

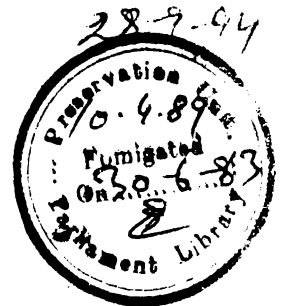
29th January, 1934

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume I, 1934

(24th January to 16th February, 1934)

SEVENTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1934



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1934

Legislative Assembly.

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THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

Deputy President :

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SIR LESLIE HUDSON, KT., M.L.A.

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

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MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A

Committee on Public Petitions :

MR. ABDUL MATIN CHAUDHURY, M.L.A., *Chairman.*

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

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

MR. T. R. PHOOKUN, M.L.A.

MR. MUHAMMAD YAMIN KHAN, C.I.E., M.L.A.

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LEGISLATIVE ASSEMBLY.

Monday, 29th January, 1934.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

QUESTIONS AND ANSWERS.

APPOINTMENT OF AN INDIAN AS A MEMBER OF THE RAILWAY BOARD.

33. ***Mr. A. Das:** (a) Will Government be pleased to state if any Indian has so far been appointed as a Member of the Railway Board? If so, when, and for how long?

(b) If no Indian has so far been appointed as such, do Government propose to consider the question of the appointment of an Indian when the next vacancy occurs?

(c) What minimum number, if any, of the Members of the Board are Government prepared to reserve for Indians?

The Honourable Sir Joseph Bhoré: (a) Mr. Hayman was a Member of the Railway Board from the 2nd of April, 1929, to the 14th of January, 1933. Mr. Pavry officiated as a Member from the 18th of April, 1931, to the 16th of October, 1931. I need not remind the House that the present Financial Commissioner of Railways is an Indian.

(b) The claims of all suitable officers are considered carefully whenever any vacancy occurs.

(c) Government consider it most undesirable in the public interest to reserve any vacancy in the Board for any race or community.

SECRET AGREEMENT BETWEEN THE BURMA OIL COMPANY AND THE STANDARD OIL COMPANY.

34. ***Mr. K. P. Thampan** (on behalf of Mr. Lalchand Navalrai): (a) Has the attention of Government been drawn to a letter published in the *Hindustan Times* of Friday, the 15th December, 1933, under the caption "Secret agreement between B. O. C. & S. O. C."?

(b) Are Government prepared to make enquiries to find out if there is such an agreement between these oil companies?

(c) Is it a fact that imports from Burma have greatly increased and those from outside decreased, causing substantial loss of revenue from import duty?

(d) Is it a fact that the Standard Oil Company sends for oil from America? If so, are Government in a position to state whether their imports from that country have decreased?

(e) If the answer to part (d) be in the affirmative, are Government prepared to find out the reasons why such imports have decreased?

The Honourable Sir Joseph Shore: (a) Yes.

(b) to (e). Information as far as possible is being collected and will be supplied to the House in due course.

MONOPOLY ENJOYED BY THE BURMA OIL COMPANY.

35. ***Mr. K. P. Thampan** (on behalf of Mr. Lalchand Navalrai): Does the Burma Oil Company enjoy the monopoly of Burma oil? If so, was it the Government of India or the Provincial Government which granted the same, and when and on what conditions?

The Honourable Sir Frank Noyce: The reply to the first part of the question is in the negative. The second part does not arise.

NOTICES ISSUED IN MIDNAPUR AT THE INSTANCE OF THE MILITARY AUTHORITIES.

36. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that, at the instance of the military authorities, the following notices were issued in Midnapur (Bengal) to a number of local citizens?

(i) "Notice is hereby given that the Royal Garhwali soldiers will be coming to Contai at 3 P.M. on the 16th December, 1933. You are therefore directed to be present at the Contai Dak Bungalow compound at 3 P.M. and to welcome them, and to salute the British flag."

(ii) "You are hereby informed that a ceremonial parade of the Royal Garhwali soldiers will be held in the Khasmahal compound at 11 A.M. on the 18th December, 1933. You are therefore directed to be present at that place at the fixed time, and without fail."

(b) Is it a fact that soldiers are sometimes made to march into the houses of certain citizens in Midnapur, and are Government aware that they are molested on their refusing or hesitating to salute the Union Jack, and that in some cases people are asked if they were for the Congress or for Government, and any one of them stating that he was for the former, was maltreated? Do Government propose to enquire into these allegations?

The Honourable Sir Harry Haig: The Government of India have no information, but are making enquiries. A reply to the Honourable Member's question will be laid on the table in due course.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Joseph Shore (Member for Commerce and Railways): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 1118 asked by Mr. Gaya Prasad Singh on the 21st November, 1933;
- (ii) the information promised in reply to a supplementary question to starred question No. 1238, asked by Mr. Gaya Prasad Singh on the 1st December, 1933; and
- (iii) the information promised in reply to part (h) of starred question No. 1456 asked by Sardar Sant Singh on the 20th December, 1933.

ALLEGATIONS BY CERTAIN DECK PASSENGERS AGAINST THE BRITISH INDIA STEAM NAVIGATION COMPANY.

*1113. As a result of the enquiries made in the matter, it is understood that the number of passengers carried by the steamships "Ellenga" and "Elephanta" on the voyages in question was far less than the maximum number of deck passengers for the carriage of which the vessels hold certificates. The number of deck passengers carried by the s. s. "Ellenga" on the voyage from the Coromandel Coast to Rangoon was about 860, whereas the steamer was certified for the carriage of 1,800 passengers, whilst the s. s. "Elephanta" on her voyage from Rangoon to the Coromandel Coast carried about 630 passengers against 2,020 which she was certified to be capable of carrying. No passengers were carried in holds or in any compartment not certified for the accommodation of passengers and the passengers were allowed the use of all decks. It is also understood that no complaints of any kind were made to officers concerned by any passenger.

In the circumstances, the Government of India do not propose to take further action in the matter. They consider, however, that in such cases the proper course for the aggrieved passengers is to lodge a complaint with the officer of the Mercantile Marine Department concerned, so that any necessary inquiries may be made at the time.

ALLEGATIONS AGAINST THE BRITISH INDIA STEAM NAVIGATION COMPANY.

*1238. As a result of the enquiries made in the matter from the British India Steam Navigation Company, it is gathered that the deck passenger fares to and from the Coromandel ports have been increased, as they had been on an uneconomic level for some time past and the Company could not continue to carry passengers at rates which involved a serious loss. It is also stated that the increases recently made by the Company will only bring the fares to a more normal economic level.

As regards the Company's system of paying commission to hotel-keepers in Rangoon, the Company observe that passengers are under no obligation to patronise any particular hotels if they are not satisfied with the conditions.

APPOINTMENT OF STAFF IN THE STATISTICAL RESEARCH BRANCH OF THE COMMERCIAL INTELLIGENCE AND STATISTICS DEPARTMENT.

*1466. There were 16 Sikh applicants for appointment in the Statistical Research Branch of the Commercial Intelligence and Statistics Department. Of these, four were graduates, four undergraduates, seven matriculates and one without any University qualification.

Mr. P. R. Rau (Financial Commissioner, Railways): Sir, I lay on the table:

- (i) the information promised in reply to starred questions Nos. 274 and 278 asked by Pandit Satyendra Nath Sen on the 31st August, 1933;
- (ii) the information promised in reply to starred questions Nos. 597, 599 and 602 asked by Mr. A. Das on the 4th September, 1933;
- (iii) the information promised in reply to starred question No. 608 asked by Mr. A. Das on the 5th September, 1933;
- (iv) the information promised in reply to starred question No. 1129 asked by Shaikh Sadiq Hasan on the 23rd November, 1933;
- (v) the information promised in reply to unstarred question No. 237 asked by Mr. S. C. Mitra on the 27th November, 1933; and
- (vi) the information promised in reply to starred question No. 1345 asked by Pandit Satyendra Nath Sen on the 11th December, 1933.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

*274 (j), (k) and (l). If, as I presume, the Honourable Member is thinking of the case referred to in his question No. 1161, I would refer him to the reply I gave to that question on the 27th November 1933.

DISTINCTION BETWEEN THE OAKGROVE EUROPEAN SCHOOL AND OTHER EAST INDIAN RAILWAY SCHOOLS.

*278 (a) and (b). I would refer the Honourable Member to the reply given to his question No. 1162 on the 27th November 1933.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

*597 (c). I would refer the Honourable Member to the reply given by me to question No. 1161 put by Pandit Satyendra Nath Sen on the 27th November 1933.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

*599. I would refer the Honourable Member to the reply given by me to question No. 1161 put by Pandit Satyendra Nath Sen on the 27th November 1933.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

*602. (b), (i) and (ii). All the persons concerned are under the rules under which they were recruited. These happen to be different in different cases.

(iii) There are no other classes of railway employees on the East Indian Railway for whom there are no prescribed leave rules. The question of framing suitable rules for this staff is under consideration.

(iv) In certain respects they are more liberal and in other less.

(v) Not necessarily.

(vi) The Agent, East Indian Railway reports that the rules which are referred to in clause 4 of the agreement are those relating to Provident Fund and gratuity.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

*603. (b) The East Indian Railway Leave Rules have been held not applicable to those teachers in whose case there are no definite rules regulating leave.

(c) I understand the Head Master was not granted leave under East Indian Railway leave rules.

(d) No, but the East Indian Railway Leave Rules might have been and are followed in certain cases as a guide to the leave granted.

(e) Yes. The reply to the second part is in the negative.

(f) and (g). Employees of the East Indian Railway were generally given such an option; but it is understood that the teachers of the East Indian Railway schools were not, as it was held they were not governed by the East Indian Railway Leave Rules.

(h) The question of leave rules for these teachers is under consideration.

**INDEBTEDNESS OF THE SUPERINTENDENT OF PRINTING AND STATIONERY,
NORTH WESTERN RAILWAY, LAHORE.**

*1129. (a) The Agent, North Western Railway, reports that there were no court attachments against the Superintendent, Printing and Stationery, Lahore, prior to October 1933. Court attachments were made since then against the salary of the officer mentioned above and two recoveries were made. The attachment order has since been cancelled by the Court and refund of the amounts already recovered has been made.

(b) No summons have been served through the railway and the Government are not aware of any civil suit brought by Sheikh Fazal Ahmed against the officer in question.

(c) Supplies, of printing and stationery are obtained through the Printing and Stationery Offices, Calcutta, with the exception of a small number of minor items purchased by the Controller of Stores, North Western Railway. Sheikh Fazal Ahmed has not in recent years been a supplier of any items of printing and stationery obtained direct by the North Western Railway.

(d) As Sheikh Fazal Ahmed has not been a supplier of Printing and Stationery material purchased since 1929, previous to which records are not readily available, this question does not arise.

(e) At the time of the Press Superintendent proceeding on leave in October 1931 no recoveries were being made from his salary on account of court attachments. The last full month's pay drawn before he proceeded on leave was Rs. 432-5-0.

(f) Government are not aware what civil suits were brought against this officer or what witnesses were called.

(g) Does not arise.

**BEGUMPUR STATION ON THE HOWRAH BURDWAN CHORD OF THE EAST INDIAN
RAILWAY.**

237. (a) A statement is annexed showing (i) the total amount of goods and passenger traffic at Begumpore during the years 1931-32 and 1932-33.

(ii) the total amount paid by the East Indian Railway to Messrs. Martin and Co. pany as compensation for loss of traffic sustained by the Howrah-Sheakhala Light Railway for the years 1931-32 and 1932-33.

(b).

(i) The answer is in the affirmative.

(ii) Government understand that the stoppage of the train referred to at Begumpore was reduced to admit of an earlier arrival at Burdwan and not on account of the reasons mentioned in the question. In point of fact, there has been no fall in earnings in respect of parcels traffic to stations in the upward direction since the reduction of the period of halt.

(c) The tramway order under which this was constructed does not confer on Government any right of purchase of this railway.

(d) and (e). The Agent, East Indian Railway reports that the Administration has a regular programme for the provision of improved facilities for passengers at stations and these facilities such as raised platform, overbridge and waiting shed are provided in accordance with the importance of stations with regard to passenger traffic. In this programme, Begumpore station stands first for the provision of a raised platform and second for the provision of an overbridge and if funds permit, the provision of a raised platform will be taken in hand in the next financial year, 1934-35. As regards the provision of a pucca feeder road, the Agent states that at stations where the traffic warrants it, the road leading from the District Board road to the railway station which is called the station approach road, is provided by the Administration.

Statement.

(i) Total amount of goods and passenger traffic forwarded from and received at Begumpore station for the years 1931-32 and 1932-33.

Goods Traffic.

Year,	Coal Mds,	Other Merchandise.	Total Mds.
1931-32	122,436	36,557	158,993
1932-33	110,731	38,108	148,839

Passenger Traffic.
Number of
passengers.

Year.	Number of passengers.
1931-32	465,949
1932-33	434,413

(ii) Compensation paid to Messrs. Martin and Company by the East Indian Railway for loss sustained by the Howrah Sheakhala Light Railway.

For year.	Amount. Rs.
1931-32	44,958
1932-33	40,602

**GRANT OF COMPENSATORY HILL ALLOWANCE TO THE STAFF STATIONED AT
HARDWAR, EAST INDIAN RAILWAY.**

*1345. (a) I understand certain categories of staff are granted a compensatory allowance.

(b) and (c). Yes.

(d) No Travelling Ticket Examiners are now stationed at Hardwar.

ELECTION OF THE PUBLIC ACCOUNTS COMMITTEE.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

"That the non-official Members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, eight members to be members of the Committee on Public Accounts."

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the non-official Members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, eight members to be members of the Committee on Public Accounts."

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, the amendment to this rule 51 makes the old Public Accounts Committee *functus officio*, because sub-rule (6) says:

"When the duration of the Legislative Assembly is extended beyond the period of three years fixed by section 63D(1) of the Government of India Act, a new Committee on Public Accounts shall be constituted, etc."

The last Committee has not completed its work, and although it has reported on the Civil and Military Appropriation Accounts, the report on the Railway Appropriation Accounts has not yet been submitted. I wish to know if the new Committee, which will be now appointed, will be in a position to finish the uncompleted part of the report as regards the Railway Appropriation Accounts. Because it is a Statutory duty and this Committee is also a Statutory Committee and it will be neither doing its duty to the House nor satisfying the rules of the Legislature.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): There is one other point which I should like to know. What will be the term of office of this new Committee? At present the life of this Assembly has been extended by one year and one does not know what will be the future fate of this Assembly. I should like to know whether the life of this new Committee will be for one year or only as long as the present Assembly lasts.

Sir Lancelot Graham (Secretary, Legislative Department): As I understand the position, the old Committee will have terminated and obviously it cannot function after it has terminated and the new Committee must take up any work that is pending. That seems to me to be the only possible position and also the most reasonable and satisfactory position.

Dr. Ziauddin Ahmad: What about my point?

Sir Lancelot Graham: Will the Honourable Member kindly repeat the point?

Dr. Ziauddin Ahmad: Will the life of this new Committee be for one year or only so long as the Assembly lasts?

Sir Lancelot Graham: The position as regards the Committee is, as if from the beginning of this Session, we had an entirely new Assembly, and, therefore, the position as regards the Committee which we are now going to elect will be precisely the position which there was in respect of the Committee which was elected in January, 1931. There is no change at all.

Dr. Ziauddin Ahmad: If we accept the principle that from the present Session this is an entirely new Assembly and not a continuation of the old Assembly, then a good many Committees that have been formed previously will probably cease to exist, and the whole position will be altered

Mr. S. C. Mitra: Sir, I should like to speak on the motion itself. The Public Accounts Committee is required by Statute to discuss and report on the Appropriation Reports submitted by the Audit Officers, primarily the Accountants-General and the remarks of the Auditor General. It is well known to the House that the Public Accounts Committee discusses accounts which are already two years old. That is, in the year 1933-34, it was discussing accounts of the year 1931-32; and when the report is

[Mr. S. C. Mitra.]

submitted, it is discussed in the Budget Session. For reasons best known to the Finance Member, during the whole of 2½ months during the last Budget Session, there was not a day allotted for the discussion of the Public Accounts Committee's report, and in the Simla Session the belated report was discussed. Now, as regards the last Public Accounts Committee, it decided, under the presidency of Sir Alan Parsons, that the Public Accounts Committee should submit two separate reports, one for the general accounts and another for the railway accounts. The Committee was called to discuss the civil accounts and, at the end of it, it was also suggested, going back, on their earlier decision, that it should also discuss the railway report. Then, my friend, Mr. Thampan, almost threatened to non-co-operate and forced the committee for the time being to decide that they would only discuss some urgent points that were needed for re-arranging the budget heads of the railways and that the whole report would be discussed later on when a fuller Committee could be called. Now, I see that the Public Accounts Committee, that was elected to discharge its duties and to go into the appropriation accounts for the year 1931-32, have only partially performed their duty. It lies heavily on the Finance Member to show why he or his Department have failed to place the railway accounts and the report completed by that Committee before its dissolution. That is all I have to say on this.

The Honourable Sir George Schuster: Sir, on the common-sense view of the case—I do not propose to deal with the legal aspects of the matter—I think the answers to my Honourable friend's points are perfectly clear. In the first place, it would naturally follow that the new Public Accounts Committee would continue the work which was put upon the old Public Accounts Committee, and I would remind my Honourable friend of the fact that it lies with this Assembly to decide who those eight members are to be. The Assembly can very well elect the same members who will now retire; and in that case the continuity will not be interrupted. My Honourable friend has asked why opportunity has not been found to enable the existing Public Accounts Committee to complete the second part of its functions. I think the answer to that question must be very well known to Honourable Members who sit in this House today. They know full well how our time has been occupied; they know full well that it would have been quite impossible to find time during the last three months to summon a meeting of the Public Accounts Committee to consider that report. If we are to find time—and I wish to emphasise this point—to deal with all the public business, then either my Honourable friend, Dr. Ziauddin Ahmad, will have to do something to the sun to provide 36 hours instead of 24 hours in every day, or he will have to put upon himself and his colleagues a self-denying ordinance and not speak at such great length in this House. That is the answer to my Honourable friend's question.

Dr. Ziauddin Ahmad: I have not got an answer to my question: the theory that was advanced was that the present Assembly might be supposed to be a new Assembly and, therefore, the Committee that we were electing would practically be for three years according to the existing rule; and if we accept the theory that this is a new Assembly, then, with the exception of a fresh oath of allegiance, I am very doubtful whether the old Committees exist. Even the Finance Committee should cease to exist and we ought to elect a new Standing Finance Committee from the beginning of the Session.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member will realise that this motion is made under the new rule which he will find attached to the Manual of Business:

"When the duration of the Legislative Assembly is extended beyond the period of three years fixed by section 63D(1) of the Government of India Act, a new Committee on Public Accounts shall be constituted at the end of the said period of three years as if a new Assembly had commenced."

It does not follow that this Assembly is to be considered as if it is a new Assembly coming into existence after new elections and, therefore, the oath of allegiance and all those matters do not arise.

Dr. Ziauddin Ahmad: But it is the point raised by the Secretary of the Legislative Department that this is supposed to be a new Assembly.

