispassionate study which is required if Government is to have the best economic advice open to it. The first class is the work of men who have their eyes too closely confined to the class room, and the second pertains to men who are exclusively concerned with India and think of it as a closed system without regard to the remaining four-fifths of the world.

Now, my colleagues on the Economic Sub-Committee of Council and I came to the conclusion that we wanted first of all, a man of high academic qualifications and of international reputation in the economic sphere and, secondly, a man who had had some intimate acquaintance with the practical problems which face Governments, particularly those which originate from international conditions and, when I say that, I would ask Honourable Members to believe that I had no knowledge of his views on the fiscal question at all. I was thinking of the exchange question and he certainly is an authority on the exchanges and international finance. We also came to the conclusion, rightly or wrongly, but in perfectly good faith that these qualifications were not at the moment available in India.....

Mr. S. Satyamurti : Don't be provocative.

The Honourable Sir James Grigg : It is a question whether I am provocative or I am provoked. I was commissioned to try and find such a man in England. His academic qualifications are set out in the works of reference and as Mr. Satyamurti asked about it, perhaps he will allow me to read from them.

Mr. S. Satyamurti : Please don't.

The Honourable Sir James Grigg : Then he does not want to know. This rather reminds me of the scriptural phrase to the effect that though one came from Heaven they would not listen to him. Prof. Gregory was a member of the Macmillan Committee which is probably the most exhaustive inquiry into monetary conditions and science as applied to both internal and external affairs.

An Honourable Member : He wrote a dissenting minute.

The Honourable Sir James Grigg : That was the late Lord Bradbury.

An Honourable Member : He wrote against tariffs.

The Honourable Sir James Grigg : Prof. Gregory was a member of Sir Otto Niemeyer's economic mission to the Commonwealth of Australia but, Sir, it does not stop there. Apart from Prof. Gregory's pre-eminent qualifications we contemplate that he should create, in this country, a small economic department of Government which would be staffed by young Indian economists who will be trained by him in economic research and I have every hope that once Indian economic ability is directed, not like Prof. Ranga's, to controversy and propaganda but to the practical problems of Government, there will be no need ever again to appoint a non-Indian. That is, Sir, as far as I want to go about Prof. Gregory.

My friend raised the question of financial orthodoxy. I can assure him that in this case at any rate I have committed no crime against financial orthodoxy. The proposal to set up an Economic Adviser and give him a certain amount of staff has been submitted to the Standing Finance Committee and passed by them and the money is included in the Budget of this year.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I support this motion, but I do so not on personal grounds but on important grounds of principle. Prof. Gregory is a well-known economist. He is a successful professor ; and he is the author of a number of books which have earned him reputation as a scholar and as a thinker. He belongs to the University to which I also have the honour to belong, and I would have gladly welcomed him to India if he had come here as a sightseer or as one who wished to be acquainted with the economic conditions of the country. But I am sorry I cannot welcome him in the capacity in which he is coming to this country. Sir, the grounds on which I object to this appointment are four. In the first place, I think that it is essential in an economic adviser that he should possess knowledge and experience of the country. This evidently Prof. Gregory does not possess. Mere academic knowledge is not enough. A person, if he is to do justice to the problems of the country, must have an intimate acquaintance with the economic system of the country. This test Prof. Gregory does not answer.

Secondly, I wish to point out that the economic needs and interests of India are not the same as those of England, and, however fair minded a man may be, it is impossible for him to do justice to Indian interests in the present circumstances in which the country is placed. India is still a dependent country and India's economic problems are solved by the British Government. In such a state of things an economist from England cannot be welcome in India. I wish to remind this House of

{Dr. P. N. Banerjea.]

the statement which was once made by Sir John Strachey, a predecessor of the Honourable Sir James Grigg in the position of Finance Member of the Government of India. He said that, although he had eaten the salt of India, his first duty was to England and not to India. Indeed, similar will be the view taken by Prof. Gregory. He will regard the interests of England as superior to the interests of India.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Blood is thicker than water.

Dr. P. N. Banerjea : Naturally. Thirdly, the importation of experts from foreign countries is to be condemned on the ground of policy. If you import experts from foreign countries, you do not allow the people of this country to grow to their full height. In order that they may grow to their full height, Indians should have opportunities of dealing with important problems.

Fourthly, my objection is based on the very important principle that this appointment involves a slur on Indian intelligence, Indian scholarship and Indian ability. The Honourable the Finance Member said that no Indian at the present moment possesses the required qualifications. This is wholly incorrect. Holding such a responsible position as the Finance Member does, he ought to have been more careful in making his statements. There are, at the present moment in India, many economists who hold important chairs, and, besides, there are many administrators who have dealt with economic problems in a practical way, and there are many businessmen who are capable of dealing with economic questions on broad principles of national policy. Sir, he has added insult to injury. The appointment itself is a great injury to India, and Sir James Grigg has made matters a great deal worse by the insult he has offered to the country. I hope, Sir, this House will not accept what the Honourable the Finance Member has said. Sir, Professor Gregory, it is true, has written a number of books, and I have read more of his writings than the Honourable the Finance Member has, but I can state it definitely that his views are not accepted by many economists in America.

An Honourable Member : By even London economists ?

Dr. P. N. Banerjea : To say, therefore, that there is no person in India who can compare with Professor Gregory is to say a thing which is not true. I hope, therefore, that this House will not accept the Honourable the Finance Member's statement but will carry this motion by an overwhelming majority. (Applause.)

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : Sir, my idea was that when this adjournment motion was tabled, the Honourable the Finance Member would accept the adjournment motion and would not speak a word in the House today ; and the reason I would give for that would be that yesterday's proceedings in this House and the vote of this House in not accepting the appointment of another gentleman, was carried by a majority ; and the House declared that it was not at present in a mood and temperament to accept such a policy. Now the policy of Indians is that they would not have outsiders and foreigners dumped upon India, only to come here

and dictate their own new principles and new ideas,—ideas which are absolutely foreign to our own ideas at the present moment. Sir, when I heard Sir James Grigg, I had an open mind and I was thinking that he might give some very cogent and good reasons for appointing Mr. Gregory to this new appointment but I am sorry to say that no great necessity has been shown by my Honourable friend for this appointment of a foreigner and for dumping him over the heads of Indian experts. Sir, this theory of exporting people from outside and especially in connection with subjects which the Indians have studied for a long, long time and on which Indians have made great contributions and while India has produced great economists themselves, is an exploded one and also absurd; and I should have thought that Sir James Grigg would have realised that such a proposal could not carry any favour with the present House. Sir, my friends have said that it would be a slur on the Indian nation that people from outside should now come out to manage and handle even the economics of India. Sir, if after one hundred and fifty years of British rule our European friends over there and those Indians on the back Benches and in the country itself, have not learnt the problems of economics in relation to the conditions in India with a view to the improvement of our economical conditions, I should say that it is a much greater slur on those of our friends who are in Government service and those who are daily engaged in grappling with economic problems throughout the country. Sir, it is not we Indians alone who would be ashamed of such appointments: my suggestion is that every Englishman in the country now should tell the Government of India that no more foreigners should come out here but that our Indian and European friends, who are already in this country, are quite competent enough to handle all economical subjects, having for their object the betterment of the economical condition of India. To say that so and so professor alone is the best man for this job does not stand to any reason. Sir, we do not want those people who are absolute strangers to our conditions, to our economical needs and to all those subjects, having for their object the betterment of the economic condition of India, to be dumped upon us and to be exported from outside any more. My friend, Dr. Banerjea, here has just explained that interests of India are always bound to clash with the interests of the United Kingdom at present, therefore, on such occasions and especially when we are going to enter upon Federation in one or two years' time, no Indian would tolerate such dumping of foreigners from outside into this country. Sir, with these remarks I would support the adjournment motion.

• **Maulvi Abdur Rasheed Chaudhury** (Assam : Muhammadan) : Sir, I rise to support this motion. I support it not because it has been moved by my friend, Mr. Satyamurti. I would have supported it even if it had been moved by my friends of the European Group or by a friend of any other Group in this House, because the motion does deserve support. Sir, the Government of India have got such a tragic record, so far as economic deterioration of this country is concerned that whenever they come forward with any proposal, we view that with great suspicion. To every student of economics it is clear and it is a patent fact that some sixty years ago the economic condition of India was not worse off than that of Canada or Japan. Now, in the course of these sixty years, the policy of the Government of India has killed the economic progress of this country and has killed the prosperity of this