The Honourable Sir Brojendra Mitter (Law Member): Sir, the new rule is quite clear and says "A new Committee on Public Accounts shall be constituted at the end of the said period of three years." So three years is the normal life of the Committee. "As if a new Assembly had commenced" means that the Assembly is not in fact a new Assembly, but it is to be deemed to be a new Assembly for the purpose of this rule. That is all. Therefore, if it is deemed to be a new Assembly, what would be the life of the new Committee? Rule 51 (1) provided for this: "constituted for the duration of the Assembly" means that if the duration of this Assembly is one year, then the life of the new Committee will be one year.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): I am not a lawyer, Sir, but I apprehend that the old Public Accounts Committee ceased to exist on the day on which the normal life of this Assembly was over, that is, about the 14th of January; and a Committee constituted now under the revised Standing Orders cannot take up that portion of the work which was held over by the last Public Accounts Committee. The Railway Appropriation Accounts were not gone into by the last Public Accounts Committee and it would be *ultra vires* on the part of the Committee succeeding that to take up a subject which was really within the purview of the previous Public Accounts Committee. Therefore, we have failed to carry out the provision in the Government of India Act with regard to the powers and functions of the Public Accounts Committee. There has been a remissness on the part of the Government in not calling a meeting of the last Public Accounts Committee and considering the Railway Appropriation Accounts.

Mr. R. S. Sarma (Nominated Non-Official): What did the members do?

Mr. K. P. Thampan: My friend, Mr. Sarma, asks "What did the Members do?" It is not the concern of the members to call a meeting. It is entirely the business of the Government and, I hold the work of the last Public Accounts Committee has not been completely discharged.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, in this connection I must raise a protest. The Public Accounts Committee is a very important Committee and it has to examine how the expenditure of Government has been incurred and whether it

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was properly incurred or not; and, therefore, this Committee ought to be given all facilities and must meet oftener than it suits the Finance Department to call it. As a matter of fact, every year the accounts of the previous year must be gone through thoroughly and, therefore, in England it is the practice for the Committee to sit longer, I think for about four to six months. I do not think that the Public Accounts Committee here will have to sit continuously for such a long time. But, at the same time, I must point out that Government have not been very alert in calling the Committee to finish the business. The Government complain that the House sits longer and continuously and they do not find time. But I do not think that applies in the present case, because sittings in the House of Commons are very much longer than here in this Assembly and there they find sufficient time to go through the accounts; and I do not see any reason why the Government of India should not find time to take sufficient work from the Public Accounts Committee. The members of the Committee are bound by their acceptance of the office to be present as long as they are wanted for the work of the Committee, and I do not think any objection has been raised by the members of the Committee that they have to sit long. Therefore, I would suggest that Government should give sufficient time to the Public Accounts Committee to complete its work henceforward. I understand that the last Public Accounts Committee is now *functus officio* and, therefore, a new Committee will have to be appointed and the new Committee should have sufficient time to go through the remainder of the work and finish it.

Mr. N. M. Joshi (Nominated : Non-Official): Mr. President, I think the difficulty which has been felt of finding time for the work of the Public Accounts Committee is to some extent due to the provision that the Finance Member shall be the Chairman of the Committee. In the House of Commons, the Chairman of the Public Accounts Committee is taken from the ranks of the Opposition. I think we should follow that practice. It will be useful from various points of view. In the first place, the Public Accounts Committee being the Committee to criticise the work of the Finance Department, it is much better that the Chairman should be taken from the ranks of the Opposition. Secondly, it will also enable us to get a little more work from the Public Accounts Committee and not to saddle the Finance Member with much larger work than he can cope with. I fully realise that the Constitution gives him the right to be the Chairman, but it is certainly possible for the Finance Member and the Public Accounts Committee to have, even under the present Constitution, a Vice-Chairman who shall preside over the Public Accounts Committee in the absence of the Finance Member.

Mr. President (The Honourable Sir Shanmukham Chetty): So far as the point raised by Mr. Thampan is concerned, according to rule 51, it is the Statutory duty of a Public Accounts Committee to deal with the appropriation accounts of the Governor General in Council and the report of the Audit Officer thereon. It does not specify which Public Accounts Committee shall dispose of the audit accounts of a particular year. It will, therefore, be open to a Public Accounts Committee that succeeds a previous one to follow up the work of its predecessor. As regards the other question, it will now be for the Public Accounts Committee, that is going to be constituted to go into the whole matter and find a solution,

The Public Accounts Committee is a Statutory body and every opportunity must be given to it to discharge its Statutory functions. In this connection the Chair would invite the attention of Honourable Members to the necessity for the Assembly and its Committees to do much more work as a result of the increasing pressure of public work in the Assembly. Mr. Jadhav drew the attention of the House to the work in the House of Commons. I have myself observed the work in the House of Commons and what they do there is this. The House of Commons meets at 2-45 in the afternoon and does public business from 3 O'clock in the afternoon till 11 O'clock at night, and sometimes till late at night and early in the morning. All Committees meet in the morning and do Committee work till about 2 in the afternoon. Therefore, the House of Commons on a particular day does really about three times the work that this Assembly is doing. I have myself felt that the hours of work for the Assembly are very unsuitable when the pressure of work increases as it is increasing for the last few months. We are meeting only at 11 o'clock and we disperse at about 4-45 or 5 o'clock doing barely 4½ hours work per day. It is now up to the Leaders of Parties and the Members of Government to put their heads together and devise some means by which both in Committee and on the floor of the House the Assembly can do far more work than it is doing at present.

Mr. B. V. Jadhav: May I point out that in the Bombay Council they meet at 2 o'clock and the Session of the Council closes 7, so that they have got sufficient time from 10 in the morning till about 1-30 P.M. to do Committee work? I think that practice may be followed.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair hopes that Leaders of Parties and the Government Members will take up this question and discuss it.

The question is:

"That the non-official Members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, eight members to be members of the Committee on Public Accounts."

The motion was adopted.

ELECTION OF THE FUEL OIL COMMITTEE.

The Honourable Sir George Schuster (Finance Member): Sir. I beg to move:

"That this Assembly do proceed to the election, in such manner as may be approved by the Honourable the President, of a Committee consisting of six Members of the Assembly to which shall be added two Members of the Assembly to be nominated by the Governor General for the purpose of calling for and considering reports as to the working of the rules made by the Central Board of Revenue under section 195-A of the Sea Customs Act, 1878, and as to the effect upon agricultural and small industrial users of fuel oil of the duties imposed by the Indian Tariff (Second Amendment) Act of 1933, and of making such recommendations thereafter as they may think fit."

I would explain that this motion is moved by me in accordance with the undertaking that I gave while the Tariff Bill was being discussed last Session.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That this Assembly do proceed to the election, in such manner as may be approved by the Honourable the President, of a Committee consisting of six Members of the Assembly to which shall be added two Members of the Assembly to be nominated by the Governor General for the purpose of calling for and considering reports as to the working of the rules made by the Central Board of Revenue under section 195-A of the Sea Customs Act, 1878, and as to the effect upon agricultural and small industrial users of fuel oil of the duties imposed by the Indian Tariff (Second Amendment) Act of 1933, and of making such recommendations thereafter as they may think fit."

Mr. F. E. James (Madras: European): I desire to oppose this motion formally, and, in doing so, I am very anxious that my attitude should not be misunderstood by my Honourable friends on the other side of the House. The objection I take is mainly a technical one and has nothing to do with the undertaking that the Finance Member gave when the Bill in question was discussed on the floor of the House. I certainly do not object to any enquiry into the working of this particular Act so far as it affects the interests mentioned in the motion, but my objection is based upon two grounds. The first is that the election of a Committee of this character to watch the operation of a particular Act is a dangerous precedent and there seems to be no reason why, if this principle is adopted in regard to this Act, it should not be adopted in regard to the hundred and one Bills that are shortly to come before this Assembly all of which are bound to affect in some way or another either the consumer or the agricultural interests or the interests of small industrialists. There seems to be no reason if this principle is accepted, why every Tariff Bill should not have a Committee elected to watch the operation of that Bill, and indeed certain Finance Bills that have received the sanction of this House in the past should also have had their Committees elected to watch the operation of those Bills. So, my first objection is that it sets up a precedent which in the interests of the proper working

Mr. R. S. Sarma (Nominated Non-Official): May I say that, far from setting up a precedent, I think it is only following a precedent which the Honourable the Finance Member explained last time?

Mr. F. E. James: I think it sets up a dangerous precedent in that, if it were followed to any great degree in the future, it would make the working of this institution a very difficult matter indeed. My second objection is on the ground that there already exists as an important institution of this House an appropriate Committee to which this reference should be made. There is in existence a Standing Committee on Industries and Labour. It is a Committee which is elected by this House. It consists of a majority of the elected Members of this House. As far as I know, its work has been carried on in the past satisfactorily, and, in fact, there has been criticism raised on the floor of this House from time to time that this Committee, which is a standing institution of this House, has not been used adequately in the past, and I should have thought that, if an enquiry ought to be made in regard to the operation of this particular Act, that enquiry should properly have been directed by the Committee on Industries and Labour. Therefore, I raise this formal objection in order that this point may be made at this stage. I quite appreciate the position of the Finance Member who gave an undertaking to this House and I should be the very last to suggest that he should renege from that undertaking and indeed we should not do more than make this formal objection at this stage. But I do invite the Honourable the Finance Member's attention

to the two points that I have made and suggest to him that he do not commit himself to a principle which, if followed in the degree to which it is now being followed in respect of this particular Bill, would involve us in a large number of Committees set up by this House to watch the working of individual measures.

The Honourable Sir George Schuster: I would only like to say this. I quite appreciate that there is a good deal in what my Honourable friend has said. I will only say in reply that it would perhaps have been more advantageous if he had made these points when I made the original suggestion of having a Committee. Then the House would have been able to consider the implications. My Honourable friend considers that a dangerous precedent may be set up. Well, I think that what he said is worthy of attention, but I would point out that we are to some extent working experimentally in these times. We have rather peculiar conditions in this Assembly, with, as we are always being reminded, an irremovable Government and an Opposition which never has the opportunity of assuming responsibility. In these circumstances, if the Government make efforts in various ways to show that they are responsive to the Opposition, then I think that those experiments perhaps are not entirely wasted. But, on the other hand, we must recognise that they are experiments and that they should not be regarded as creating unalterable precedents. That, Sir, is all I have to say.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That this Assembly do proceed to the election, in such manner as may be approved by the Honourable the President, of a Committee consisting of six Members of the Assembly to which shall be added two Members of the Assembly to be nominated by the Governor General for the purpose of calling for and considering reports as to the working of the rules made by the Central Board of Revenue under section 195-A of the Sea Customs Act, 1878, and as to the effect upon agricultural and small industrial users of fuel oil of the duties imposed by the Indian Tariff (Second Amendment) Act of 1933, and of making such recommendations thereafter as they may think fit.”

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): I may inform Honourable Members that nominations for the purpose of election of members to the Committee on Public Accounts and the Fuel Oil Committee will be received in the Assembly office up to 12 Noon on Friday, the 2nd February, 1934, and that the elections, if necessary, will be held on Monday, the 5th February, 1934. The elections will be conducted in accordance with the principle of proportional representation by means of the single transferable vote, and these will be held in the Secretary's room as usual.

THE SEA CUSTOMS (AMENDMENT) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move for leave to introduce a Bill further to amend the Sea Customs Act, 1878, for a certain purpose.

This is a short measure and I think its objects are clearly explained in the printed Statement of Objects and Reasons.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill further to amend the Sea Customs Act, 1878, for a certain purpose."

The motion was adopted.

The Honourable Sir George Schuster: Sir, I introduce the Bill.

THE IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Bill further to amend the Imperial Bank of India Act, 1920.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, the white elephant of the Reserve Bank of India has just passed out of the Legislative Assembly. It has gone with its tusk, trunk and tail. But, with its tail, is tied another white elephant,—a bigger and older elephant—which has been existing for a long time and has been trampling upon the Indian commercial and industrial field, and that is the Imperial Bank of India Act. We are now considering the Bill to amend the Imperial Bank of India Act. As the Honourable the Finance Member said, it is purely a consequential Bill. It may be a complementary or a supplementary Bill to complete the Reserve Bank of India Bill. But we have two Reserve Banks instead of one. I am sorry I was not here yesterday to listen to the speech of the Honourable the Finance Member in moving this motion, but I was told that it was a very brief speech. He said that it was merely a consequential Bill.

In order to enable the House to understand the full implications of the measure, I shall explain, as briefly as I can, some of its salient points. First of all, we have got in clause 12 an amendment of section 28 of the original Act, the Imperial Bank of India Act of 1920. That is a very important section which constitutes the Board and here I may say that, in spite of some protest, though a mild protest, raised by the Imperial Bank of India representative before the Select Committee, the Honourable the Finance Member said that we must stick to our guns and the important point concerned in it was about the constitution of the Central Board. Under the old Act, we had only the Presidents and Vice-Presidents of the three Local Boards on the Central Board. That is, we had only six elected representatives on the Central Board, but, under the new amendment, we are going to have three elected members from each Local Board. That is, nine out of the Directors who have been elected by the shareholders. They will sit on the Central Board and, consequently, the four nominated members of the Government will be reduced from four to two, though the total number of voting Directors will be the same as formerly and the total number of Directors will be the same, that is, 16 as formerly. This is a distinct improvement in the Bill that we shall have nine elected Directors on the Central Board and there will be two less nominated Directors who generally find it always convenient to follow the lead of the Government. That is, one of the important improvements that we have got, but formerly we had the Controller of Currency as a permanent Director. He has been removed from the Central Board. Instead of him

a liaison officer is proposed to be introduced, but I do not find any Statutory provision in the amendments for bringing him on the Board. He can probably come as a spectator to listen to the discussions. He will have no vote. He can probably go back to the Government and make a report, but I do not know what action the Government can take especially as they have, under clause 4, removed one of the important sections of the Act, I mean sub-section (2), section 10, under which it was open to the Government to issue instruction to the Bank and call for any explanation or any information they wanted, and, in case the Bank failed to comply with the request, it was open to the Government to terminate the agreement. I do not think the liaison officer will have any such control or the Government can exercise that control through that officer as they could under the old Act under which the Controller of Currency was a Director on the Board.

Another change that has been made is that, instead of two Managing Governors, there will be only one Managing Director. The Directors of the Imperial Bank, who formerly were called Governors and thus were liable to be confused with the other Governors of Provinces, will hereafter be known only as Directors, and hereafter there will be only one Managing Director and not two. But there is a little retrograde step taken in two directions in the matter of the constitution of the Board. One is that, formerly the Governor General in Council used to appoint the Managing Governor, but hereafter it will be only the Central Board of Directors who will do so, and as I have got some practical experience of banking, I can say that usually when the Managing Director is appointed by the Directors, they naturally elect a man who is likely to be very handy and convenient to them. It is always best that the appointment of the Managing Director should not be left with the Board whom he may have to oblige in some respects in the matter of advances, etc. The other defect in the constitution I shall take up later on.

Another direction in which there is an improvement over the old Act is regarding the supply of copies of the principal registers of shareholders. It has been much complained that the Imperial Bank, in the past, has not made available its shareholders' registers so easily as the shareholders desired. Hereafter, under the new amendment, the principal registers of shareholders will be kept with the Registrar of Joint Stock Companies and I hope that it will be carried out not only in the letter, but in the spirit also. What I mean is that it is open under the Imperial Bank Act for that Bank to have a register at any particular office. As such, it is just possible that the principal registers may be available only at one place in the whole continent of India. I hope the principal registers will now be available at all the important stations wherever the Imperial Bank has got a Local Head Office. At present the Bank has three Head Offices at Bombay, Calcutta and Madras, and the Act authorises the establishment of further Local Offices and I hope all those Local Offices will be supplied with the copies of the principal registers of shareholders and the shareholders will be given free access to those registers so that they can take concerted action and thus they can protect their interests in the future, better than they have been able to do in the past. Then, another change has been made, namely, that the Imperial Bank shall no longer be the bankers to the Government of India; they will be merely agents of the Reserve Bank of India, and, as they are going to be merely agents, certain provisions and safeguards, which were provided in the old Act, have been removed, but indirectly they will be practically doing the same kind of business as in the past except in four or five places where the Reserve Bank of India is going to have offices immediately. Another direction in which a good change has

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been made and which suits the needs of the country is that the period for bills and accommodation which was formerly limited to six months has been enlarged to nine months, and hereafter the public will have greater facilities and will have a little longer credit than in the past. These are some of the good points which I wish to draw the attention of the House to; thus the Joint Select Committee have been able to make some improvement in those directions.

Now, I shall refer to some points in respect of which it must be said that, instead of improving the Act, they have unfortunately made the position worse than before. First of all, under clause 4 (2), the power to issue instructions to the Bank and to terminate the agreement in the event of the Bank disregarding such instructions is no longer directly with the Governor General in Council. Now, I do not see why the Government should give up their right to issue instructions and call for information and their right to terminate the agreement between the Banks if the Imperial Bank does not work properly. Of course I know a certain clause is inserted in the agreement between the Imperial Bank of India and the Reserve Bank of India to some such effect, but, in spite of that, I think the Governor General in Council should reserve his power to issue instructions to the Bank and call for any information direct, and, should those instructions not be carried out properly, he should have the right to terminate the agreement.

Then, under section 15 (1), (b), of the Bill, debentures or other securities for money issued under the authority of a Prince or a Chief of a State in India can be taken for making advances by the Imperial Bank of India. I do not know what is the legal position, but it is said that it is always risky to make advances to any Indian Prince or State, because, under certain provisions or treaty rights, you cannot sue a Prince in any British court of law. As such, it will be for the Honourable the Finance Member and the Imperial Bank to see to what extent it will be possible for them to enforce the re-payment of such loans as we are allowing the Imperial Bank to make advances on a new kind of security now.

Then, the most retrograde step which has been taken in connection with the Imperial Bank is in respect of proxies. Under the present regulation No. 25, which provision I do not think appears in any other important bank, so far as I know, in India, it is possible for one member,—he may be the Secretary, the Managing Director or a single Director,—if he holds a certain number of proxies, to carry on a meeting without the presence of the prescribed number of shareholders. One shareholder, whether he is a Director or a Secretary or whosoever he may be, can carry on the annual meetings or special meetings,—as long as they are properly called—without the presence of any other shareholder. They can have a meeting without a quorum prescribed for shareholders who must be present in person. There is no such quorum fixed. The quorum is a shareholder and proxies numbering about 200 in all.

Mr. S. C. Sen (Bengal National Chamber of Commerce: Indian Commerce): If there is only one member, there cannot be a meeting.

Mr. Vidya Sagar Pandya: It is a duly constituted meeting if it is attended by one shareholder who holds in his pocket or in his hands a number of proxies which are required under the Act. One is quite enough,

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): How will he propose and second?

Mr. Vidya Sagar Pandya: He can do both. There is nothing to prevent him to do that under the Act. As I have already explained on two previous occasions, very few shareholders attend the meetings, and, under the proxy system, it is open to a few members to carry on the meeting under the name of all the shareholders. As I was telling the House, the Registrar of the Joint Stock Companies in Madras insists now, whenever any memorandum or articles of associations of any institution are sent to him for filing that at least 20 shareholders should be present in person before a meeting can be called a duly constituted meeting.

Mr. S. C. Sen: Under what provision?

Mr. Vidya Sagar Pandya: It is under the provisions of public safety and in the interests of securing the rights of the shareholders who have invested their money. It is under the provisions of commonsense.

Mr. S. C. Sen: The Registrar of Joint Stock Companies is a mere post office.

Mr. Vidya Sagar Pandya: He is doing good service and we need not find fault with him. Under clause 25 of the Bill, in the case of a power of attorney previously deposited or registered, a certificate of the Secretary of a local Head Office will be enough and the shareholders cannot scrutinise them when a poll is demanded, and a scrutiny officer is appointed as in the case of the Joint Stock Companies. This is bad enough, but, under clause 34 of the Bill, the Managing Director, the Deputy Director or the Secretary or such other employee of the Bank, as the Central Board may authorise, are severally authorised to execute proxies and vote at meetings on behalf of the shareholders from whom the Bank holds general power of attorney. This shows clearly how anxious the Directors are to whip up the proxies to secure election of themselves, their partners or friends as they like. In the Reserve Bank of India Bill, under clause 9(2), and similarly, under clause 14(3), it has been provided that the proxies shall not be held by an officer or an employee of the Bank. We have put a very salutary provision in the Reserve Bank of India Bill, but we have got quite a contrary provision in this Bill. The result would be an undue influence of the Directors in elections securing the proxies as has been pointed out by the Bombay Shareholders Association in their able memorandum which they submitted to the Joint Select Committee. I am sorry that this memorandum escaped the notice of the Joint Select Committee, but I am glad that my friend, Dr. Ziauddin Ahmad, has brought an amendment to minimise the evil and I hope the House will take that amendment into consideration when it comes before it.

Now, Sir, I come to another point and here I would like to refer only briefly to what I have already said about the liaison officer and the removal of the Controller of Currency. This is a retrograde step in the wrong direction. Now, Sir, the public has been under the impression that the Directors attend the meeting more frequently than is provided in Regulation XLII, which says that they will have a meeting not less than once in three months. But as the Central Board of the Imperial Bank of India

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had represented to the Select Committee that it was inconvenient to hold meetings of the Central Board as frequently as once in three months, they have made it once in four months, which goes to show, as my Honourable friend, Mr. Mody, feared they meet once in six months only. I wonder what would be the control of the Central Board if they meet only once in four months or if they hold a formal meeting for merely complying with the requirements of the Act. In all important and leading Banks the meetings of the Directors are held more than once a month, but here we have got the request that the law should provide that they may meet once in four months. The control of the Directors is practically very little, and, as such, we should have rather gone the other way and insisted on the Directors meeting more frequently. Then, Sir, the control of the Government, as I have already pointed out, has been removed, and the Directors are going to meet three times a year. Practically the Bank is left to the executive officers to carry on the business as they like or think best. The public has been under the impression that it is a Government Bank where Government have got good control and they look to the interests of the public as well as of the shareholders. The Directors are supposed to be doing their duty. But, under the new Bill, the control of the Government is being removed and the Directors' control will be still less. It should be a warning to the public. It will be for the public hereafter to see whether they can regard the Imperial Bank as the Government Bank under which impression they have been doing business with the Bank in the past.

Then, Sir, I come to the next point and that is about its being made a more formidable competitor against the other Banks in the country. The Bank was working under certain safeguards and, under the new Bill, a number of restrictions have been removed. They can do business beyond India and Ceylon. They can enter into contracts of indemnity, suretyship and guarantee. They can act as administrators of States and trusteeship is allowed. Therefore, they will become formidable competitors to the other Indian Joint Stock Banks.

I do not wish to say anything about the drafting of the Bill, but I did suggest at the Simla Session that the redundant sections should be removed and the whole Act should be re-drafted so that it may become more clear to the public. The Government thought that it was too big a task, that it would take a long time to undertake the same and that it might be taken up some other time, and, as such, the Act continues to be in as bad a state and in as bad a language and in as unintelligible a way as things could be expressed. Let us hope that a change will be made on some other occasion.

Then I come to the question of Indianisation of the Imperial Bank. It was thought that when the amendment of the Imperial Bank Act is taken up, there will be some Statutory provision by which there should be more Indianisation of the Bank both in the constitution of the Boards as well as in the appointment of the officers. In the Reserve Bank of India Bill, an amendment to have 75 per cent. of the Directors being Indians was defeated and no such provision is also found in the Imperial Bank Bill. As I have pointed out on several occasions, a majority of the Directors of the three Local Boards as well as on the Central Board are Europeans. As such, the interests of the Indian public have not received that adequate attention as it ought to be in the case of a Bank which is

practically a Central Bank for India even now. Though we have got the Reserve Bank as the Central Bank, practically the Reserve Bank and the Imperial Bank will both constitute Central Banks for India and as such it is necessary that national institutions should have a majority of Indian Directors and a majority of Indian officers. As I have pointed out on previous occasions, the total number of Indian officers is only 36 as against 237 European officers. While the salary of Europeans comes to Rs. 3,18,159 per month, the salary of Indian officers comes to Rs. 27,931. If the House were to read the official organ of the Imperial Bank of India Indian Staff Association, I mean the *Bank Worker*, it will find the woes of the Indian officers as well as of the subordinate staff, and what we find there is that distinctions are made in the matter of pay and allowances and status in the grade between European and Indian officers. I will take the liberty of reading a small extract from one of the memorials submitted by the staff Association of the Bank.

"After the amalgamation of the three Presidency Banks, a few Indian senior clerks of the Bank of Bengal were promoted to the rank of Officers-in-charge and placed on a footing of equality with the European officers. Their pay is Rs. 500 rising to Rs. 1,250 by an annual increment of Rs. 50. They get a branch allowance on a sliding scale so as to make the total of such allowance and their substantive pay for the time being equal to Rs. 800. Although the Indian officers have been long in service, are thoroughly experienced and run their branches satisfactorily, they are required to pass an examination in English composition in their advanced age, which is a great hardship to them. The number of such Officers remains almost the same as it was in 1921, though the number of Branches and Indian Officers has increased. The Indian employees when promoted to Staff Officers' grade have been transferred as Accountants or in similar capacities but not as Officers-in-Charge and were thus deprived of the Branch allowance. Instead of Officers-in-Charge, Assistants-in-Charge are put in charge of branches on a lower scale of pay (Rs. 400 rising to Rs. 750 by annual increments of Rs. 50 and a free furnished house or a house allowance of Rs. 100 per month in lieu thereof). Assistants-in-Charge get no branch allowance; moreover, if an Assistant-in-charge is no longer in charge of a branch, his pay, if over Rs. 400, comes down immediately to that figure; and, strange to say, even when he is promoted to the grade of staff officers, he must begin on Rs. 500, though he might have been drawing much more when promoted. Indians have been more freely appointed as Assistants-in-charge than as officers-in-charge, which suggests a distinction in the treatment of the European and the Indian Officers by the authorities inasmuch as the more highly paid posts seem to be almost reserved for the European officers. A glance at the Agents' list will further bring out the fact that in every case of a European Agent or officer-in-charge of a branch there are one or more sub-accountants or 2nd grade assistants to help him but when an Indian is incharge generally he has no such assistant but does the work of two or more himself. An Assistant-in-charge has the same responsible duties and has to display the same ability and efficiency as an officer-in-charge but his scale of pay is less, though he has no assistants as shown above."

It has been said that there has been a certain amount of Indianisation in the Bank, but it is a peculiar Indianisation, for it has been found that they always so manage things that no European officer works under an Indian officer. In Government service, we find a number of European officers working under Indian Ministers and Indian Executive Councillors, but, in the case of the Imperial Bank, they do not allow any European, even a subordinate, to work under any Indian officer. As soon as an Indian officer in the Imperial Bank rises in the scale of his service and when the time comes for him to be put in charge of an important branch, then he is shifted to a smaller branch so that the European assistants may not have to serve under an Indian officer. I wonder what kind of Indianisation this is if Indian officers are not to control the European officers or staff under them. There have been instances in which a branch, which cannot afford to have an officer on a salary of, say Rs. 1,000 or Rs. 1,200, is put in charge of an Indian officer, while he properly ought to have been posted to an important branch. This is done merely to

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avoid the European assistants having to serve under an Indian officer. In this way, the Indian officer is shifted to an unimportant branch which cannot afford to bear the expense of even maintaining such an officer. As such, the full opportunity of showing their capacity and their work is not given to the Indian officers in the Imperial Bank. I should like to know whether there is a single branch out of 170 branches where there is a single Indian officer under whom a single European assistant is working, while in almost all important branches the Europeans are officers and Indians work only as subordinates. I will go even to the extent of saying that houses have been built in certain places to suit only the requirements of Indian officers, and if by chance they have to send European officers there, the houses do not suit them and they are given a special allowance and they live elsewhere. Thus the houses have been built in certain places to suit the requirements of Indians only, because they do not expect any European to go there.

Then, Sir, as I have read out, Indian officers are asked to pass certain examinations though they have much higher educational and other qualifications, while, in the case of European assistants, who are recruited from England, their educational qualifications are comparatively very much lower, and still they are not asked to pass any examination. I do not want that Indians should be exempted from any examinations, but the treatment should be alike, and both Indians and Europeans must pass the same test. It is no use prescribing a test of passing an examination of certain Bankers' Institution six thousand miles away where the law relating to banking and practice in certain respects are different from India. They should be made to pass the same examination to suit the requirements of Indian law and Indian commerce and industry. As the Indian Bankers' Institute has now been instituted in India, hereafter both European and Indian assistants should be asked to pass an examination of the local Indian Institute of Commerce instead of any other foreign Institute.

Then, there is differential treatment between Indians and Europeans in starting salary. Europeans were receiving special nursing fees, acting allowances, furlough charges, special billiard tables, and so on, facilities which are not extended to Indians. I have got here copies of the memorials of the staff, but I will not unnecessarily tire the House by reading out all these. But, I hope, what I have said will receive the due attention of the Honourable the Finance Member.

Then, I do not wish to speak about the treatment that they give to the Indian public. The Honourable Raja Bahadur Krishnamachariar has told you,—it is not my statement, a statement which was characterised by the Honourable the Finance Member as coming from a gentleman who is fond of criticising the Imperial Bank,—but here is the testimony of the Raja Bahadur who told you that he wanted to see the Agent of the branch and he could not do so, on more than one occasion. It is easier for any of us to see the Viceroy or the Honourable the Finance Member or any other Member of the Government of India, but it is very difficult to see an Agent of the Imperial Bank of India.

Then, I need not here speak about the differential treatment as regards the facilities allowed to the Europeans and also the differential rate of interest charged between Europeans and Indians. It is no use giving out

any cases here, but if Government are prepared to make any inquiries, I shall be very glad to place before them cases, at least in our Presidency, where this difference is made. Not only that; from my personal experience I can say that in the matter of treatment of various banks, it is done according to the whim and pleasure of the Managing Governors and officers. If they like, they will give facilities to a particular bank, and if they do not like, they do not. The more you beg and more you cringe, the more are you obliged and the greater are the facilities offered. If you stand on your own rights and self-respect and even if you offer the best securities, facilities are denied under one pretext or another. I actually challenged the Imperial Bank and told them that in certain cases they were not giving facilities even against Government paper, while certain other institutions engaged them freely; but they never took up the challenge. They have declined to make advances against municipal debentures approved under the Imperial Bank of India Act; they have declined to lend money even against treasury bills and Government securities under the pretext of discouraging speculation. In fact, they have said plainly that there is nothing in the Imperial Bank Act under which they are bound to make any advances to any body on anything, whether it is Government security or any other security. I do not think the Honourable the Finance Member will challenge this statement of mine; I have got documentary evidence to prove it, and I shall be very glad to place it at the disposal of the Honourable the Finance Member if he cares to go into the matter.

Mr. Rahimtoola M. Chinoy (Bombay City: Muhammadan Urban): The Honourable Member, as Director of a Bank, himself knows only too well that everybody in the commercial world does differentiate between clients and clients.

Mr. Vidya Sagar Pandya: I do not know how long my Honourable friend has been on the Board of the Imperial Bank of India, but

Mr. Rahimtoola M. Chinoy: I may be there for a very short time, but I have been in the commercial line for 35 years, and my Honourable friend, as a Bank Manager, ought to know that there is great difference between parties and parties.

Mr. Vidya Sagar Pandya: But not differences of colour, caste and creed.

I will not tire the House with the woes of the subordinates of the Imperial Bank. My Honourable friend, Mr. Mitra, is not here. But he is the Vice-Chairman of the Staff Association, and I think he will deal with the matter when his turn comes. They have got their grievances about late hours, no overtime allowance and no leave rules and instability of service, and so on. I am not here to plead the case of any particular individuals; I am here to plead the case of Indians as against the foreign and vested interests.

Now, Sir, there is another thing which I had hinted on a previous occasion and that is that, when we considered the question of the Reserve Bank of India, much stress was laid on the point that it should be made a Shareholders' Bank, because the shareholders will take interest and it will be an independent body who will judge things for themselves and not be entirely led away by the Government or any political parties, and so on.

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Taking into consideration the present Imperial Bank of India (Amendment) Bill, the Amendment Bill was first laid before this House in 1927 along with the old Reserve Bank Bill. At that time, on the 14th April, 1927, a notice was issued to the shareholders that a meeting of the Bank would be held on the 8th August with a view to considering the amendments which were proposed by the Government to alter the constitution of the Bank. The meeting was held and the Imperial Bank took a great deal of trouble and placed before the shareholders a complete list of amendments and sought their advice and then a resolution was passed agreeing to the acceptance of the new terms and the modification of the constitution if certain conditions were fulfilled. Out of those five or six conditions, subject to which the shareholders had passed the scheme, two or three have been given the go-by. In certain respects, important changes have been made in the constitution which were not thought of at that time. Of course, power was given subject to certain modifications, but when certain important changes are made by them in the terms approved of by the shareholders and also in the constitution of the Bank, it was necessary that a meeting of the shareholders should have been called and the thing put before them and their sanction obtained. It might be said that there was not enough time for it: but the time question is not so important as the rights and privileges of the shareholders. The result is that the shareholders are now not consulted at all about these important changes and the terms, such as giving of 30 per cent. of the capital of the Reserve Bank to the Imperial Bank and also about certain deposits and free balances for opening new branches, have not been complied with and fundamental changes have been made in the constitution. The shareholders are not at all consulted in the matter and the whole thing has been thrust upon them; of course, it can be said that there is no option, the Government having made up their mind, it is for the shareholders to accept the terms or not.

Now, I come to the resolution moved by my Honourable friend, Dr. Ziauddin Ahmad: he wants the Bill to be recommitted to the Committee with a view to compelling the Imperial Bank to make advances against immovable property. I am sorry I cannot agree with him in that. You cannot compel a Bank to lend money against securities which in their opinion are not quite good and which even other institutions will not touch. But if the idea is, just as in the case of the Reserve Bank we have constituted a separate Rural Credit Department, that the Imperial Bank of India should be asked to finance certain mortgage banks, whether they are landholders' mortgage banks or other mortgage banks, and should be asked to place certain amount of their funds to finance them, it might be considered. But to compel them to lend to each and everybody, even within a certain limit against immovable properties, I am sorry I cannot support: it may be due to my weakness as a banker who himself does not undertake this mortgage business; but, howsoever I might be said to be hostile to the Imperial Bank, or I may not like their constitution or ways, I would not thrust down their throats business which they do not approve of, and for which, if it has to be undertaken, the constitution of the Bank will have to be radically changed before it could be undertaken. (Interruption.) It may be the bankers' spirit, but it is necessary in the interests of the general depositors whose money they have got; and if we wish them to undertake this business, then we will have to alter the Imperial Bank of India Act in certain directions; and I have not the least

objection to it if the shareholders agree and if the House wants that the Bank should be reconstituted with a view to undertaking the financing of business against the security of immovable property; but, as the Bank is constituted at present, it is entirely against the spirit and the letter of the Act to give any advances against immovable property.

I would again draw special attention—I do not know whether other Honourable Members have been supplied with the memorandum which was submitted by the Bombay Shareholders Association regarding the amendment of the Imperial Bank of India Act. (*An Honourable Member*: “Not supplied.”) It is a very elaborate and well considered memorandum. I am afraid it came too late even for the Joint Select Committee to consider it

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhamadan Rural): The other members know nothing about it.

Mr. Vidya Sagar Pandya: If they apply to the Honourable the Finance Member, I am sure, he will be very glad to supply them with a copy. It is a very good document and it is worth going through; and here I may also add that I am not a very great admirer of the Bombay Shareholders' Association: it is rather a busy body which pokes its nose into other people's affairs; I think they have specialised in making other's business their own. However, in this particular respect,

Dr. Ziauddin Ahmad: May I just ask, in view of the fact that other Members have not been supplied with a copy of this memorandum, whether the Honourable Member will read out the important portions for their benefit?

Mr. Vidya Sagar Pandya: I do not know whether I can read all these twenty pages of closely typed matter, but I shall place it at the learned Doctor's disposal during lunch time

Dr. Ziauddin Ahmad: But what about other Honourable Members?

Mr. Vidya Sagar Pandya: They will have the opportunity, during the luncheon interval, of seeing it if they are so keen about it. The Association says: “Why should the Imperial Bank of India be constituted under the special Government of India Act?” The Bank should be constituted under the Indian Stock Companies Act. This is what they say. I will read one portion:

“In their Report on the Imperial Bank of India (Amendment) Bill introduced in the Legislative Assembly in 1927, the Select Committee observed :

“We have decided, in view of the fact that the Imperial Bank of India is now being converted into a commercial bank, that there is no reason why the very important requirements of sections 132 and 136 of the Indian Companies Act, 1913, should not be observed by it.”

Before proceeding further, here I should like to give credit to the Select Committee or rather to the Honourable the Finance Member, because a great improvement has been made in the matter of making sections 132 and 136 of the Indian Companies Act applicable to the Imperial Bank. Some of the Indian Chambers of Commerce have been for a long time past urging upon the Government the necessity of bringing the Imperial Bank into line with the Indian Companies Act in certain particulars, and here is one direction in which some improvement has been

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made, and I congratulate the Honourable the Finance Member upon the bold stand he has made in this matter, because this will go a great way in inspiring confidence in the minds of the public. Here I may briefly explain how it is an improvement. All the Joint Stock Banks in the country, under the Indian Companies Act, are required to show what is the total amount of liabilities of the Directors, how much the Directors and the firms and concerns with which they are connected have borrowed money from the Bank. Now, in the Imperial Bank Act, there was no such provision, and some doubts were raised in certain quarters that the Directors were too much indebted to the Bank and the Imperial Bank had not taken sufficient care in the matter. They should have cleared the suspicion, but the Imperial Bank never cared to take any notice of these things. In future, under the new regulation, they will have to show the amount of money which the Directors and their concerns owe to the Bank, and the second part is that bad and doubtful debts will also have to be shown in future. Under the old provisions of the Imperial Bank Act, they were not required to show these details. No doubt, provision was being made by the Bank for bad and doubtful debts, but it was not necessary that the item should be shown. However, as the Bombay Shareholders' Association has pointed out, there are certain tricks resorted to. If a Director is connected with a private joint stock company which owes some money to the Bank, it has been held that the amount due from such concerns need not be shown as part of the debt due by the Director or his concern. I hope a more liberal construction will be put on it, and not only the Imperial Bank, but every Bank in the country, should be compelled to clearly show all the amount due by the Directors and all their concerns, because some of the Banks which have failed on account of the Directors having put too much of the Bank's money into their own pockets

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): They can always do it. Wipe out the liability on the last day of the first half year, and start the liability on the first day of the second half year.

Mr. Vidya Sagar Pandya: Should any of the Directors play such tricks, I think Government should be able to devise methods to stop such things and compel honest dealings. It is dishonest on the part of any Directors to have any such window dressing. If they are borrowing any money, it is not only on the last day, but it must be made compulsory to show what their liabilities have been during the course of the period for which the accounts are submitted. This applies not merely to the Imperial Bank, but it should apply to all joint stock banks in the country, and the dealings of the Directors with their banks should be fully and clearly stated.