[Maulvi Abdur Rasheed Chaudhury.]

country. Sir, to come to facts, I can point out that about sixty years ago the *per capita* income of India was something like Rs. 86 and it was almost the same so far as Japan and Canada were concerned. But in the course of these sixty years Canada's *per capita* income has increased to over Rs. 1,200 and that of Japan to over Rs. 700 but India's *per capita* income has gone down from Rs. 86 to Rs. 55. Now, Sir, we cannot say that this economic deterioration is due to the fact that the authorities of India have not been efficient enough to see to the economic progress of this country. We know from our experience that amongst the highly-paid officers there are men with brains and resources, and with ability who could have easily contributed towards the economic prosperity of this country, instead of allowing it to go down. But, Sir, the policy of the Government of India is at the root of it. They did not like to see the prosperity of the country and they were indifferent so far as the condition of the people of this country was concerned. While other countries made every effort to improve the economic condition of their people, the Government of India remained satisfied with the fat salaries of their officers and with doing nothing for the improvement of the economic condition of the people of this country. Now, Sir, that being the history, the new suggestion for the appointment of an Economic Expert fills us with consternation. The Finance Member knows and he alone can certify what is in his mind, whether he wants to bring down the *per capita* income from Rs. 55 to zero or to raise it from Rs. 55 to Rs. 80 or more. He alone knows it. But, so far as the frankness of these officers is concerned, we have got our experience which says that their frankness is not to be taken as frankness just as the wrecking of the Constitution by the Congress means the working of it.

Let us now see what reforms we have got under the Government of India Act, 1935. The Government of India Act, 1935, has provided for a Federal Public Service Commission for all appointments under the Central Government. Now, Sir, it is apparent that the Finance Member did not consult the Federal Public Service Commission. If he had done that, certainly the Public Service Commission would have advertised the post and we would have known about it. Now, Sir, is it not a fact that the Government of India Act, 1935, has given us only a shadow of power and nothing else? The Government of India Act provides that the appointments at the Centre are to be made by the Federal Public Service Commission, but the Finance Member laughs and says: 'I will show what power the Public Service Commission has got'. Thus, he has flouted the Public Service Commission and has humiliated it before this House and before the public. We have always been saying that the Government of India Act, 1935, has not given us any real power, and this is an instance of that. The Finance Member can trample under his foot all the powers given to this country by the Government of India Act. Now, Sir, we have got a very good public service in this country and I have got a great admiration for it. The Indian Civil Service is supposed to know almost everything. Why was it not possible to select a man from the Indian Civil Service for this post? Is it not a disgrace to the entire Indian Civil Service that a man of this qualification was not found among a body of 1,000 officers of that service? I think it is not only a disgrace to the Indian Civil Service but it is also

a disgrace to India's talents to import a man from abroad at this time. The real fact is that by the introduction of the Government of India Act the Finance Member is in difficulty about money and he wants to get it by hook or by crook. Yesterday we discussed the appointment of an expert on income-tax and today we are discussing the appointment of an expert on economics. All this is due to the fact that they made a mistake in bringing that Act into operation. In order to work it, they require money and they are bringing in people to find out the sources of money. Now, Sir, why are they bringing these men from England? The reason is that if they appoint an Indian, he will have his sympathies towards Indians. But they are bringing an expert from England so that he may have no sympathy with the conditions prevailing in this country and who will recommend only those things which will benefit his country and not India. I think the Government are committing blunder after blunder by bringing these outsiders on high salaries and for that they deserve the censure.