Then, Sir, coming back to the portion I was reading, this is what they say:

"The question, therefore, arises whether it is at all necessary to perpetuate the Imperial Bank Act and as to why the bank should not be made to function under the Indian Companies Act, 1913. We would, in this connection, refer to the evidence tendered before the Central Banking Committee which conveys the impression that the *raison d'être* for the continuance of the Act is made to rest on the fact that the Imperial Bank will act as agent of the Reserve Bank. We submit this is hardly a substantial argument to justify the continuance of the Imperial Bank under a special Act. Time has now definitely arrived when consistent with the status and responsibility of the Imperial Bank it can be made to work as public joint stock company incorporated under the Indian Companies Act with its own Memorandum and Articles of Association.

supplemented by a comprehensive agreement with the Reserve Bank which, among other things, should specifically provide to the effect that the agency work entrusted to the Imperial Bank is liable to be withdrawn in the event of it being proved to the satisfaction of the Reserve Bank that the Imperial Bank is not managed on sound and conservative lines."

Now, Sir, the Imperial Bank in the past has worked as an institution not in the interests of India, but in the interests of certain vested interests who exploit the country by calling it Indian business. We have seen that the Directors have not been Indian in majority. The officers in the Bank have been in a very poor minority, in fact there are only about 10 per cent of Indian officers, and that was done only during the last ten years. Therefore, Sir, no case has been made out to continue the Bank under a special Act and give a false impression to the public that the Government are watching the interests of the public as in the past. The best thing to do would be, in my opinion, though it is now too late to do so, to divide the Imperial Bank into three Presidency Banks, the Bank of Madras, the Bank of Bombay and the Bank of Bengal, as before. In that case, they would have a more manageable area to look after the requirements of the country, and the Reserve Bank could co-ordinate the working of these three institutions in the best interests of the country; it is no use running the Imperial Bank, a very important Bank, and a very formidable rival too to the new Reserve Bank, as a parallel institution; in fact the success of the Reserve Bank will depend entirely upon the co-operation or the opposition of the Imperial Bank, but I hope the Imperial Bank will render all necessary help to make the Reserve Bank a success

Dr. Ziauddin Ahmad: I mean the co-ordination should come from the Reserve Bank.

Mr. Vidya Sagar Pandya: If they are divided into three Banks, the interests of provinces like far off Madras and Burma will receive better attention than at present. Now, as it is, we are practically running on parallel lines two Reserve Banks,—one is the new White Elephant, the Reserve Bank of India, and the other old elephant, the Imperial Bank which has been trampling upon the commercial and industrial field of India and has not worked in a proper spirit so as to give full help to the trade and industries of the country. I don't say that they have not rendered any help at all, certainly they have helped certain interests, but not to the extent that they should have, not to the extent that we expected from them as a national institution of such standing with such vast resources which they possess in the shape of Government balances and prestige of Government connection, etc.

Now, Sir, I am afraid I have already taken too much time of the House, and I have probably tired the patience of some of the Honourable Members. (*Some Honourable Members:* "No, not at all. Go on.") Still I should not take any more of your time. With these words, I resume my seat.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): I should like to support the motion moved by my Honourable friend, Dr. Ziauddin Ahmad. It is not with a view to criticising the Government that I do so, but my object is that something should be done by Government and by the Imperial Bank, which is now being established under a Statute, to ameliorate the condition of the peasants and the landlords of the country. It is very easy for the Bank or for the Government to say that the money will be locked up, and it is the only argument

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which the Government in season and out of season bring forward. To say that the money is being locked up, I should call it a sort of devilish plea. There is not much ground in this. The mighty Government and the Imperial Bank which is being established by this Statute can very easily afford at least a few crores simply for the purpose of ameliorating the condition of the people. My Honourable friend says that there are 46 crores of rupees in the Government securities. If even half of it is placed at the disposal of the Imperial Bank to advance money to the landlords and the peasants, I do not see that great harm can be done to the Bank or to the Government. Government take revenues from their landlords, realise rents from the peasants, and, if the money is invested in long term loans, the Government can get a high rate of interest. To say that money should be lent and that Government do not want to charge higher rates of interest—I submit that that is inconsistent. If Government are prepared to relieve the tenants and the landlords of their burden, I am sure that all this talk about revolutionary propaganda in the country will disappear. Government ought to realise that this feeling is growing in the country. Mere dropping of leaflets from aeroplanes will not do; some more solid and substantial steps must be taken to ameliorate the condition of the peasants and the landholders. The Constitutional Reforms will not help so much the tenantry or the peasants or the poor people of India or the landholders even. We sitting here may have any Constitution, but we have to look sincerely and honestly to the condition of the masses. If a single landlord takes up into his head that his people should not pay rent or he should not deposit his dues with the Government the Government will at once come down upon him and say that the man has turned a Bolshevik. But I would say that the Government themselves are driving people to this Bolshevism. When the tenants are in a terrible calamity, the Government will have to do something. Let, as I said, some higher rate of interest be charged. We know that there is enough money lying in these Banks, and they do not find investments. A very low rate of interest is being charged and the result is that the money is not earning. The Government can, just as they realise rents and revenues, also realise the interest on the investments from these big landholders, especially such landholders as the Taluqdars of Oudh, the landlords in the Punjab and even the Indian Princes who are on a legislative basis. It is the duty of the present Government to ask the Imperial Bank to form some sort of organisation just as the Government are having a rural uplift organisation through the Reserve Bank. Where there is a will, there is a way, but I am sure the Government are absolutely callous and apathetic, simply because the landlords and tenants have not so far united among themselves. But, I say, that the day is not far off when, under the pressure of their debts, they will unite together. I hope that Government will take some salutary action in a prompt manner.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I do not believe that any useful purpose will be served by recommitting this Bill to the Joint Select Committee. As I understand it, the position of the Imperial Bank is this. With the advent of the Reserve Bank, when the public debt and the management of Government revenues will be entrusted to it, the Imperial Bank reduces itself to the position of an ordinary commercial bank. Sir, so far as the Government and the public are concerned, we need bother ourselves only with the

solvency of the Imperial Bank so that it may be in a position to carry out the agency duties of the Reserve Bank. In other words, the Bank becomes an ordinary private concern and it is left to its Directors and its shareholders to come forward in the light of their experience with proposals for the amendment of the Imperial Bank Act. We, as Members of the Legislature, would say that Government would be doing well not to unnecessarily interfere with the provisions of the Imperial Bank Act. We should not also lay down conditions which will affect the solvency of the Bank. I am afraid, the proposal embodied in clause 15 (b) and the proposal made by some Honourable Members to give loans to landlords will be of that character. I have given notice of an amendment to delete clause 15 (b) which enables the Bank to give loans on the security of debentures and other securities authorised by Indian States on the recommendation of the Government of India and, while moving it, I shall deal with that, but, in connection with the proposal to give loans to landholders on immoveable properties, I must say that it is bound to be a very risky affair. My friend, Mr. Pandya, has already said that loans on immoveable properties should not be given. It is against the rudimentary principles of sound banking that loans should be of a short term character. As a landholder, however much I may like that the landlords should be given facilities for finding money to enable them to pay Government and other dues, it would not be desirable to specifically provide here for the advance of loans on landed properties. There are already provisions to enable the Imperial Bank to give loans on the security of commodities. If any landholder wants loans on commodities, it is quite possible, under the terms of this Act, to get them from the Imperial Bank. I know the Bank does it in Madras. Suitable amendments have also been made to enable the co-operative banks to take loans from the Imperial Bank and there is a provision to extend the term of the loans to nine months as has been provided for in the Reserve Bank. Sir, there is another aspect of the question to which I want to invite the attention of the House, and it is this. In the return for the week ending the 5th January, 1934, of the statistics of the Imperial Bank, we find that on the liability side the public deposits of the Bank was six crores of rupees and the other deposits amounted to 74 crores. On the whole, the deposits amounted to the fabulous amount of 80 crores, while, if you look to the asset side, you will find that the loans and cash credits given to private people amounted only to 18 crores. The Bank has, on the other hand, invested on Government securities 46 crores and have provided advance to the Government on the ways and means side to the extent of nearly 4½ crores. On the whole, the money advanced to Government, both on the investment and securities and on the ways and means account, comes, to about 50½ crores of rupees. I presume that so much has been invested in Government securities for lack of other safe investments. I am sure there are sufficient avenues of proper investment in this country itself. The money belongs to the people of this country and I am anxious that the whole of it should be invested in such a manner as will foster the economic well-being of the country. Of course, there are new provisions which enable the Bank to deal with exchange and such things. It is apprehended, they might be used to benefit the foreign trade. The whole money ought to be invested in this country and there is enough scope in the Bill itself to do that. I hope sufficient pressure will be brought to bear upon the Directors of the Imperial Bank to have these things looked into. With these words, I support the motion for taking the Bill into consideration.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): It is unfortunate on my part as a landlord to stand up to oppose the consideration stage and to support the amendment moved by my friend, Dr. Ziauddin Ahmad, but I am convinced that if I can place facts before the House, it will support the motion which has been moved by my friend. Only two or three days ago, we had a Tariff Bill intended to give protection to national industries and commerce. Why should we not attempt to ameliorate the condition of the land-owning classes in India. By the words "land-owning classes", I do not mean only the big landlords, I also include the peasants who possess lands as well. There have been attempts and very honest attempts to help the commercial people and the industrial people of this country and the Imperial Bank is helping them to a great extent; but what has been done to help the landlords and peasantry. The bankers and Sir George Schuster may say: "This thing can be easily done by the creation of Land Mortgage Banks". I quite appreciate it, but no one knows how long it will take to create those banks. As for instance, if I need Rs. 5,000 for contributing to the relief fund for the recent calamity of Bihar and if I have no ready cash and if I ask the Imperial Bank for the money on the mortgage of my land saying that I will pay it back in six months when I will get the full collection, the Bank will say: "Well, it would have been a pleasure to lend you the money, but we regret we have no power to give money on land." It might be sometimes possible for the big landlords to get money on personal security, but it will be very difficult for the smaller landlords and specially the peasants class to get the money for short terms on land. When the Imperial Bank is a Statutory Bank, when they get the privilege of transacting business with the money collected from revenue, why should not the Imperial Bank invest money on short terms to the smaller landlords and poor peasants? We have got permanent settlement in Bengal and we have got to pay revenue before sunset; there is the sunset law. Sometimes the collection is so poor that we cannot meet even the revenue. I will tell you my practical experience.

During the Puja days, I used to collect generally fifty to sixty thousands of rupees, but this year my collection is only
 I P.M. Rs. 6,000 to Rs. 7,000, whereas I have to pay up Rs. 15,000 to Rs. 20,000 as Government revenues in instalments and again Rs. 12,000 or Rs. 13,000 as cess. Tenants are not giving us money and we cannot approach for this small sum other zamindars to stand for collateral security, and if we go to the Bank, they will say: "Well, we are only empowered to pay money on collateral security". They might possibly allow investment on my personal security in the individual case, but never in the case of those landlords with whom they are not so well-acquainted. Now, we have got no other business except Zamindari. Sir, in this country, where 75 per cent. of the population are agriculturists, the landlords are really the buffer between the order and the anarchy, and, if that be so, why should not the landlords get some little privilege through the Bank which is established by Statute? Sir, this is no exaggeration, and look at the poor condition of the landlords. There are certain items of expenditure which the landlords have to incur in any case, whereas, in the case of business men, that is not so. I am speaking from experience of Bengal, where the revenue is the lowest. I am speaking of Bengal, where we have got the permanent settlement and where it is said the revenue is less. Now, a landlord, with an income of a lakh of rupees, has to pay a minimum of 25 to 35 per cent of his income to the Govern-

ment as revenue and cess. Then, another 30 per cent is swallowed up in maintenance and costs, and then in Bengal we have got the Tenancy Act under which the landlords, in order to keep up their rights over the land, have to file suits against the tenants, because there are always arrears due from the tenants and if, after the completion of the third year, a suit is not filed against the tenant, the entire right over the rent falls through. Then, there are other items of expenses, such as court-fees, etc., which come to not less than 15 or 20 per cent. Even against the wish of the landlord, he has to file a suit legally simply to maintain his right. All these expenses come to 65 per cent. Then every landlord in Bengal has got some liabilities and he has to meet those liabilities—and they come to at least 20 per cent. Then there are public charities. The Collector comes round, presides over some meeting; draws attention to some work to be done, asks for the landlords' patronage and help, and that cannot be refused, because, it is a known fact that every landlord has to satisfy the District Magistrate, the District Judge and other officers in the interest of their own administration. So, generally speaking, what is left to the landlord? Not even 20 per cent. of the income. Now, if the realisations from the tenants come to 20 per cent. or 30 per cent.—and I can challenge anyone to disprove what I say, namely, that in the last five years the Bengal landlords are not collecting more than 30 to 40 per cent. from their tenants, whereas they have nevertheless to incur certain obligatory expenditure which cannot be ignored, how can they meet their both ends? I ask, is it not then incumbent on the State to do something for them? Where are the landlords to get the money from? If they go to *Sahukars* then there are also other charges to be initially incurred,—mortgage expenses, stamps, court-fees, and then also they have to borrow at high rates, and, even then, Sir, they cannot get the sufficient amount which they want. Sometimes the interest is so high that it comes to about 20 per cent. per annum. Thus, the landlords are gradually dwindling away. I take the liberty of warning the Government at this stage, that if they do not stand by the landlords in their dire distress, if they do not help the land-owning class in ameliorating their financial condition and if the landowning classes are ruined, then the Government will themselves invite revolution, chaos and acute communism which will destroy and wash away the very foundation of systematic administration and leave the country in the blaze of disorder and anarchy.

Sir, the landlords at all events stand by the side of the Government, simply because of their stake in the country, and if that stake is lost in this way by the Government, I think they will hasten their own calamity and invite their own destruction. Chaos and communism will reign supreme throughout the country. I tell the Government very plainly in this House that the landlords are the only stable elements that stand between anarchy and the systematic administration, and it is against the vital interests of the Government themselves to ignore the landed interests in this way.

Now, I do not want the Imperial Bank to give us long-term loans, but we only want short-term loans, and we do not seek any preferential treatment. We press only our legitimate claim for the identical treatment accorded to the other commercial and industrial classes. We want money for short terms. If it is urged that after the completion of the short term if the landlords do not pay the money, what happens? The money is blocked! But how long? To the extent of five years at the most if the Bank is to fight in the Court. Take the case, which is known to everybody

[Mr. D. K. Lahiri Chaudhury.]

in India, I believe, of the Galstaun affair, which is an illustration of how much money has been blocked on personal security, and which story is very familiar to everybody. Crores of rupees are blocked there. If so, what will be the amount of money which will be blocked in this way if the Imperial Bank invest loans on the mortgage of land? It will not exceed Rs. 10 to Rs. 12 crores for the whole of the country. Surely, the Imperial Bank are quite capable of keeping that amount of money being blocked for five to six years. It has been clearly shown that Rs. 40 crores are given away on Government securities and that at least 10 to 12 crores from that amount remain always unrealised. Then, again, we do not seek to introduce any compulsion on the part of the Bank to grant such loans; at least if there is some provision of a permissive character and not of obligatory character, then I think in some cases at least some landlord will get relief, and then something will be done. Bearing in mind that out of 40 crores on Government securities if 10 crores are invested, then it will secure some relief to the landlord class. Even supposing the Bank has to file a suit due to non-payment of the loan on the completion of the short term, at the most that can continue for five years. May I ask the Honourable the Finance Member whether the Imperial Bank is not capable of standing that amount of money for five years only? Moreover, the Directors will invest only to their capacity. They will certainly calculate whether the amount which they will invest will be realised after six months or not! There is no compulsion to lend money on such loans, but simply the suggestion is put forward that if there is a provision inserted in this particular Bill, then in cases wherever they find it necessary or find that there is sufficient ground or sufficient scope to invest money in this direction, they can be empowered to do so; we are not seeking for any compulsion on the Imperial Bank, although in the case of commercial deposits that is so, but it is not so in this case. We simply ask for an option to be exercised; and I do not find any reason why Government should object to this principle. We are not asking for long-term loans, but for short-term loans, such as they generally grant to other sections such as the commercial and industrial people. I urge, why should not the same treatment be extended towards a section of the people of India who hold such strong securities and have such real stake in the country and who alone stand between anarchy and the administration?

My friend, Mr. Thampan, who is himself a landlord,—I don't know whether he wanted a feather on his cap by his speech,—said that, though he was a landlord, he did not want the Bank money to be invested on land. He wanted loan to be given on commodities. But I may tell him that this is not the case in Bengal. There we do not receive in kind, but in cash. We do not get grains from the tenants in exchange of their rent, but we get rent in cash. Where shall I get the commodities to place as securities?

Mr. N. M. Joshi (Nominated Non-Official): What do you want the money for?

Mr. D. K. Lahiri Chaudhury: At least to pay the revenue of the Government. We must have enough money to meet the day-to-day difficulties which we all feel. Now, my point is this. Do not the Imperial Bank themselves utilise the money which they get from the Government? And is it not the landlords who pay the revenue to Government in this country? Even the Government borrow from the Imperial Bank. What have the

poor landlords done that they should be deprived of this privilege of borrowing the money from the Imperial Bank on land? Do they not possess lands and stakes in the country and do they not help the Government in season and out of season? This ought to be treated as good security to lend them money? The Imperial Bank is always willing to advance loans to Tom, Dick and Harry which may go up to crores of rupees on personal securities. Sir, this is not fair. Those who have got property in the country cannot fly away with their bags and baggages, and yet they do not get the same privileges from the Bank as persons who have no security in the country get. After all, what is this Bank for? This Bank is established to help the people in general. And who are the people? 75 per cent. of the people are agriculturists, and if they do not get any advantage of at least short term loans on their land, then what is the use of this Statutory Bank or the Reserve Bank or even of the fiscal autonomy? They are all nothing short of nonsense. I think the landlords and those who own land have a legitimate right to get financial assistance from the State, and it can be done through the Imperial Bank. With these words, I wholeheartedly support the motion that has been moved so ably by my friend, Dr. Ziauddin Ahmad.

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. President (The Honourable Sir Shanmukham Chetty) in the Chair.

LETTER FROM H. E. THE VICEROY CONVEYING THANKS FOR
ASSEMBLY'S CONTRIBUTIONS TO THE EARTHQUAKE
RELIEF FUND.

Mr. President (The Honourable Sir Shanmukham Chetty): With regard to the generous response made by Honourable Members of the House to the appeal of His Excellency the Viceroy for contributions to his fund, I have received the following letter from His Excellency:

"My dear Mr. President,

I would ask you to accept for yourself and to convey to all the Honourable Members of the Legislative Assembly my very sincere thanks for the generous manner in which they have supported the appeal for funds which I have made on behalf of the sufferers in the recent earthquake. From the information already available, it is evident that the damage which has been caused in Bihar alone amounts to several crores of rupees and therefore, we shall require all the money that we can collect in order to provide relief. I am thus all the more beholden to Honourable Members for their prompt and generous response to my appeal.

Your sincerely,

WILLINGDON."

(Applause.)

THE IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, the Bill, as emerged from the Select Committee, has met with more or less general approval on broad lines and, if there are any differences of opinion, it is in certain matters of detail. The most important objection taken to the

[Mr. Bhupat Sing.]