Mr. Bhulabhai J. Desai : Mr. President, much for the unintended provocation of the Honourable Sir James Grigg, I should not have thought a reply was necessary. The provocation, though unintended, amounts to this that there is only one sacred man in this land, the four-fifths of it, and we must look for experts in the remaining one-fifth which is out. If that were the only point, I would not have minded it because, after all, he is entitled to his opinions and he is, for the moment, entitled to his choice. But there is a graver issue involved on this particular motion, not the issue which I raised yesterday, but a somewhat more intimate issue from the point of view of Indian Economics. It may be that Sir James Grigg evidently could not have done his duty very well as a Finance Member if he were to survey correctly the Indian Economists who have written books, for if they had all been allowed to send their books, including Dr. Banerjea, I am quite certain Sir James Grigg must have spent a considerable amount of time doing something else than the duty for which we are paying him. I am quite certain equally that except for the purpose of castigating Indian Economists and except for the purpose of reviling them, which, I think, is an art in which we can easily try and emulate him, he divides the Economists into two classes. At one time I was myself a humble professor of economics, not knowing as much as Sir James Grigg thinks I ought to know as an economist. The assimilation of knowledge, I hope he will remember, is of much greater value than a large quantity of either conceited opinions or uninformed knowledge. There are two classes of people whom I do not like—those who have an entirely uninformed knowledge and those who refuse to be taught at all. Sir, these are the two classes into which I see the other side. They refuse to be taught and so far as information is concerned, following the old dilemma which I have heard what does not conform to his opinion must be wrong and what conforms to his opinion must be useless and, therefore, there is no need for any advice so far as Sir James Grigg is concerned. If that is his attitude of mind, during the time that he is here, why impose this heavy expenditure upon us? I really think that at least we might be saved a certain amount of money because what will happen is obvious. He has told us certain things which he is not going to do. One thing I have decided and that is why I am examining

[Mr. Bhulabhai J. Desai.]

the problem of the utility of this learned gentleman. He says no monkeying with the ratio, an expression which has become hackneyed except on the occasion when I saw my Honourable friend with tails the other day in which he sat for a long time. That was the only time when I remember he was monkeying. He has decided that the ratio will remain so long as his life in India remains. Therefore, we do not want any advice from Prof. Gregory. As to his knowledge of international exchange, if he lectures in the Simla Kali Bari Hall, I believe Dr. Banerjea will attend, and, so far as I am concerned, I do not intend to. And that for very good reasons, that that knowledge as to how France could stem the tide and stabilise the franc at 144 to the pound sterling or how Germany will be able to continue the Reichsmark are not questions in which I am interested to pay another man to teach me what to do. I am only interested in two things. First, as to the international exchange of India which is dependent on and tied up not to the tail but to the apron strings of Britain and so long as that cannot be cut loose, I am afraid the rest of the international exchange does not interest me. (Hear, hear.) Inasmuch as I am tied to a definite arithmetical ratio of sterling, I think this knowledge is utterly useless (Hear, hear) and I hope my Honourable friend will think it over a little more seriously before he imports this costly article, because it is obvious that no independent advice to us is of any value so far as this item of exchange is concerned. Supposing he came here and told my Honourable friend, Sir James Grigg, "well, Grigg, you have been too dogmatic about this, almost to the point of fanaticism", then my Honourable friend, Sir James Grigg will say: "Well, you are only a professor. I am the Finance Member. I am responsible for the stability of the finances of this country and I think you had better have a smoke or deliver your address somewhere else". The real point I wish to make before the House is this. It is utter inutility if this gentleman comes and it is still more useless. (Laughter.)

Then, take the next important point in Indian economics of today and that is discriminating policy of protection. The Honourable Sir James Grigg imagines that so long as it suited England, free trade was for England. Inasmuch as he was unable to advise them to continue in that policy, he found this country offering itself as a fair field and no favour. (Laughter.) He now comes along and tells us: "My friends you have overdone discriminating policy of protection. You have built up four large industries and the last one to be built up was sugar. Thus you are producing too much sugar. You must now stop and if you produce more, my other friends, sitting over there as permanent locum tenens—that is the proper expression—are going to send us away. I submit, Sir, such people we do not want to export here. We do not compete in foreign markets. We only allow foreigners to compete in our market. That is the next point of economics on which we would have to be enlightened by Professor Gregory. Now, so far as I am concerned, we want to resist for ever at revising that policy, however tempting it may appear from the theoretical point of view. (Hear, hear.) I may remind my Honourable friend, Sir James Grigg, that about a quarter of a century ago I learned economics from an Englishman. Then

he told us a great deal about free trade and the conditions of free trade. There was no doubt that inasmuch as they could not eat either coal or iron and inasmuch as chemistry of that kind has not been discovered—some economical chemistry had to be discovered and that is how to foist coal and iron on other lands in order to get food and raw materials for clothing, etc. That I think they have done for a quarter of a century and now they find they cannot dump their goods into this country because the industries are growing here. I think we ought to be taught free trade over again. Where in their own country in order to balance their exchange, where Gregory's knowledge might have been utilised they say : " Oh ! no, I do not think a theory of absolute free trade is much use. England's agriculture requires protection ". I believe Lloyd George and the two Chamberlains and the one that is now the Prime Minister of England, they all thought that the free trade had been overdone. When it comes to readjusting their own economics, no theory has any value. No theory matters. What matters is the actual results in terms of food and clothing John and Smith so that we do not want theoretical knowledge. We have been fed too much with it by Prof. Coyajee and all the rest of that folk. My Honourable friend thinks there are not many friends he can find to agree with him. If he wants agreement with his views, I can give him any, other names. I have many fellow students who, though not now—at least at one time—were regarded by this Government of India as great economists, they were knighted, boomed and boosted so long as they signed the reports which suited their economic theory suited to Britain. When the Government find that these gentlemen have become—I do not know—fossils, they think they are of no use. So that the two classes into which he divides Indian economists, those who will not agree with him, therefore, he will not take them as advisers and those who agree with him, it is obvious that they do not get anything out of them—because those who agree with him are Indians who are not big enough for the purpose of handing round opinions. I attended, about three years ago, a meeting of economists in Patna—the Indian economists—there was no Englishman there at all unless one disguised himself as an Indian—there were 51 Economists there including Mr. Manohar Lal, the present Finance Member of the Punjab Government. It will be duly conveyed to all these 50 odd economists of this country the opinion of my Honourable friend not merely because *ex cathedra*, but on the question of their fitness to advise on the economic policy of this country. But I may assure him that even if it were not as it sometimes becomes an expensive luxury and even if it were not merely a racial question, from my knowledge and study of the subject I may give him an advice which he will not take, but it is time that I gave it to him as I gave one to him yesterday that is a sympathetic consideration of the needs of one's own country and approaching theories in that spirit and that spirit alone is going to make a useful economist. (Hear, hear.) He may rely on it that this dry light of reason with the sub-consciousness of Britain looming much is not going to help this country at all. Therefore, this Professor Gregory, whatever else he may be, his merits are gathered from the books he has written, we must conclude that he is a very expensive luxury or a very expensive obstacle and in either view, I hope the House will pronounce its opinion in the way we want to. (Applause.)

Several Honourable Members : The question may now be put.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Sir, I submit that no one has yet spoken from my Party, and I hope you will allow a Member from my Party to speak.

5 P.M.

Mr. President (The Honourable Sir Abdur Rahim) : If any one wants to speak, he must rise in his place.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa : Muhammadan) : Sir, I had no desire to take part in the debate at this fag-end of the day, as most of the time I was absent from the House for reason of my ill-health. Yesterday, an adjournment motion on the appointment of one Mr. Chambers gave unusual heat to the House, and the Opposition is again anxious to give the last parting kick, as they say, today to the Government. I quite appreciate their idea of trying to check the importation of Englishmen to India and I appreciate the spirit in which the protest has been made ; but at the same time I will sound a note of warning to the Congress and say that in the practical side of life we cannot always be guided by sentiments. There is always a saying that :

“ Na Harjaha Murkub Be-ban takhtan ke Jaha Sapar baed andakhtan.”

On translation it means “ We should not plunge our horses in every spot but on occasions it is rather wiser to abandon our arms ”. In this particular case let us examine the reasons of the appointment of an economic expert and what Government is accused of. The Opposition has not denied the necessity of an adviser. I think the crime attributed to Government is that they have not been able to find an expert in India. Whether the failure is intentional, accidental or compulsory, under the circumstances, is a matter to be considered. If it was necessary, even if it might be called a necessary evil it had to be done. If Government have made investigations, as Sir James Grigg has just said that he did, to find an expert among Indian economists and if they have failed to find one and if they think that in the interests of India they had to bring an economic expert from abroad, where is the harm ? Why should the Honourable the Finance Member not be allowed to get an expert from any other country to help him and advise him on the economic situation of this country when he cannot find one here ? If investigations have not been made and if my Honourable friends are convinced that investigations have not been made, I would only say that the Opposition has not explained this to the House. We, in our individual undertakings and normal activities of life, always take the help of experts from foreign countries when necessary. I may inform the House that many of the Indian private and public corporate companies and many zamindari and feudatory and Native States are being managed by European managers who have been imported from Europe as experts of those lines. For instance, Adamji Hajee Dawood and Co., Ltd., Sir Chajuram, Sir Swarupchand, etc., and many hundreds of Indian merchants have all got European managers. Many zamindars like the Raja of Amawan and the Maharaja of Darbhanga and others have European managers and many of the Feudatory States have got European managers and staff.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhamadan Rural) : And there are Indian homes managed by English wives. (Loud laughter.)