Bill, as amended by the Joint Committee, was by the Honourable Mr. Mehrotra, a member of the Joint Committee, who appended a minute of dissent. He objects to the proposed suggestion in the Joint Committee Report that loans should not be advanced on the security of immovable property. My friend, Mr. Mehrotra, has adduced very strong reasons in favour of the advance of loans on immovable property which will give a great relief to the landholders and zamindars as a class and especially to the zamindars of Bengal, Bihar and Orissa and other parts of India where the permanent settlement exists. In times of failure of crops and for other reasons the landlords are unable to collect anything from their ryots, whereas they are to pay the Government land revenue on the fixed date. Even at the present moment, the zamindars are in an unenviable position, as they cannot get loans except at a very heavy rate of interest, and if Banks like the Imperial Bank are made to advance loans on landed properties, it will be a great relief to the zamindars to get ready money at cheaper rate of interest to pay the Government revenue. In the absence of such an advantage, the zamindars are to borrow from private agencies at a very high rate of interest which in some cases prove ruinous to many ancient families. But, Sir, in spite of all this there is another side of the picture to this question. If it is made obligatory or even optional on the part of the Bank by this Bill to advance loans on landed properties in India, I think the real business of the Bank, will be stopped, because, in the course of a few years, the major portion of the Bank's capital will be locked up in immovable properties and the Bank, instead of remaining a Bank, will be changed into a monopoly landholder in the major portions of India like the late East India Company. Further, there are other difficulties as well: Let us imagine a picture when 50 landlords want advances from the Bank on a certain particular date and the Bank is not in a position to advance loans to all of them, and naturally they will have to refuse to advance to some of them. It will bring in favouritism and nepotism which I for one desire to avoid. Even the acceptance of immovable properties as collateral securities under the existing Bill has already brought in a bad reputation to the Imperial Bank as regards favouritism. It is openly said that such immovable properties are accepted by the Imperial Bank from some of the favourites of the Bank officials. I would even go a step further and suggest that the present power of accepting immovable properties as collateral securities by the Imperial Bank should also be removed, which will disarm the public criticism and a very genuine criticism too of favouritism by the Bank. The remedy for the grievances of the landlords does not lie in forcing the Imperial Bank to advance loans on landed properties, but the real remedy lies in forcing the Government to establish a Land Mortgage Bank as envisaged by the Central Banking Enquiry Committee.

Sir, in this connection I would earnestly request the Government to consider seriously the suggestion of the Central Banking Enquiry Committee for the establishment of a Land Mortgage Bank which will help the big landlords and the smaller ryots as well. I would at this stage ask the Government what steps they have taken on that recommendation of the Central Banking Enquiry Committee, and, if no action has as yet been taken, what action they propose to take for the amelioration of the hardships of the landholders enumerated in Mr. Mehrotra's minute of dissent.

In coming to the minute of dissent signed by the Honourable Mr. Basu and others, I have only to say that I do not agree that the provision made in the Bill for the election of an additional member should be substituted by the power to elect temporary members in place of the absentee members. By the present Bill, we are enlarging the number of seats given to the Local Boards to send their representative to the Central Board from two to three, so that more Indians may go to the Central Board, and I do not think that in these days when everywhere people are demanding more franchise and more seats on all elective bodies, the number of seats should be decreased from the proposed number of three to the original number of two. Probably Mr. Basu desired this change, as he thought generally the representation of Local Boards on the Central Board was ineffective owing to the large number of absentee representatives. To meet that point, I would suggest that a provision should be made in this Bill that, if a member of the Local Board fails to attend three consecutive meetings of the Central Board, his seat shall be declared vacant, so that it will prove a great check on the Local Board members to be present at the meetings of the Central Board. At present once a member is elected, he does not take much interest in the work for which he is elected. Even, I am afraid, the same lacuna is to be found in the electoral rules of the legislative bodies which is proved by the large number of absentee Members of this House and the other.

Last, but not the least important, is the question of Indianisation of the higher posts of the Bank. A few years ago, the system of recruitment of probationers was introduced for the sole object of Indianising the higher posts of the Bank, but, for reasons best known to the European officials of the Bank, that system has either been abolished or has been kept in abeyance. I would insist that Government should keep an eye on this very important question and the liaison officer suggested in the Bill should also be vested with this further duty to see that Indianisation of the higher posts of the Bank is going apace and not neglected by the Bank authorities. Another oft-repeated criticism made against the Imperial Bank is that it never helps indigenous Banks or industries, and I hope the Government will examine from time to time whether the Bank is carrying on its business for the interests of India or for the interests of Manchester, Birmingham and Leeds. Sir, I support the motion for consideration of the Bill.

Dr. R. D. Dalal (Nominated: Non-Official): Sir, I oppose the amendment moved by my Honourable friend, Dr. Ziauddin Ahmad, which seeks to recommit the Imperial Bank of India (Amendment) Bill to the Joint Select Committee. Sir, in intervening in this debate, my justification is that I desire to remove the misconception that exists in the minds of some Honourable Members like my friend, Mr. Vidya Sagar Pandya, and also in the public mind that the Imperial Bank of India generally favours Europeans with appointments. I shall endeavour to the best of my ability to disabuse the minds of the Honourable Members of that erroneous impression. So, Sir, with your permission, I wish to say just a few words on the question of the Indianisation of the staff of the Imperial Bank of India. At the outset, I may point out that the Imperial Bank of India, though constituted by Statute for Government treasury business, is in my opinion a private institution, and that the Directors and the Governors of the Bank are exclusively responsible to their shareholders. Therefore, the question of recruitment to posts in the Imperial Bank of India is entirely

[Dr. R. D. Dalal.]

the domestic concern of the Bank and is not under Government control. Of course Government have effective means of expressing their views as regards Indianisation through their own representatives on the Central Board. But, Sir, I must make it clear that the Imperial Bank is not enjoying special benefits from Government, which would justify Government in imposing conditions on the Bank as regards the Indianisation of the staff.

Mr. A. H. Ghuznavi (*Dacca cum Mymensingh: Muhammadan Rural*): Do they not use Government funds?

Dr. R. D. Dalal: No small praise is due, therefore, to the Imperial Bank authorities for rapidly advancing in the direction of Indianisation of the staff. They fully recognise that considerations of national prestige, national self-respect, economic expediency, and financial advisability are all concerned in this question; and it is a matter for general satisfaction that the Imperial Bank authorities are outstandingly sympathetic towards Indian aspirations, and that they fully appreciate public opinion on this point and are doing their best to give effect to it, and that they quite understand and sympathise with the obviously natural desire of Indians to see appointments in the Imperial Bank of India filled by the sons of their own country. The Imperial Bank authorities have taken special steps to provide opportunities and facilities for the training of Indians in Banking, and of associating Indians in the management of the Bank. There is no sign of obstruction; and there is every sign of co-operation and help. That, Sir, I submit, is an asset of priceless value. The figures on pages 372 and 874 of the report of the Indian Central Banking Inquiry Committee show what advances the Imperial Bank of India has made in the recruiting of the Indian staff. Sir, let me compare the state of affairs that existed in 1921 at the time of the amalgamation of the three Presidency Banks of Bengal, Madras and Bombay with what obtained in 1933. The staff of the Imperial Bank of India may be arranged under three heads, namely, Europeans, Indian-supervising staff, and Indians other than supervising staff. In 1921, at the time of amalgamation of the three Presidency Banks, there were 194 Europeans, 90 Indian-supervising staff, and 4,004 Indians other than supervising staff. In 1933, there were 235 Europeans, 333 Indian-supervising staff, and 6,749 Indians other than supervising staff—i.e., an increase of 21 per cent., 270 per cent., and 68 per cent., respectively. In other words, during the period 1921-1933, while the Europeans increased in number by only 41, the Indians increased in number by 243. These figures, showing the increase in the proportion of Indians in the supervising staff of the Bank, are most striking and convincing. I may add that since 1928, 68 European officers have retired, and that since 1929, there has been complete cessation of the recruitment of European officers and the supervising staff has been maintained at its strength by the appointment of Indians only. It will, therefore, be seen that the Imperial Bank of India has pursued a vigorous policy of Indianisation in promoting Indians to higher and responsible positions in the Bank with a view to reducing the cost of the management of the Bank, and to provide a personnel that has an intimate acquaintance with the languages of the country, and is fully conversant with the life and habits of the people among whom business is to be conducted.

Raja Bahadur G. Krishnamachariar: Sir, I had no intention of speaking anything upon a motion which took only 30 seconds to move, because, after passing the Reserve Bank Bill, and this Bill being practically a supplementary Bill where references and cross-references to the Reserve Bank Bill became necessary, I did not know that it required all these elaborate speeches we have been treated to. Sir, my Honourable friend, Dr. Ziauddin, would probably excuse me when I say that his amendment seems to be somewhat contradictory in its terms. He says it should be sent back to the Joint Committee in order to revise the constitution of the Bank. Supposing this House agrees to do that and the Bill goes back to the Joint Committee; in the meanwhile, we have passed the Reserve Bank Bill so far as this House is concerned, and if it passes the Council of State and even then this Imperial Bank Bill has not come back from the Joint Committee with all the instructions given to it by means of this motion fully carried out, what is the result? We have got at least 25 sections of the Reserve Bank Bill, so far as I remember, which make references to the Imperial Bank Bill. What is the position? I am not acquainted with the procedure in British India, but I know that according to the books which I had read, where an amending Bill concerns only to certain sections of an Act, the entire Act is not before the Legislature so as to deal with it in any way you like. Consequently, where sections which are not concerned with the actual scope of the amending Bill are to be tackled, that should be done by means of a separate Bill and not by a side issue in connection with that amending Bill. I had a talk with my friend, Mr. Vidya Sagar Pandya, about it, and he told me that in the Select Committee they went through all the sections of the Imperial Bank Act before agreeing to many of these amendments.

The Honourable Sir George Schuster (Finance Member): I would like to correct that; if my Honourable friend, Mr. Vidya Sagar Pandya, made any such statement, I venture to say that it does not approximate very closely to the truth.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): On a point of order, Sir. Is it permissible to mention on the floor of the House any private conversations? There has been a ruling on this point by Sir Frederick Whyte that private conversations should not be referred to in the course of public discussions: I want a ruling on that matter.

Mr. President (The Honourable Sir Shantmukham Chetty): That ruling holds good.

Raja Bahadur G. Krishnamachariar: It is only as a preliminary to my stating the proposition, and as I was not a member of the Select Committee and as there was nothing very very secret or confidential in this matter, I thought there was no harm in stating it for the reason that it is only a preliminary to the position I am taking, that position being that in an amending Bill the whole Act of which this is only a short amending Bill, is not open to discussion; and, in discussing it in a casual manner, I was told that this thing had happened and now I find that it is not so; but I would proceed further and say that even if it had been done, in a certain sense it would have been right, because you ought not to introduce by means of an amending Bill any clause which would go against

[Raja Bahadur G. Krishnamachariar.]

the principles or the provisions of the original Act; and, consequently, after deciding upon the amendments, at least so far as I know—I was working, they might say, in a very backward province—what I generally think is that when the Select Committee agreed to a certain amendment, it was the duty of the Government Department to see that it did not conflict with any existing provision of the Act, so that, when you come back here, you find yourselves at sixes and sevens

Dr. Ziauddin Ahmad: May I just explain my position? What I said was that, after the establishment of the Reserve Bank, the position of the Imperial Bank would change and really no Statutory protection was needed at all, and the only thing which should be done now is to have two clauses, one to repeal the 1920 Act, and another making provision how this transfer should be made; but I said further that if we wanted Statutory protection, then you could only give it on this condition.

Raja Bahadur G. Krishnamachariar: That was just the position I am contesting, and if I may say so, contesting as strongly as I possibly could. These two provisions which are asked to be laid down in an amending Bill may be perfectly right in a separate amending Bill framed with that view. In this Bill, which was introduced by the Government for the purpose of making certain amendments to certain sections in the Imperial Bank of India Act, in order to bring it into line with the provisions made in the Reserve Bank Act, I say the procedure suggested by the Honourable and learned Doctor is not available to this House, and that is the reason why I say such an amendment does not lie in connection with the present Bill. Another point about which I am still in doubt is that when a Bill comes back from the Select Committee and the Member in charge moves that the report of the Select Committee be taken into consideration, it is not easy to understand what is the scope of the discussion allowed thereon, especially when amendments have already been tabled. Take for instance, the question of the establishment of a land mortgage bank. There are already dissenting minutes signed by a number of persons regarding the facilities to be given to landlords upon the securities of their lands; and amendments have been tabled. I suppose, when these amendments will be taken up, these points that are now urged will all be urged again. Consequently, it is purely a repetition; and if I may respectfully say so in a quite inoffensive manner, it is an absolute waste of time. I have never been able to understand and I want only to seek information on this point, whether it is advisable, not to put it higher, that the same points which would come up for discussion hereafter on the amendments should be taken up and discussed now. These are the two difficulties in which I find myself after hearing the arguments so far and that is my apology for standing up in my place to speak.

There is only one point and that is the objection taken by my friend, Mr. Pandya, regarding the granting of loans to Indian States. He said that they might not be liable to be sued; under the Civil Procedure Code, where a Prince does business in British India, he is liable to be sued without any difficulty whatsoever and the only thing that is necessary is the permission of the Governor General in Council before the suit is instituted. When you find that a Bank in India, especially the Reserve Bank or the Imperial Bank, has lent money and that money cannot be recovered except by a regular suit, there will be no difficulty, at least

There ought not to be any difficulty, in getting sanction from the Governor General in Council so that the objection, if that is the only one, has absolutely no force whatsoever. Perhaps my

Mr. Vidya Sagar Pandya: Messrs. William Watson and Company lent large sums of Banker's money to Patiala and they went bankrupt, because they could not recover it from the Indian State or Ruler.

Raja Bahadur G. Krishnamachariar: It all depends whether your position comes within the ambit of the words "doing business". The same decision was given the other day in the Bombay High Court. Fazulbhoys borrowed 50 lakhs from H. E. H. the Nizam, and the first year's interest was paid by the Fazulbhoys to H. E. H. the Nizam—a sum of about Rs. 3½ or 4 lakhs. The income-tax people pounced upon that and said they wanted income-tax upon that and the case went up to the Bombay High Court, and the High Court held that where a man had money and lent it to one individual on an occasion and interest was paid on that, no income-tax was chargeable, because the words of the Income-tax Act were "doing business". However that may be, if my friend will see the Civil Procedure Code and if there is any difficulty about it, that might be altered; but this is a very good provision in view of the fact that we are all looking forward to a Federation—though not myself among that number—in which the Indian Princes are supposed to take part, and consequently there is absolutely no harm if they can lend money to me, why they should not lend money to them.

There is only one other point. I said a great deal about the attitude of the Imperial Bank regarding private borrowers; and all that I said was perfectly correct and I stand by it. But there is one thing that came to my notice after all those discussions and I think, in fairness to the Imperial Bank, I ought to make that statement. I am not a shareholder of the Imperial Bank; I have no transactions with that Bank except that I place some money with them and take care not to overdraw my account. . . .

An Honourable Member: How many lakhs?

Raja Bahadur G. Krishnamachariar: Rs. 1,000 a month as my pension: there are no lakhs—I am lacking in them a great deal nowadays. On my way to my place, I halted at Madras, and people who had read my speeches told me I was making a very great mistake, because as far as land-owners of the Madras Presidency were concerned, the Imperial Bank did exactly what I said must be done; and my friend, Mr. Sen, very strongly objected to it, because he said: "Who is going to build these godowns and wharfs and who is going to inspect all these things periodically?" But that is just what they have been doing in Madras, and I was surprised to hear it. In fact that is the sort of thing that I wanted to secure for the landholders of Southern India and I thought I was making a very great demand. I found it was only just what they had already been doing for some time past. In Rajahmundry and round about that place within a radius of fifty miles—as the Manager of the Bank showed me from a map—paddy is stored or locked up; and every man, not merely a trader, a landowner, can bring his paddy there and he is given credit in order to tide over the difficulties both for the payment of the Government *dist* and for other demands and until he is able to get a fairly good price

[Raja Bahadur G. Krishnamachariar.]

for his agricultural produce. To that extent, Sir, they should be congratulated, and if I had known it earlier, I should have mentioned it on the last occasion. I only hope that my attempt to get that thing introduced in Southern India will also prove successful, because I have no doubt they are very anxious to extend their business on sound lines and as far as I can see, they don't seem to have any disinclination to extend their business in these lines and thus help the agriculturists and landowners. It seemed to me, Sir, that, out of fairness to them, I should make this statement on the basis of what I myself found, what I myself learnt, after discussing the matter with the Agent in Madras.

Mr. S. C. Mitra: Sir, I am afraid I cannot support the motion of my

3 P.M.

Honourable friend, Dr. Ziauddin Ahmad, to re-commit this Bill to the same Joint Select Committee and there confine the Bill to two clauses. I entirely disagree with him on this point, because I want that the Imperial Bank should not be treated, even after the changes in its constitution, as a mere limited company. Though we have passed the Reserve Bank Bill, yet we know, whatever may be our ambition after some time, in the beginning the Reserve Bank will have only five or six branches. The Reserve Bank will really have to function through the agency of the Imperial Bank for a long time to come. I thought my friend, Dr. Ziauddin Ahmad, would see that if we left the Imperial Bank to the tender mercies of the shareholders, or, as argued by my friend, Mr. Pandya, to the mercies of the Managing Director, then we would not be doing proper justice to ourselves, because the branches of the Imperial Bank would be really discharging some of the public duties that it is discharging for the last so many years. In spite of the passing of the mere Reserve Bank Bill and even after the Reserve Bank is started, at last for some years the responsibilities of the Imperial Bank to the public are to be very great. So, far from leaving it alone, I for one would like that there should be proper provisions in the present Statute, so that we may have adequate control over this Bank. Sir, I gave notice of an Amending Bill to the Imperial Bank Act some time ago.

Now, Sir, it has been argued by my friend, Raja Bahadur Krishnamachariar, that in this Amending Bill we are not entitled to go into all the details with which the Imperial Bank Act deals; but, as a matter of fact, I may say that the Chairman of the Joint Select Committee permitted us all the facilities to suggest any amendment that we liked. Even if it is questioned on constitutional grounds, I think the Chairman was very fair, because though in name it is an Amending Act, really we are dealing with the Imperial Bank Act in its new phase from an entirely different standpoint, and on this occasion it is, I think, open to the House to amend that Bill on all important essential points, and we have no grievance on that score, because the Chairman of the Joint Select Committee permitted us full facilities to amend it in any way we liked.

Sir, I must confess that the attitude of the Imperial Bank towards Indians has been a matter of much discussion and complaint in the last debate,—and this time in Calcutta I made inquiries and I came to know from some of the Indian industrialists that the Imperial Bank has been helping Indians as well, but there is still, I know, difference of opinion on that point. There are others who still maintain that they have to complain much on that score.

But today, in connection with this Bill, I wish to place before the House the case of the lower staff in the Imperial Bank itself, and my friend, Mr. Pandya, has left me under a special obligation to explain that position by referring to me in his speech.

Mr. Vidya Sagar Pandya: You are the Deputy President of that Association.

Mr. S. C. Mitra: My friend, Dr. Dala], gave me some figures to show that there has been considerable Indianisation and that we need have no complaint on that question. I would like to give some figures, and I hope my friend will contradict me if those figures are not correct. By a mere glance I find that, amongst the higher officers, 237 are Europeans, while only 36 are Indians. That is sufficient proof, if any proof is necessary, to show that Indianisation has not proceeded in the proper way. It is said in one of the papers submitted by the Staff Association that:

"It may be recalled that in introducing the Imperial Bank of India Bill in 1920, the Government held out the assurance that proper and effective steps should be taken for Indianisation of the Bank's service. The pledge contained in Sir Malcolm Hailey's speech has in practice been abrogated inasmuch as it has been the policy of the management to exclude Indians altogether from superior appointments. This is borne out by the fact that the management has in a number of cases ignored the claims of senior Indian officers. We can say without fear of contradiction that no Indian has ever been appointed in higher appointments carrying special pay and allowances which are held as preserves for European officers. So far as the officers' grade is concerned, the number of European officers and Indian officers at the end of 1932, is as follows.