Mr. Muhammad Nauman : That is not my part to answer here. I will ask my Honourable friends to tell me why we engage foreigners in our private pursuits of business ? We do not import them for the sake of love or fancy. We import these foreigners only to get the advantage of their experience. I was myself having my manager Mr. A. E. Yearley an Englishman for many years and many other Indian merchants have European managers. Even the Federal Insurance Company only started a few years ago has got a European manager in spite of the fact that Indians are Managing Agents, and it is run and organised by Indian finance and Indian labour chiefly. How many of our friends go to Germany or Vienna to get expert training and then even import experts from those countries for medical and other scientific purposes. Even Java experts have been imported in sugar factories in this country. For developing Rubber shoe industry Indian industrialists have imported Japanese experts from Japan and so on.

Now, Sir, the point that my Honourable friend, Mr. Satyamurti, just placed before the House is that economics is not a science at all. With all due respects to him I submit that this may be his individual opinion but perhaps the world's opinion differs with his novel conception. I agree that the economic considerations in India may be different from those in other parts of the world, and Professor Gregory might not be quite as much conversant with Indian conditions as he is with European conditions, but that can be no valid argument for denying his capacities in understanding India. When he was imported to Australia to advise Australian Exchequer on economic and financial problems, there is no reason to suppose that he cannot study Indian conditions. If he could study Australia, I think he can study India as well. Sir, I have not taken a brief for the Government (Laughter) and I do not say that whatever they do is always the right thing. But what I say is that if, in the economic sphere the Government feel that they require a foreign expert, why should Government be denied this facility ? Then my Honourable friend, Mr. Satyamurti, suggested that because Mr. Gregory is a man from Manchester, therefore, the chances are that he will look to the interests of Manchester and not to the interests of India. And Dr. Banerjea has quoted an ex-Finance Member once saying that although he had eaten the salt of India he had still to look to the interests of England. I cannot doubt individual honesty on mere suspicions and in this connection I cannot forget the advice given to the Princes here by their legal advisers as regards their entry into the Federation ; the opinion was probably not given what Government or Congress wanted but what those lawyers honestly thought was the correct position of the Princes and advice was given in Princes' interest. Therefore, we have every reason to believe that Professor Gregory will give opinions which, in his view, will be honest and to the interest of solving the problem of India. Then my Honourable friend, Mr. Bhulabhai Desai, said that the Finance Member always sticks to his opinions and he will not change his views whatever advice may be given by Professor Gregory inasmuch as even if Professor Gregory opines that an exchange rate of 1s. 6d. is not to the

[Mr. Muhammad Nauman.]

interest of India, he will stick to 1s. 6d. Therefore, in his opinion this expense is futile. But the Finance Member has already said in his speech that he will be guided by his opinion inasmuch as it will be possible as Mr. Gregory will be chiefly attached to Commerce Department and not his.

Several Honourable Members : No, he did not say so. (Laughter.)

Mr. Muhammad Nauman : I am sorry ; I thought he said so in a round about way. My only submission to the House is that on principle I do not object to an appointment of expert, and I do not see why my friends in the Congress should object to any adviser being appointed for any particular matter from any part of the world when we in India cannot provide one. The spirit in which the Opposition has made this protest is absolutely correct in the sense that they want to limit the importation of Europeans as far as they can but on occasions it should be permissible and our friends should not insist on such protests in season and out of season. In this case, where Opposition Members have accepted that Mr. Gregory is a man of international reputation and exceptional merit in economics, I do not see the sense of protest. If my Honourable friends are convinced without being biassed that he can be really useful for the economic salvation of this country, I think we should not make this protest only for the sake of opposition, but try to support the Finance Member, who has done this in the anxiety to solve the economic problems of India. With these few words, Sir, I resume my seat.

Honourable Members : The question may now be put.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the question be now put.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : The question is :

“ That the Assembly do now adjourn.”

The Assembly divided :

AYES—53.