	European.	Indian.
Bengal Circle	110	19
Bombay Circle	68	8
Madras Circle	50	9
Central Office	9	Nil

The authorities made much of the fact that for the last two years no European officer has been recruited. But, as a matter of fact, long years will elapse to find proper work for the European officers already taken in. The junior supervising staff is certainly manned by Indians and Anglo-Indians. These supervising Assistants were taken in, on the eve of the opening of the new Branches, in accordance with the contract with the Government. The Bank was at the time in need of supervising staff at a comparatively cheap cost. But, with the close of the development programme of the Bank, these supervising Indian Assistants have come to be regarded as a supernumerary staff. Members of this grade have been called upon to shoulder equal responsibilities with junior officers without commensurate rights and responsibilities in regard to pay, allowances and other benefits of service enjoyed by the officers. Their chances of promotion to the officers' grade are extremely meagre. The numerous and complicated divisions into water-tight compartments of the Bank's higher service are calculated to attack the very principle of Indianisation."

Sir, it is possible to manipulate figures and to calculate percentages. If we include the clerks, the menial servants, the chaprasis, peons, etc., of course, one can get a higher figure, but as regards the higher posts, that really count, where there are extra allowances and privileges, it is a bare fact that there are 237 Europeans and 36 Indians at present. In this amending Bill, I want that there should be provision so that the Indian public opinion can still have its way in pressing on the Bank authorities to have real Indianisation. As regards the complaints of the lower staff, the main point is that the regularly constituted staff organisations are not at all recognised by the Imperial Bank authorities, though I know that the

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Government themselves have no objection to recognise and deal with properly constituted labour unions; because it helps not only the workers, but also the Government. It is to the mutual interest of both the employers and the employees to have these recognised labour unions, but so far as my information goes, the Bank authorities are not willing to recognise them. When I move my amendment, I shall show that there is no regular way in which to bring the grievances of the clerical staff to the notice of the authorities, though in the Act itself it has been provided that the Secretaries of the Local Boards are also *ex-officio* Directors of the Bank. It is strange that Secretaries who are merely paid officials of the Bank, nothing more, nothing less, should be on the Directorate. But if this is once conceded, I do not see why the other staff should not have similar representation, at least some representation on the Directorate. The main grievance of the staff is that their position is worse than factory labourers, because the latter have the Factories Act to protect them against prolonged hours, but these clerks are made to work very long hours. I shall give figures and statements so that it may not be said that I am merely making allegations. As regards the hours of work, I find in one of the reports:

"Accountant's Department.—All clerks of this Department excepting those of Accounts Section and the Head Despatcher have to attend office at 10 A.M., and may leave office between 5 and 5-45 P.M. The clerks of the Accounts Section, though allowed to attend office between 11 and 11-30 A.M., have to work to very late hours at night varying from 8 to 10 P.M., and sometimes longer and the allowance that is granted to them for their late hour work at night is Rs. 5 per mensem only, *i.e.*, two annas and pies nine per diem, an amount less than they require for their tiffin or tram hire.

Current Account.—Being Ledger Keepers and System Writers in general, they have to stay to late hours at night till 7 to 9 P.M., and sometimes 10 o'clock in the event of the balances disagreeing and the extra allowance they are granted for this is Rs. 4 per mensem, that is, less than two annas and three pies per diem."

I do not desire to go into all the details, but in the Public Debt Office:

"All the clerks of this office have to work late till 7 P.M., at the time of interest on Government securities falling due. None of them get any allowance for this overtime work.

Cash Department.—The Transfer Writers as well as the clerks of the Bill Section have to work awfully late hours, the former usually up to 10 P.M., and occasionally up to 12 midnight and the latter up to 7 or 8 P.M., and for this extra work the Transfer Writers are granted an allowance of Rs. 5 per mensem, the clerks of the Bill Section get nothing.

Government Account Department.—It is the Scroll writers who have to wait and work till 7 or 8 P.M., and get a pittance of Rs. 4 per mensem, *i.e.*, 0-2-3 pies per diem."

The condition seems to be worse in the branches. As regards Ludhiana, it is said that there are no fixed hours of work and one never knows when the clerk may get away from office. On usual days, clerks leave office at about 6 P.M., but on week days lamps are seen burning till late at 9 P.M., but they get no allowance for overtime work. In most cases the poor employees work without eating anything, because they cannot afford to incur additional expenditure owing to insufficient salary they draw. In Gaya, generally no one can leave office before 5-30 or 6 P.M.; but at times, *viz.*, during the Government *kist* seasons, they have to work till midnight and, on the last days of the *kists*, even the whole night has to be passed in office without any special remuneration whatsoever. In

Cawnpore, clerks have to attend office punctually at 9-30 A.M., and to work up to 6-30 P.M., or 7 P.M. At times they have to work at a stretch from 9-30 in the morning to past midnight without being allowed to go to their homes for their meals, they do not get any allowance whatsoever. In Nagpur, on week days clerks cannot on any account leave office before 8 P. M., or 9 P. M., sometimes 11 P. M., and at times midnight, on the last day of the half year some clerks have always to work for the whole night. Most of the holidays are spent in the office by almost all the clerks for doing arrear work, such as sorting of vouchers, writing pass books, and so on, and for this no allowance is given. Similar representations have been submitted, I think, to the authorities and it cannot be unknown to them. As regards the scale of pay, clerks undergo probation for a period of three years which is not taken into account in calculating length of service. Their allowances during the period of probation varies from Rs. 18 to Rs. 30, from Rs. 30 to Rs. 39 and from Rs. 39 to Rs. 47-8-0. Somebody said on a previous occasion that the pay could not be as low as Rs. 18, but I find that it is absolutely correct. There are differences about leave rules also. There are no definite leave rules for the Indian clerical staff. There is no casual leave rule for 15 days as in Government offices, and there are so many other directions in which the poor Indian clerks suffer in this big institution. They feel the grievances all the more when they find that there is discriminatory treatment between the Indian staff and the European staff. It is said:

"An institution which grants nursing fees for the treatment of the European officers amounting to a substantial sum of nearly Rs. 2,000 to Rs. 2,500, as the case may be even when the officers enjoy leave in England, an institution which can afford heavy allowances (house and acting, not to speak of other privileges), to some of the junior European officers of the Bank and to some of the seniors, such allowances as exceed even their substantive pay, cannot certainly be compared to exploiting mercantile firms of Calcutta."

In this report names are given where some of these gentlemen were given nursing fees,—Mr. Britnell Rs. 1,200, Mr. Weston Rs. 1,166, etc. I do not complain against that, let them have these fees or even more, but some provision should be made for the Indian staff, so that it may not be said that there is so much of discrimination in treatment between the Indian and European staff. A statement of junior officers drawing allowances, more or less the same as their substantive pay, is given. Mr. Moorhouse gets Rs. 500 house allowance, Rs. 375 acting allowance, total Rs. 875, though his substantive pay is Rs. 750. Mr. Anderson gets Rs. 500 house allowance, Rs. 250 acting allowance, total Rs. 750, though his substantive pay is Rs. 750. Mr. Fowler gets Rs. 500 house allowance, Rs. 250 acting allowance, total Rs. 750, though his substantive pay is Rs. 750. So, the house allowance and the acting allowance sometimes exceed and many a time equal the substantive pay. The Indians do not complain against the European getting all these, but what is contended is that the Bank authorities should not entirely forget the amenities of life of Indians. If they can pay such huge sums to the Europeans, the Indian staff can also claim proper justice at their hands. As regards senior officers, Mr. McClure whose pay was Rs. 7,000 gets an acting allowance of Rs. 1,000, free furnished house Rs. 500, income-tax paid by the Bank Rs. 750, super-tax paid Rs. 114-9-4, pay of menials Rs. 208-4-0, electric charges Rs. 40, municipal tax Rs. 97, in all Rs. 2,709-13-4.

There are lots of other privileges too numerous to mention. I can tell a number of other cases where there is a regular difference of treatment

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between Indian officers and Europeans. European officers not only seem to enjoy immunity from criminal prosecution, but are assured of being sent back to England and their passage money paid by the Bank in circumstances justifying their prosecution. The case of Mr. G. L. White who was sent to the head office

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. The Honourable Member should not go into so many details at this stage.

Mr. S. C. Mitra: I do not like to go into these details. I understand the Bank authorities have also these representations before them. They know how true these allegations are. My only justification was that I had given notice of an amending Bill, and, in view of this Bill, I do not like to take the time of the House. As that amending Bill is for circulation, I wanted to take advantage of this occasion to ventilate some of the grievances. This Bank will function for some time yet as the Government's Bank, making free use, to a large extent, of Government money. I do not agree with my friend, Dr. Ziauddin, that that Bank should be left to be treated like an ordinary limited company and I think my friend will be well advised not to press his motion. The Imperial Bank will function as the Agent of the Reserve Bank in more than one hundred centres and it should not be treated like an ordinary bank. Is there not great risk in every way to the public as well as to the Government if the Bank authorities are left to carry work in their own way and that we should not have some control over the management of this very important bank? I wonder how my friend, Dr. Ziauddin, can think otherwise. Of course I agree with him that the Bill requires amendment and he is welcome to do it. As a matter of fact, my friend, Mr. Lahiri Chaudhury, suggested that the Imperial Bank should be permitted to lend money on the security of the landed estates. It will be disclosing no great secret that in the Select Committee at one stage this point was pressed and it was carried, but the Imperial Bank authorities raised this objection. I quite appreciate their view point. What we wanted and what we do want now is some permissive power for the Bank to lend money on the security of the landed estates. The Bank must have the right in particular cases to lend money where they think that a proper case is made out and that there is no danger of the whole money being locked up. They should have this discretionary power. Why should the Bank authorities deny themselves this privilege of using their discretion under special circumstances where there is no great risk. It has been said, and my friend, Mr. Pandya, can put the case in a far stronger ground, that it is done even now on pretexts. Money is lent on a Saturday on personal security alone and, on Monday, before the actual money is transferred, arrangement is made that properties are to be offered as security under the equitable mortgage system and the documents of properties are transferred to the Bank before the actual handing over of the money. Because, even under the present conditions, the Bank deals indirectly without great risk, in collateral security of the landed properties and they take advantage of it in different ways. I suggest there should be permissive provision. It has been openly challenged by my friend, Mr. Pandya, that this method of lending on landed estates happens very often, not rarely. If that is so, I do not see why it should not be left to the discretion of the Bank to lend on real property in special cases. It is very desirable as my friend, Mr. Bhupat

Sing, said that there should be land mortgage banks. Every one accepts that it is a better system, but though the Banking Inquiry Committee reported so strongly for starting such banks, you know how difficult it is in this country to start these banks. In the meantime, the condition of the big landlords, whose position is otherwise absolutely sound, is such that they cannot borrow even small sums of money to get over their temporary difficulties. My friend, Mr. Lahiri Chaudhury, has put that case very clearly. So I would not deal with that point elaborately. A permissive clause like that is essential, if this Imperial Bank is to be run in the best interests of the Indian people. We have certainly a claim on this Imperial Bank. It is not like an ordinary limited company. It has prospered by being Government's Bank holding large reserves without paying interest or paying very little interest, and it has been paying all these years very large dividends, and the shares of the Bank are even now sold at enormous premium and all this is mostly due to the fact that this Bank was actually the Government's Bank and a public institution, and that is still more a reason why we claim that it should help the landed interest, here in India in a way where they can do so at their discretion without any risk. I support that aspect of Mr. Lahiri Chaudhury's argument. With these words, I support the motion for consideration and oppose the amendment.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural):

Sir, I oppose the motion of my friend, Dr. Ziauddin Ahmad, on several grounds. It appears to me that it is a most dilatory motion and an impracticable one and in many respects it is inconsistent. He wants that this Bill should be recommitted to the Joint Committee which is not very possible to hold in the near future or so easily as he thinks. The second point is that we have already passed the Reserve Bank Bill in this House and in that Bill we have provided that the Reserve Bank will employ the Imperial Bank as its Agent in many places. If the Imperial Bank is to be employed by the Reserve Bank, then certainly some kind of protection is to be given to the Imperial Bank, because not only the money of the subscribers or shareholders of the Reserve Bank, but also the money of the Government, that is, the public money, will be kept in the Imperial Bank in so many places, and the Imperial Bank will be the agency through which the collection of the revenues and other monies of the Government and also disbursements will be made. Therefore, the Imperial Bank does not stand on the footing of a private limited company, but requires some kind of protection from the State, because the State money will be kept in there. Then, there is another point which I cannot understand in connection with this amendment. The Mover says that the Imperial Bank may cease to be a Statutory Bank as soon as the Reserve Bank is established, and, then, later on, he says that no Statutory privilege should be given to it unless and until it agrees to advance money on the security of immovable property. Who is going to force the Imperial Bank in this matter? Is he empowering the Joint Select Committee to sit down and negotiate with the Imperial Bank as to what extent the latter authorities agree and to what extent they do not agree?

Sir, with the Reserve Bank the Imperial Bank has got nothing to do as far as legislation is concerned. They may be asked to give certain advice, but they have got no voice beyond this. But when the legislation

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is to be undertaken for the Imperial Bank, my friend, Dr. Ziauddin Ahmad, in his amendment proposes that the Joint Select Committee should be one party and the Imperial Bank should be the other party to negotiate on behalf of this House on the point that no Statutory privilege should be given to the Imperial Bank unless they agree to a certain kind of agreement. Sir, this is something which I think the House will never agree to recognise in a matter where the House itself has got the sole authority to legislate. Though this amendment does not seek one particular purpose, but the Mover's object is to send this Bill to the Joint Select Committee simply to negotiate for one particular purpose which he can very easily achieve by moving an amendment if the House agrees to that amendment. If the House is in support of him, then certainly he can carry this sort of amendment without having any negotiation. This matter can be achieved by an amendment moved and passed in this House and by not re-committing the Bill to the Joint Select Committee. That Committee sat for more than a month and came to a certain conclusion, and the same view will prevail there if it is again re-committed there. So I cannot understand what object the Honourable the Mover has in mind. Certainly, I may say, I was myself of this opinion that the Imperial Bank should be authorised to advance money on the security of immoveable property, but that does not mean that this Bill should be sent in there again. If the Honourable Member was capable of moving 149 amendments to the Reserve Bank Bill, why cannot he move an amendment to this Bill also? That would be a simple procedure, instead of sending back this Bill to the Joint Select Committee and then asking the Council of State to agree to some procedure and thus postpone this Bill which will then probably be taken up only about the September Session. Sir, we want the Reserve Bank to be set up just now and not to be delayed. This object cannot be gained by the amendment, which will only have the result of causing delay, which will be quite unnecessary, and the motion is quite impracticable. There are so many inconsistencies involved, and, therefore, I oppose the motion for reference to Select Committee and support the motion for consideration.

The Honourable Sir George Schuster: Sir, the only object with which I am concerned at present is to secure the success of the motion which I moved that the Bill as reported by the Select Committee be taken into consideration. In the way of that object, there only stands one obstacle,—the amendment moved by my Honourable friend, Dr. Ziauddin Ahmad. I think, Sir, after listening to this debate, and particularly after hearing the very effective way in which my Honourable friend who has just spoken tore in shreds the purpose of my Honourable friend who moved the amendment, I think there is little doubt that the House will accept my motion and will not be diverted from its purpose by what my Honourable friend has proposed. In these circumstances, I think it is hardly necessary for me to deal in detail with all the points raised in the course of the four or five hours' discussion. Most of them will be raised again in connection with the amendments. I have only a few words to say as regards the main purpose which I imagine underlay my Honourable friend's amendment. He refers—and I will not attempt to justify his logic—he refers especially to the desirability of the Imperial Bank advancing money on the security of immoveable property.

Now, we heard a very interesting speech on that subject from one who is—and I am sure he will himself admit it—very closely personally concerned in the matter, my Honourable friend, Mr. Lahiri Chaudhury. Now, whatever he may have said as regards the objects which he personally has in view, there can be little doubt that those who have supported amendments on the lines of that which is now before the House are really interested in putting the Imperial Bank into the position of making long-term advances on the mortgage of real property. That, I think, is sufficiently clear from the minutes of dissent which have been signed by those members of the Select Committee who supported an amendment of that kind in our discussions. I think it is quite arguable that in present conditions and in view of the difficulties which have been created by the unprecedented fall in the prices of agricultural products, I think it is quite possible that very special problems have been set up particularly among the land-owning classes who have relied on receipts from rents. It is quite possible that in those circumstances the existing machinery is not sufficient to meet their needs for credit. It is a reasonable line, I think, for Honourable Members opposite to take that, in those circumstances, Government should give its consideration to the possibility of encouraging the creation of machinery which would meet those needs, and I am prepared to say here that the Government are prepared to consider proposals of that kind. But it is impossible for us, the Central Government, to devise a scheme which will meet the needs of every part of India. What we feel about it is that it is for the various Provincial Governments to inquire into the matter and to work out in connection with their own circumstances proposals for setting up Land Mortgage Banks, if that sort of machinery will meet the needs of the case. If we get proposals from the Provincial Governments for establishing Land Mortgage Banks which require any assistance from the Central Government, then we shall be quite prepared to give sympathetic consideration to these proposals provided they are really worked out on sound lines. That is our position and I might mention here incidentally that we hope to introduce a small piece of legislation during the present Session which will meet the particular needs of the Madras Government who were anxious to ensure that the securities of a particular Co-operative Land Mortgage Bank should be treated as trustee securities. We certainly are anxious to help any sound proposal on those lines and that is really our answer to this particular proposal. Just because there happen to be special difficulties at the present moment, we do not feel that this circumstance affords any reason for altering the constitution, the rules, and the procedure of the Imperial Bank, and trying to exercise pressure on that Bank to conduct business on unsound lines. Let us be clear about the object which a bank of that kind has to serve. Primarily, the Imperial Bank will be, at any rate after the change which will be set up by the creation of the Reserve Bank, a profit-earning institution. We in the Government representing public interests have a definite concern with the position of the Imperial Bank—and here I entirely agree with what was said by my Honourable friend, Mr. Thampan,—in that we are concerned in seeing that it is a financially sound institution. We are concerned with its solvency, because the Reserve Bank which will keep our balances will have to employ the Imperial Bank as its agent. That being our position, we certainly do not wish to exert pressure on the Imperial Bank to conduct business on unsound lines. And I would put it to those who are supporting this sort of proposal—how do they explain the fact that those who are now responsible for running the Imperial Bank are not anxious

[Sir George Schuster.]

to have a provision of this kind? I know they are anxious to find opportunities for good business now, because the position of every bank in the world at present is that it has very large balances and it cannot find any sound means of employing them. If good business is offered to them, they will never turn it down. They are not concerned with discriminating between Indians and other interests. They want to find good business whether it comes from Indians, landholders or from any other source and they would not object to having powers of this kind unless they felt that the possession of those powers might put them in an embarrassing position. They want to have it definitely defined that it is not their business to get their money tied up in the form of mortgages on real property, and that is really the key of the situation.

Now, Sir, I am not saying that it is not possible to do sound business in the form of advancing money on mortgage of real property, but it is not the business of a deposit bank like the Imperial Bank which, after all, ought to keep its resources liquid in order to meet the claims of those whose money it is keeping. The Imperial Bank is not a charitable institution endowed with large funds by the Government which it ought to keep for the benefit of particular classes. It is an institution which has to look to the interests of its own shareholders and, above all, the interests of its depositors. Its money is not its own money. The main parts of its resources belong to those who give large sums of money for safe keeping to the Bank, and when Honourable Members talk about the duties of a bank to consider the interests of particular classes in this country, I maintain that they are speaking with an entire misconception of the position. The Bank will not have large sums of money at its disposal by the Government which are a source of profit to it. In fact, it has never had large sums of money in that way, because we have always calculated what should be the minimum balance kept by the Government with the Bank on terms which would remunerate the Bank for the services which it has to perform. Its connection with the Government has not been worked on a profit-earning basis. I quite agree that the prestige which that connection has given to the Bank has improved its position. But it has never been our policy to give the Bank favours in the sense of giving it large sums of money free of interest which could more than recompense it for the services which it had to perform for the Government.

Now, Sir, that is the position and I have no doubt that we shall have some more discussion about it when amendments come, but just because I anticipated that discussion that I wanted to put certain fundamental considerations before the House. If, as I said, the crisis which has come upon this country has created special needs, we are prepared to give our consideration to those needs. But we are not prepared for that reason to distort the whole of the machinery of the Imperial Bank and put it into an unsound financial position. Sir, apart from that I think there is nothing that I need say. I have little doubt that the House, or the majority of the House, are just as anxious as I am to proceed with this business and to take this Bill into consideration.

Mr. President (The Honourable Sir Shanmukham Chetty). The Chair would first put the amendment of Dr. Ziauddin Ahnadh to the House. The question is:

"That a recommendation be made to the Council of State that the Bill, as reported by the Joint Committee, be recommitted to the same Joint Committee, with instructions that the Bill be so drafted that the Imperial Bank may cease to be Statutory

Bank as soon as the Reserve Bank is established and that no Statutory privilege should be given to the Bank unless and until it agrees to advance money on the security of immovable property."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes, as reported by the Joint Committee, be taken into consideration."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 4 stand part of the Bill."

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That for sub-clause (2) of clause 4 of the Bill, the following be substituted:

"(2) For sub-section (2) of the same section the following shall be substituted, namely:

"The Governor General in Council and the Reserve Bank of India shall have power to issue instructions to the Bank in respect of any matter which, in their opinion, vitally affects their financial policy or the safety of Government Balances and that, in the event of the Bank disregarding such instructions the Governor General in Council may declare the agreement of the Bank with the Reserve Bank of India to be terminated."

This is an important privilege which we ought to reserve for the Government of India. Sir, on the floor of the House I asked several Honourable Members to give reasons why a Statutory protection ought to be given to the Imperial Bank. The Honourable the Finance Member, neither in his opening speech nor in his reply, gave any argument and my Honourable friends, Mr. Thampan and Mr. Mitra, though they both promised to give reasons for such Statutory protection while developing their arguments, did not give any reason. They could not justify it for the simple reason that no reason whatever could be given for Statutory protection of the Bank and the only reason is a majority of votes which the Government have in the House. I should like to point out to the House that supposing the Government desire at any moment to get certain information or to consult some documents from the Imperial Bank, there is no provision in the present Bill to compel the Imperial Bank to give the information or to have access to the documents. My friend, Mr. Bhuput Sing, suggests that the liaison officer is there. But he will attend meetings and I submit he has absolutely no right to compel the Imperial Bank to give access to documents. This shows that my Honourable friend Mr. Bhuput Sing, has not understood the functions of a liaison officer.

Mr. B. Das (Orissa Division: Non-Muhammadan): Mr. Bhuput Sing was a member of the Joint Committee.

Dr. Ziauddin Ahmad: He might have been. I do not know what transpired at the meeting, but I judge from the report and the facts placed before us, I ask the Honourable the Finance Member to say clearly

[Dr. Ziauddin Ahmad.]

whether the Government of India, according to the provisions of the present Bill, have any power to compel the Imperial Bank to give access to certain documents which the Government may require and whether the Government of India have power to institute enquiries. The Imperial Bank can at any time say no, there is no provision by which the Government of India can enforce its will. It must also be remembered that in future the Governor of the Imperial Bank will not be appointed by the Government of India, but by the Directors, so that the Governor or the Managing Director, as he will now be called, will not be a servant of the Government of India, but a servant of the Directors of the Imperial Bank and, in case the Managing Director stands up against the Government, there is absolutely no power whatsoever provided in the Bill by means of which these papers could be examined.

The Honourable Sir George Schuster: My Honourable friend has challenged me in this matter. I think it would save the time of the House if my Honourable friend would explain what in his opinion are the deficiencies in the provisions that we have made in clause 45 of the Reserve Bank Bill. If my Honourable friend has read the report of the Select Committee on the Reserve Bank Bill, he will find that all that he has in mind in his amendment was considered by the Joint Committee and that the Committee thought that the proper place to insert provisions of that kind was in the clause dealing with the agreement to be made with the Imperial Bank in the Reserve Bank Bill. My Honourable friend, if he turns to clause 45 of the Reserve Bank Bill, would find that all his points have been met there.

Dr. Ziauddin Ahmad: I have not got a copy of the Reserve Bank Bill before me now.

The Honourable Sir George Schuster: Then my Honourable friend is not in a position to address the House on this matter. He is insulting the House in coming before it without having read the report of the Joint Committee on the Reserve Bank Bill or without considering the relevant provisions, because his purpose is entirely covered by a section which has already been passed by this House.

Dr. Ziauddin Ahmad: My Honourable friend could not blame me for not reading the Reserve Bank Bill after the experience he had in November and December when the Reserve Bank Bill was under discussion. What I said was that I had not got a copy of the Reserve Bank Bill before me just now. I had not brought it with me this morning and from this it does not follow that I did not read it. At any rate I am not prepared to admit the charge levelled against me by the Honourable the Finance Member. What I was submitting is this, that no case has been made out for a Statutory provision. I say, we must make a real provision in the Imperial Bank Bill that if the Government at any time desire to have access to certain papers in the possession of the Imperial Bank, the Government should be able to get them. If the Imperial Bank had been a private Bank, I would not have bothered at all.

Mr. President (The Honourable Sir Shanmukham Chetty): So long as there is a Statutory provision in some Act or other, the Government can always enforce that provision whether it is in the Reserve Bank Act or in

some other Act. I think it is up to the Honourable Member to show how this amendment is necessary in view of the proviso to section 45 of the Reserve Bank Act.

Dr. Ziauddin Ahmad: Now I have got the Bill. The proviso to section 45 reads as follows:

"Provided that the agreement shall be conditional on the maintenance of a sound financial position by the Imperial Bank and that if, in the opinion of the Central Board, the Imperial Bank has failed either to fulfil the conditions of the agreement or to maintain a sound financial position, the Central Board shall make a recommendation to the Governor General in Council and the Governor General in Council, after making such further enquiry as he thinks fit may issue instructions to the Imperial Bank with reference either to the agreement or to any matter which in his opinion involves the security of the Government monies or the assets of the Issue Department in the custody of the Imperial Bank, and in the event of the Imperial Bank disregarding such instructions may declare the agreement to be terminated."

Here the initiative rests with the Reserve Bank and not with the Government of India. What I suggest is quite different. I propose that the Government of India should have power to institute an enquiry. What I propose now in my amendment is entirely different from the proviso to section 45 of the Reserve Bank Bill. I propose that the Government of India should also be empowered irrespective of the provisions in the Reserve Bank Bill to institute an enquiry. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That for sub-clause (2) of clause 4 of the Bill, the following be substituted:

(2) For sub-section (2) of the same section the following shall be substituted, namely:

"The Governor General in Council and the Reserve Bank of India shall have power to issue instructions to the Bank in respect of any matter which, in their opinion, vitally affects their financial policy or the safety of Government Balances and that, in the event of the Bank disregarding such instructions the Governor General in Council may declare the agreement of the Bank with the Reserve Bank of India to be terminated'."

The Honourable Sir George Schuster: Sir, I must oppose the amendment of my Honourable friend. It is, I think, unnecessary for the reasons that have already been pointed out. If such a provision is required, the opinion of the Joint Committee was that it would be better to provide for it in the Reserve Bank Act in connection with the agreement to be made between the Reserve Bank and the Imperial Bank. If my Honourable friend thought differently, I think he ought to have put his point of view before the House when that proviso was being discussed. In any case, in so far as the amendment of my Honourable friend would create a different position, it is a position which I think is undesirable. For example, in his amendment he gives the Reserve Bank power to issue instructions to the Imperial Bank in any matter which in their opinion vitally affects their financial policy. I maintain that it is quite improper for the Reserve Bank to have powers of that sort. If there are to be any such powers, they should vest in the Government. If the Government are to exercise their powers, then it is proper as we have provided that the Government should exercise them on the recommendation of the Reserve Bank. I think it is unnecessary to go further into the matter. Sir, I strongly oppose the amendment.

Mr. K. P. Thampan: My Honourable friend, Dr. Ziauddin, complained that I failed to explain in my speech why a special Statute was necessary for the Imperial Bank. I must apologise to my Honourable friend for the omission. I really forgot about it and I wish, if I may, to explain now.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That for sub-clause (2) of clause 4 of the Bill, the following be substituted:

(2) For sub-section (2) of the same section the following shall be substituted, namely:

‘The Governor General in Council and the Reserve Bank of India shall have power to issue instructions to the Bank in respect of any matter which, in their opinion, vitally affects their financial policy or the safety of Government Balances and that, in the event of the Bank disregarding such instructions the Governor General in Council may declare the agreement of the Bank with the Reserve Bank of India to be terminated.’ ”

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That clause 4 stand part of the Bill.”

The motion was adopted.

Clause 4 was added to the Bill.

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

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That clause 8 stand part of the Bill.”

Dr. Ziauddin Ahmad: Sir, I beg to move:

“That in clause 8 of the Bill, in the proposed sub-section (3), the following be added at the end:

‘at the several places where the local Head Offices are established under the Act.’ ”

This is a very small amendment. At present registers are kept at one place and I desire that the registers may be kept at all the head offices so that any one, who desires to stand as a candidate for a Directorship or membership of the Local Board or anything, may be in a position to go and look into the register. And it will be very inconvenient for people residing at long distances to go and look at the register. This is only a question of convenience to members and it is a question of administrative detail and not a question of broad policy.

Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

“That in clause 8 of the Bill, in the proposed sub-section (3), the following be added at the end:

‘at the several places where the local Head Offices are established under the Act.’ ”

Mr. J. B. Taylor (Government of India: Nominated Official): Sir, I hope that the House will oppose this amendment. It is, as Dr. Ziauddin says, not a matter of much importance, but it is one which will create a certain amount of administrative inconvenience to the Imperial Bank. As Mr. Vidya Sagar Pandya pointed out this morning, in the amending Bill and in the Joint Committee there was a certain amount of representation made by other banks that the Imperial Bank should be brought in certain matters on to the same basis as other banks which are governed by the Companies Act. In the Bill in its original form that Act was applied to the balance-sheet. In the Joint Committee a request was made that the provisions of the Companies Act should be applied to the list of shareholders, and that amendment has been effected by Government in the Bill as it stands now. We do not think, however, Sir, that it is reasonable to go beyond the Companies Act. Under that Act, every company has to deposit a list of shareholders at its principal place of business, and we consider that ought to be sufficient. It will ensure that in fact a list of shareholders is prepared and furnished but to compel the Imperial Bank to furnish a list of shareholders at every place of business seems to us unreasonable and for that reason I hope that this House will oppose the motion.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 8 of the Bill, in the proposed sub-section (3), the following be added at the end:

'at the several places where the local Head Offices are established under the Act.'"

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clauses 9 and 10 were added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 11 stand part of the Bill."

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That for clause 11 of the Bill, the following be substituted:

'11. In section 25 of the said Act,—

- (i) after the word 'Bombay' the words 'Delhi and Rangoon' shall be inserted; and
- (ii) for the words 'Governor General in Council' the words 'Reserve Bank of India' shall be substituted."

Sir, section 25 of the Imperial Bank Act says this:

"A Local Board shall be established at Calcutta, Madras and Bombay and may be established at such other places in British India as the Central Board may determine."

[Dr. Ziauddin Ahmad.]

The intention of this amendment is that it should be brought on the same level as the Reserve Bank. The Reserve Bank will have branches in five places as we have already decided, *i.e.*, Calcutta, Madras, Bombay, Delhi and Rangoon; and in all these five places it is desirable that there may be a branch of the Imperial Bank. My friend may object that we have already made a provision saying, "such other places in British India as the Central Board may direct". But we see that, as far as their representation is concerned, there is a definite distinction provided in a clause later on. In a later clause it is said that those places which will have branches at the very outset will have special advantages, but those branches which will be established later on will not have those special advantages. And I refer them to a particular clause in this Bill which I am sure will be passed *verbatim*. When we come to the provision about Directors representing future branches, we find:

"If any Local Board is hereafter established under this Act, such number of persons to represent it as the Central Board may prescribe."

That is, these three branches will be in a position of special advantage. We find in a later clause that the President and Vice-President of the Local Boards in Calcutta, Bombay and Madras will be members of the Central Board, but, if, at a later date, we create a branch at Rangoon or at Delhi, their Presidents and Vice-Presidents will not be members or may not necessarily be members of the Central Board. Another advantage is that Secretaries of the Local Boards established by this Act will also be members of the Local Board. If these two branches are established later on, then these Secretaries may or may not be members. Therefore, we find in clause 12 of this particular Bill which we are sure to pass as it is, that it is definitely provided that these three branches, which are to be established at the very outset, will have distinct advantages in their representation in the Central Board and any branches which may be established later on will be in a disadvantageous position. They will have to be satisfied with the little power which the Central Board may be pleased to give them: they may perhaps have only one representative or even no representative at all; and so we cannot depend on it since it will be sweet will of the Central Board. I press very strongly the case of Northern India and Burma who are entirely neglected in this particular item on account of the branches being established only in Calcutta, Madras and Bombay; and I press from the very outset that we should also have a branch in Delhi and in Rangoon so that their President, Vice-President and Secretaries may also be able to become members of the Central Board: on account of the absence of representatives of Upper India, the case of the landlords and tenants has been neglected, because the three big places I have mentioned are essentially industrial centres and their point of view and the point of view of merchants are very strongly represented on the Central Board

Raja Bahadur G. Krishnamachariar: Madras has no industry worth the name: it is mostly agricultural.

Dr. Ziauddin Ahmad: At any rate there is no representative of Northern India in the Central Board and we are afraid that the interests of the people here will be ignored. Therefore, though provision exists that the

Bank may be able to establish branches later on, still those branches will not be able to enjoy the same privileges which the branches existing at the outset enjoy; it is very desirable that these two places should be included where the branches may be opened from the very outset. I beg to move, therefore, that branches should be opened in those two places, and with these words I beg to oppose the motion moved by me. (Laughter.) (*An Honourable Member*: "Why oppose?") My friend asks me why I am opposing my own motion and I shall reply by giving a story. A boy once arrived late at school and his teacher asked him why he was late; and the boy replied that when he walked two steps forward, he slipped back three steps. The teacher thereupon asked him how he arrived at school and the boy replied "for the simple reason that I put my back towards the school". Since every motion of mine is to be opposed by the Honourable the Finance Member, I say I oppose my own motion, because the opposition of the Opposition may be the acceptance of my proposal. (Laughter.)

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That for clause 11 of the Bill, the following be substituted:

"11. In section 25 of the said Act.—

(i) after the word 'Bombay' the words 'Delhi and Rangoon' shall be inserted; and

(ii) for the words 'Governor General in Council' the words 'Reserve Bank of India' shall be substituted."

The Honourable Sir George Schuster: Sir, without professing to understand my Honourable friend's description of his own position, I am afraid I must oppose his amendment. The proposal is two-fold. First of all, he would compel the Imperial Bank to set up local head offices and Local Boards in Delhi and Rangoon and, secondly, he wishes to vest the authority for controlling the setting up of further Boards in the Reserve Bank rather than in the Government. As regards the latter point, I find it very difficult to understand my Honourable friend's position; he seems now to desire on every occasion to put in this *nimboo-nichor* institution into the place of the Governor General in Council. I oppose that portion of his amendment. As regards the other portion, it would be entirely unreasonable to take the opportunity of this amending Act, which, after all, is designed mainly with the object of reducing the restrictions on the Imperial Bank—because it ceases to be a public institution—to impose fresh restrictions on the Bank and to compel this Bank which, after all, is a shareholders' and an independent institution, to set up Local Boards at certain specified places. On these grounds, I must oppose my Honourable friend's amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That for clause 11 of the Bill, the following be substituted:

"11. In section 25 of the said Act.—

(i) after the word 'Bombay' the words 'Delhi and Rangoon' shall be inserted; and

(ii) for the words 'Governor General in Council' the words 'Reserve Bank of India' shall be substituted."

The motion was negatived

Clause 11 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That clause 12 stand part of the Bill.”

Dr. Ziauddin Ahmad: Sir, I move:

“That in clause 12 of the Bill, in part (*ir*) of the proposed section 23(7), for the word ‘two’ the word ‘four’ be substituted.”

It may be objected that I am now pressing the case for a larger number of nominated members. The way in which these persons have been nominated does not encourage me to move this particular amendment, but I hope that circumstances will change in the future; and what I fear is this, that when Delhi and Rangoon have no representation, the interests of the agricultural classes may be entirely overlooked in the general elections, because the general elections will only mean perpetuation of the present Directors, as was so beautifully illustrated by my friend, Mr. Vidya Sagar Pandya; and the only way in which the agriculturists can come in is by way of nominations. I would not have pressed this motion if the Finance Member had accepted my previous amendment about the establishment of a branch at Delhi and Rangoon, because by this amendment I only want fair representation for the agriculturists; but, in the absence of that, there is no other way by which I could think of protecting the interests of the agriculturists, of the co-operative banks and other banks which give credit to landholders. It is only by means of nomination that it can be done; therefore, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

“That in clause 12 of the Bill, in part (*ir*) of the proposed section 23(7), for the word ‘two’ the word ‘four’ be substituted.”

Mr. Vidya Sagar Pandya: Sir, I know what would be the fate of this amendment. However I will put my point of view in the matter. Personally I am always against any Government nomination on any institutions like these: I would like to abolish it completely. (Cheers.) But taking into consideration the fact that the liaison officer is to be appointed, he will come in one of these two nominated places and there will be only one place left which will be available for other interests.

The Honourable Sir George Schuster: My Honourable friend is wrong: there is no idea that the liaison officer would come in one of these two places: if my Honourable friend will look at sub-section (3), he will find that his point is covered by that.

Mr. Vidya Sagar Pandya: I am sorry, Sir, if I am wrong in this instance. In that case I do not wish to press my point.

The Honourable Sir George Schuster: Sir, I must oppose this amendment. We reached this recommendation after very long discussion in the Joint Committee: we on the Government side, contrary to what might have been expected, did not press for an exceptionally large number of Government nominees. We thought that the suggestion to have two Government nominees so as to ensure that interests which might not otherwise receive

representation should be represented on the Board was a reasonable suggestion; but we think that to increase that number to four would give Government nominees an undue proportion on the Board of the Imperial Bank. Sir, I oppose.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 12 of the Bill, in part (iv) of the proposed section 28(I), for the word 'two' the word 'four' be substituted."

The motion was negatived

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That in clause 12 of the Bill, in part (iv) of the proposed section 28(I), after the words 'not exceeding two' the words 'and not being officers of the Government' be inserted."

In this motion I take it for granted that my amendment No. 7 and others would be lost and so I put down "not exceeding two" instead of "not exceeding four" which I ought to have done. The object of this motion is that these two persons should represent certain interests which are left unrepresented and they cannot be represented by officers of the Government. We are already told that this is a private Bank, in spite of the fact that we are giving it a Statutory protection.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 12 of the Bill, in part (iv) of the proposed section 28(I), after the words 'not exceeding two' the words 'and not being officers of the Government' be inserted."

The Honourable Sir George Schuster: Sir, might I intervene at this stage? I have a pleasant surprise to offer to my Honourable friend who moved this amendment. We are prepared to accept the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Will the Honourable Member withdraw because the Government supports him? (Laughter.)