Abdul Ghani, Maulvi Muhammad.
Abdul Quyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Azeq, Mr. M. S.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Banerjee, Dr. P. N.
Bhagavan Das, Dr.
Chaliha, Mr. Kuladhar.
Chattopadhyaya, Mr. Amarendra Nath.
Chaudhury, Mr. Brojendra Narayan.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.

Deshmukh, Mr. G. V.
Essak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Govind Das, Seth.
Gupta, Mr. K. S.
Jedhe, Mr. K. M.
Jogendra Singh, Sardar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Mangal Singh, Sardar.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.

AYES—contd.

Pande, Mr. Badri Dutt.
 Parma Nand, Bhai.
 Raghurir Narayan Singh, Choudhri.
 Ramayan Prasad, Mr.
 Ranga, Prof. N. G.
 Rao, Mr. Thirumala.
 Saksena, Mr. Mohan Lal.
 Santhanam, Mr. K.
 Satyamurti, Mr. S.
 Sham Lal, Mr.

Shaukat Ali, Maulana.
 Siddique Ali Khan, Khan Sahib Nawab.
 Sikandar Ali Choudhury, Maulvi.
 Singh, Mr. Gauri Shankar.
 Singh, Mr. Ram Narayan.
 Sinna, Mr. Satya Narayan.
 Som, Mr. Suryya Kumar.
 Sri Prakasa, Mr.
 Varma, Mr. B. B.
 Zafar Ali Khan, Maulana.

NOES—45.

Abdul Hamid, Khan Bahadur Sir.
 Abdullah, Mr. H. M.
 Ahmad Nawaz Khan, Major Nawab Sir.
 Aikman, Mr. A.
 Asghar Ali, Sheikh.
 Bajpai, Sir Girja Shankar.
 Boyle, Mr. J. D.
 Buss, Mr. L. C.
 Chanda, Mr. A. K.
 Dalal, Dr. R. D.
 Dalpat Singh, Sardar Bahadur Captain.
 Fazli-Haq Piracha, Khan Bahadur
 Shaikh.
 Fazli-Ilahi, Khan Sahib Shaikh.
 Ghulam Muhammad, Mr.
 Grigg, The Honourable Sir James.
 Hudson, Sir Leslie.
 Jawahar Singh, Sardar Bahadur Sardar
 Sir.
 Kamaluddin Ahmed, Shams-ul-Ulema.
 Kushalpal Singh, Raja Bahadur.
 Lloyd, Mr. A. H.
 Mackeown, Mr. J. A.
 Manavedan Raja, Rao Bahadur K. J. C.
 Mani, Mr. R. S.

Mehta, Mr. S. L.
 Mudie, Mr. R. F.
 Nagarkar, Mr. C. B.
 Nauman, Mr. Muhammad.
 Nayudu, Diwan Bahadur B. V. Sri Hari
 Rao.
 Parsons, Lieut.-Colonel A. E. B.
 Pursell, Mr. R. S.
 Rahman, Lieut.-Colonel M. A.
 Roy, Mr. S. N.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan, Captain Sardar
 Sir.
 Slade, Mr. M.
 Spence, Mr. G. H.
 Staig, Mr. B. M.
 Stewart, The Honourable Sir Thomas.
 Sukthankar, Mr. Y. N.
 Sultan Ahmad, The Honourable Sir
 Saiyid.
 Thorne, Mr. J. A.
 Tylden-Pattenson, Mr. A. E.
 Yakub, Sir Muhammad.
 Yamin Khan, Sir Muhammad.
 Ziauddin Ahmad, Dr.

The Motion was adopted.

Maulana Zafar A'i Khan : With your permission, Sir, I beg that the consideration of the Durgah Khwajah Bill should be taken up tomorrow, although it may perhaps be decided by you that the Assembly is going to close now. We have gone through almost all the sections of the Bill : almost all the amendments have been moved : only one remains, and if we had sat another couple of minutes, we should have finished it.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must ask the Government if they are willing to sit.

The Honourable Sir James Grigg : No, Sir. In accordance with what I said yesterday, we have got to a stage in the proceedings in which we do not feel justified in asking you to direct a sitting of the Assembly tomorrow. As far as the Government are concerned, they have no desire to sit tomorrow.

Mr. President (The Honourable Sir Abdur Rahim) : The Assembly is adjourned *sine die*.

The Assembly then adjourned *sine die*.