The question is:

"That in clause 12 of the Bill, in part (iv) of the proposed section 28(I), after the words 'not exceeding two' the words 'and not being officers of the Government' be inserted."

The motion was adopted.

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That in clause 12 of the Bill, to part (iv) of the proposed section 28(I), the following proviso be added:

'Provided that no person shall be nominated who has already acted as Director during the past preceding six years.'

An Honourable Member: Withdraw.

Dr. Ziauddin Ahmad: My friend asks me to withdraw this particular motion in favour of another, but I know the fate of both, and, therefore, I shall move both. My intention is that persons should not remain a

[Dr. Ziauddin Ahmad.]

Director in perpetuity: I am using the popular phrase of my friend, Mr. Vidya Sagar Pandya, in saying that they can only be removed by an act of God, and, therefore, I say that those persons who have already acted for five years as Directors of the Bank should not be nominated again. After all, if a man has got anything in him, he must have acted out his proposals during his five years' time, and it is not necessary that he should remain in office as Director in perpetuity, because, after some time, he becomes monotonous and everything which he could possibly say he had said it during those five years, and, if during those five years, he could not say anything, I say that he had nothing to say. This principle of five years is accepted even by Government. Can you ever imagine that the Secretary of State for India will appoint a Viceroy in perpetuity? Will the Finance Member act in perpetuity? Are our Secretaries to Government appointed in perpetuity? Are not the Governors of Provinces appointed for five years?

An Honourable Member: But they get extensions.

Dr. Ziauddin Ahmad: Extension is a different matter. The Executive Councillors are not appointed in perpetuity, but they are appointed only for five years. Therefore, this five years appointment is an accepted principle, because, if a person has got any new ideas, he is expected to have carried them out, and if he is so foolish as not to carry out his ideas in five years, then take it for granted that he has no fresh ideas to offer. Therefore, Sir, in order to bring in fresh blood, in order to bring fresh ideas, in order to bring in fresh enthusiasm, in order to bring in a new angle of vision, it is very desirable that we should have fresh blood, at least after a period of five years. Therefore, I move that five years is a very good period, and no person should be nominated again if he has acted as a Director for a period of five years.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 12 of the Bill, to part (iv) of the proposed section 28(1), the following proviso be added:

"Provided that no person shall be nominated who has already acted as Director during the past preceding six years."

The Honourable Sir George Schuster: Sir, my friend has moved that amendment, and he has spoken, as far as I understood him, on another, I am left in some doubt as to what my own procedure should be, but as I am opposing both my friend's amendments, I suppose that makes it easier. Amendment No. 9 seems to me to be an entirely unreasonable one, and as my friend has not supported it, I presume that he shares my opinion.

The amendment on which he has spoken is the one which is not included, as far as I can see, in the printed list, but it has come in in a supplementary list, and which provides that no Director shall hold office for a period exceeding five years. That, Sir, is one which I must also oppose. I strongly resent my friend's suggestion that a Director or anybody else after holding his office for five years is exhausted of all power of fresh thought and suggestion. If that is so, I suggest that my friend is very near the period of exhaustion as regards his own position as a

Member of this Assembly, and I am sure, Sir, that no one would hold that my friend's ingenuity shows any signs of approaching exhaustion. On these general and psychological grounds, I oppose my friend's amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is

"That in clause 12 of the Bill, to part (v) of the proposed section 28(I), the following proviso be added :

"Provided that no person shall be nominated who has already acted as Director during the past preceding six years."

The motion was negatived.

Mr. S. O. Mitra: Sir, I beg to move :

"That in clause 12 of the Bill, part (vi) of the proposed section 28(I) be omitted."

Sub-clause (vi) of clause 12 runs as follows:—

"The Secretaries of the Local Boards established by this Act; and."

My object in making this motion is that the Secretaries of the Local Boards should be excluded from being Directors in the Central Board. Encouraged by the attitude of Government that they sometimes accept reasonable amendments, I have ventured to move this amendment. There was a suggestion that we should move for an additional Director to represent the interest of the clerical and other staff. Sir, I could not see my way to accept that suggestion, and I do not know why in this Imperial Bank alone the representatives of the paid staff are *ex-officio* members of the Central Board. In section 28(a), it is said that the Directors specified in clauses (v) and (vi) shall be at liberty to attend all meetings of the Central Board, but shall not be entitled to vote on any question arising at any meeting. It seems these *ex-officio* Directors have merely the right to be present and take part in the deliberations, but they have no right to vote. Sir, going through it you will find that there are numbers of *ex-officio* Directors beginning with a Managing Director, the Deputy Managing Director and ending with his three Secretaries. There is no special reason why these salaried Secretaries should be on the Central Board. The grievance of the other staff is that these Secretaries being present, they take part in the deliberations often to the prejudice of the interests of the other staff. If there is to be fair dealing, then the other staff also should have proper representation on the Directorate. There is a feeling that Secretaries should not have an *ex-officio* position in the Central Board itself. It is a unique thing—perhaps not only for India, but also elsewhere—to have as many as three Directors from the salaried staff, and I still hope that Government will see their way not to maintain this peculiar position of the Secretaries.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved

"That in clause 12 of the Bill, part (vi) of the proposed section 28(I) be omitted."

The Honourable Sir George Schuster: I really find it very difficult to understand my Honourable friend's attitude about this. I should have thought that it was purely a domestic concern for the Bank. As matter of

[Sir George Schuster.]

fact, we had a good deal of discussion about this in the Joint Committee, and it was then pointed out that, as a matter of business, it was absolutely necessary for the Secretaries to attend these Board meetings though no one claimed that they should have the right to vote, and we on our side cannot see why in these circumstances we should interfere with the wishes of the Imperial Bank. The Imperial Bank desires to give the Secretaries this little additional status, which is that they attend by virtue of membership of the Board although they are not entitled to vote. I really cannot see what practical difference it can make to anybody else, and on principle we object to taking this occasion to interfere with what we consider to be purely a domestic concern of the Bank. On these grounds, I am afraid I must oppose my Honourable friend's amendment.

Mr. Muhammad Azhar Ali: The point I want to press is that if the Secretaries be on the Board, the result is bound to be that the Board will agree with the note which the Secretariat of the Bank may put up. As in every Secretariat, whatever notes, whatever briefs, whatever opinions are prepared by the Bank, Secretariat will be approved of by the Board, and although the Secretary may have no right to vote, his presence is rather objectionable. Why should the Secretaries be given this designation of a Director? I see no reason why these people should sit at the time the Board is deliberating. As in other companies, the Directors can prepare the case from the files. If the Secretaries are present, they will have their own way. With these remarks, I support the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 12 of the Bill, part (vi) of the proposed section 28(1) be omitted."

The motion was negatived.

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That in clause 12 of the Bill, to sub-section (1) of the proposed section 28, the following proviso be added:

'Provided that no Director shall hold office for a period exceeding five years.'

I do not want to repeat the arguments that I have already advanced. The first amendment related to the Directors nominated by the Government, and by this amendment I want to apply it to all; that is whether elected, or nominated, no person should hold office for more than five years. My reasons are the same which I gave in connection with my first amendment. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 12 of the Bill, to sub-section (1) of the proposed section 28, the following proviso be added:

'Provided that no Director shall hold office for a period exceeding five years.'

The Honourable Sir George Schuster: I do not want to repeat my own answers to my Honourable friend's arguments. I must oppose the amendment on the general grounds. I would also point out to my Honourable friend that what he now proposes as a proviso is strictly inconsistent with clause (iii) section 28 (1) of the Act which lays down that the Managing

Director may be reappointed after five years. He is a member of the Board and this proviso will be entirely inconsistent with that. But on general grounds I feel very strongly that this amendment ought to be opposed.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 12 of the Bill, to sub-section (7) of the proposed section 28, the following proviso be added:

'Provided that no Director shall hold office for a period exceeding five years.'

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 12, as amended, stand part of the Bill."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Clause 13 was added to the Bill.

Clause 14 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That clause 15 stand part of the Bill."

Dr. Ziauddin Ahmad: Sir, I beg to move:

"That in sub-clause (7) (a) of clause 15 of the Bill, for the words 'Reserve Bank of India' the words 'Reserve Bank of India or any of its Scheduled Banks' be substituted."

In Part I of Schedule I of the Imperial Bank of India Act, 1920, we find:

"The Bank is authorised to carry on and transact the several kinds of business hereinafter specified, namely:

(i) stocks, funds and securities (other than immoveable property) in which a trustee is authorised to invest trust money by any Act of Parliament or by any Act of the Governor General in Council and any securities of a Local Government or the Government of Ceylon."

The amendment to this clause is that after the word "Ceylon" the words "Reserve Bank of India" are also added. That is to say, the shares of the Reserve Bank are sufficient securities on which the Imperial Bank can lend out money. I want the privilege to be extended to the Scheduled Banks also, namely, that the Imperial Bank should be authorised—I do not mean to say that they should necessarily do it—to give loans on the security of the shares of any of the Scheduled Banks. Of course, it is quite right that no Bank should give advance on the security of the shares of the same Bank, but I see no reason why money may not be lent on the security of the shares of the Scheduled Banks, because the Scheduled Banks have got a general supervision by the Reserve Bank. The Scheduled Banks will have certain deposits with the Reserve Bank and if the

[Dr. Ziauddin Ahmad.]

shares of the Reserve Bank are considered sufficient security to advance money thereon, I see no reason why this privilege may not be extended to the Scheduled Banks as well.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

“That in sub-clause (1) (a) of clause 15 of the Bill, for the words ‘Reserve Bank of India’ the words ‘Reserve Bank of India or any of its Scheduled Banks’ be substituted.”

The Honourable Sir George Schuster: I am afraid I must oppose this amendment. I wish I could share my Honourable friend’s optimism as regards the effect of what he describes as the control of the Reserve Bank over the Scheduled Banks. My Honourable friend says that there is no reason for distinguishing between the shares of the Scheduled Banks and the shares of the Reserve Bank, but really if Scheduled Banks were to be included, it seems very difficult to draw the line. There is no reason why the Imperial Bank should not advance money on shares of companies as well. I may inform my Honourable friend that the Managing Governor of the Imperial Bank was in fact anxious to have power of this kind and we on our side objected to it. One of the reasons why we objected was the very strongly expressed opposition from the other Banks, and I think there is no reason to suppose that the other Banks would not oppose this modified freedom which my Honourable friend’s amendment would give. In any case I would submit that the amendment is out of place here, because in this particular section the shares of the Reserve Bank are being included, because they are treated as being on a level with trustee securities. If my Honourable friend wished to make his proposal, it would more properly be made in Schedule I, Part I, (a) (6), but I do not wish to suggest that he should do that, because on general grounds I strongly oppose the principle embodied in his amendment. Sir, I oppose the amendment.

Mr. Vidya Sagar Pandya: This is one instance where I am sorry I have to differ from my Honourable friend, Dr. Ziauddin Ahmad, and I must also oppose this amendment. I oppose it on a different ground to what the Honourable the Finance Member has done. I have always maintained that the Imperial Bank of India has not been friendly to the Indian Banks and if this power were given to them—to lend money against the shares of other Banks—there will be transfer of shares and they may acquire controlling interest in some of the Banks and these Banks will be entirely under the thumb of the Imperial Bank. As such, I do not wish to give this power for mischief to the Imperial Bank to hold the shares of the other Banks. I oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That in sub-clause (1) (a) of clause 15 of the Bill, for the words ‘Reserve Bank of India’ the words ‘Reserve Bank of India or any of its Scheduled Banks’ be substituted.”

The motion was negatived.

Mr. K. P. Thampan: I beg to move:

"That part (b) of sub-clause (1) of clause 15 of the Bill be omitted."

Part (b) runs thus:

"In sub-clause (iii) of the same clause, after the words 'a district board' the words 'or a municipal board or committee or, with the sanction of the Governor General in Council, debentures or other securities for money issued under the authority of a Prince or Chief of any State in India' shall be inserted."

This clause enables the Imperial Bank of India to advance money on the security of debentures and other securities issued under the authority of a Prince of an Indian State. There are in this country different kinds of Indian States. There are States where there is a civil list and an annual budget to be passed in its Legislature. There are States where the whole revenue of the State is the absolute property of the Prince. Instances are not rare where the financial position of States have become so chaotic that the Central Government have had to intervene and drive away the Princes from those States. I do not want to refer to the particular States I mean. I only want to point out that conditions in Indian States generally are not so good and sound as to warrant the insertion of such a clause in this Bill. If the Government really want to help the Indian States, the proper step for them would be to include the securities and debentures issued by these States under the Trustee Security Act. In that case, there would be no difficulty as there is already a provision in the Imperial Bank Act to advance loans on such things. Sub-clause (a) (1) enables the Imperial Bank of India to invest their monies in such trustee securities and debentures. The Government can insist on the Indian State concerned to have a balanced budget and also to restrict the civil list. That will ensure solvency of the States and then you can safely ask the Imperial Bank to invest their monies in such loans. I am aware that this is only an enabling clause, but there will be few Directors in a Bank to resist the behests of the Government of India. If the Governor General talks to them nicely, the chances are that they will yield and comply with the request. This is a precarious provision and the Bank will be running enormous risks if it is allowed to invest its funds in Indian States. It is stated in the clause that "with the sanction of the Governor General" money may be invested in these debentures. What does sanction mean? If the word was "guarantee", I could understand it. Supposing the Imperial Bank loses money by investing in any of these securities, will the Government of India make it good? Do they stand security? Will they help the Bank to recover the money? If so, what kind of help will they give? Without any definite assurance or guarantee, mere sanction is meaningless. Therefore, I submit that this clause must be omitted.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That part (b) of sub-clause (1) of clause 15 of the Bill be omitted."

Raja Bahadur G. Krishnamachariar: I oppose this amendment. It is entirely misconceived. If my Honourable friend would see sub-clause (b) it includes not only Princes and States, but also municipal committees and boards. He has not said anything about them. If you omit the whole clause, then municipal committees and municipal boards go out

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also. What is the reason? I am afraid my friend has been swept off his feet by the consideration that he put forward about the Princes and Chiefs of Indian States. Sir, it is somewhat difficult to understand the mentality underlying some of these amendments. When there is a provision in one part of the Bill that the sanction of the Governor General in Council is quite sufficient, then they all object to it. When there is a provision to the contrary, they say: "No, you must have the sanction of the Governor General in Council, we have not got confidence in anybody else. So let the Governor General in Council come in". And look at what the objection is to the sanction of the Governor General in Council! The Governor General sends for the Director and speaks to him nicely at lunch or dinner and then the Director so forgets his duty that he goes back to his place and says: "All right, we will advance this money". Sir, I do not think the Governor General in Council are so irresponsible a set of people that when a loan is applied for upon the security issued under the authority of a Prince or Chief, they will all close their eyes to everything, never caring to see whether there is a civil or a balanced budget, and directly a man asks that a loan should be granted upon the security of the Prince's securities, they will say: "We will send for the Director and have a nice talk with him and I am perfectly sure the rest would happen". Sir, that is an extremely uncharitable way of looking at things, especially in the case of responsible people. There ought to be some standard by which you should judge of them. Unfortunately, however, all this is irrelevant, because the sanction is for the issue of the securities. As a matter of fact, there is a great thing which has been forgotten. It says: "Securities for money issued under the authority of a Prince or Chief of any State in India". Now, the securities are issued with the sanction of the Governor General in Council and have been taken by the public. When I want to invest money, unless I am inside a lunatic asylum, I shall take some little care that that money will come back: and if, as the result of the general confidence of the public, securities have been issued upon the authority of a Prince and pro-notes have been issued, I cannot see any reason why these should not be accepted by the Imperial Bank as security for advancing loans. I submit my Honourable friend might have reserved this amendment for the Bill coming later as to whether they want protection to be given to the administration of Indian States. There probably it would come in more handy to him, but at present it is absolutely misconceived and, therefore, I oppose this amendment.

Mr. B. Das: Sir, my friend, the Raja Bahadur, has not fully appreciated the amendment that has been moved by my Honourable friend, Mr. Thampan. My Honourable friend did not mean to exclude district boards and municipalities although it appears so in the paper, but I find the Raja Bahadur has indirectly supported Mr. Thampan's amendment: he does not want to exclude district boards and municipalities, but he wants us to be charitable to these Princes.

Raja Bahadur G. Krishnamachariar: I submit, Sir, that the amendment says that that clause be omitted, and the clause says: "Not only Princes, but these securities issued by the Princes as well as district

boards and municipalities should all be excluded"—whatever may be the real intention, and they say the way to a certain place is paved with good intentions.

Mr. B. Das: As there appears to be a mistake in drafting and the Raja Bahadur has corrected that mistake, I would like to be permitted to correct Mr. Thampan's amendment by omitting the first sentence of it and I would just argue that portion of Mr. Thampan's amendment which has received so far the indirect support from the Raja Bahadur. Sir, why should we be charitable to these Princes? The next four days, as soon as this particular debate will be over, the House will listen to the tale of mismanagement and maladministration of these Princes, and today why should we statutorily provide that the Imperial Bank of India should advance money on the securities for monies issued under the authority of a Prince or Chief of any State in India? Although we have already made a different provision affecting the States that the Reserve Bank should deal with the public loan of the States, that is a different thing. This House is statutorily authorising the Imperial Bank of India to purchase securities of the States and my friend, Mr. Thampan, has already pointed out that the Directors of the Imperial Bank or their other officials are liable to fall a prey to hunts and *shikars* which the Princes arrange for them very often and, so, in the guise of *shikars* and elephant Kheddah operations, a Managing Director or a Deputy Managing Director of the Imperial Bank may be inclined to advance monies against securities that may have no market value. Sir, I do not mind the Imperial Bank doing it under its own responsibility, but I would not like there being a Statutory provision for so doing. As a member of the Joint Select Committee, I regret very much that this point eluded my eyes while we were discussing it, but I think Mr. Thampan's proposition, at least what he implied by giving notice of this amendment, is a just one and that this should be accepted by this House, and I would ask your permission, Sir, to amend Mr. Thampan's amendment in that way.

Mr. President (The Honourable Sir Shanmukham Chetty): Further amendment moved:

"That in part (b) of sub-clause (1) of clause 15 of the Bill, the words 'or with the sanction of the Governor General in Council, debentures or other securities for money issued under the authority of a Prince or Chief of any State in India' be omitted."

The Honourable Sir George Schuster: Sir, I must oppose the amendment whether it is re-amended as suggested by my Honourable friend, Mr. B. Das, or not. We think it would be unreasonable to exclude securities of this kind from the possibility of being handled in the ordinary way of business by the Imperial Bank. There are States such as Mysore, which float regular loans on their own credit, and I suggest that it is quite unreasonable that the Bank should be precluded from dealing in securities of that kind. The danger of this facility being abused is entirely guarded against by the provision that they must be securities which are sanctioned for that purpose by the Governor General in Council. My Honourable friend, the Raja Bahadur, has pointed out that there are really three safeguards. First of all, they must be securities taken up by the public. Secondly, they must be securities which have been approved by the Governor General in Council. And, thirdly, they must be securities which the Imperial Bank itself thinks are suitable as

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collateral security for an advance. I submit, any securities, which can pass those three barriers, are likely to be proper securities to be handled by the Imperial Bank in the ordinary course of their business, and, on these grounds, I oppose the motion.

Mr. K. P. Thampan: Sir, I beg leave of the House to withdraw my amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Has the Honourable Member, Mr. Thampan, the leave of the House to withdraw his amendment?

Honourable Members: Yes, yes.

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

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That in part (b) of sub-clause (1) of clause 15 of the Bill, the words ‘or, with the sanction of the Governor General in Council, debentures or other securities for money issued under the authority of a Prince or Chief of any State in India’ be omitted.”

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 30th January, 1934.