

31st January, 1934

THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

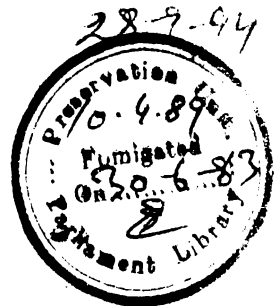
Volume I, 1934

(24th January to 16th February, 1934)

SEVENTH SESSION

OF THE

**FOURTH LEGISLATIVE ASSEMBLY,
1934**



NEW DELHI
GOVERNMENT OF INDIA PRESS
1934

Legislative Assembly.

President :

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

Deputy President :

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

Panel of Chairmen :

SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

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

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

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

Secretary :

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.

Wednesday, 31st 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.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table, the information promised in reply to part (b) of Mr. S. C. Mitra's starred question No. 1067, on the 21st November, 1933.

MARRIED LADIES EMPLOYED IN THE GOVERNMENT OF INDIA OFFICES.

*1067. 119 married ladies were employed in the Posts and Telegraphs Department and 34 in the Government of India Secretariat and Attached Offices at headquarters. Of the latter three were temporary and one was officiating.

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

- (i) the information promised in reply to starred question No. 252 asked by Seth Haji Abdoola Haroon on the 31st August, 1933
 - (ii) the information promised in reply to starred question No. 600 asked by Mr. A. Das on the 4th September, 1933; and
 - (iii) the information promised in reply to the second part of starred question No. 1397, asked by Mr. S. G. Jog, on the 12th December, 1933.
-

PAUCITY OF MUSLIMS IN THE MEDICAL DEPARTMENT OF THE NORTH WESTERN RAILWAY .

*252. (a) Government have seen the article referred to.

(b) Government are unable to supplement the information regarding the communal composition of railway staff contained in the annual administration reports published by the Railway Board with information regarding individual offices or departments.

(c) No. The permanent Chief Medical and Health Officer is a European. During his absence on leave for 6 months in 1933 the post was held by a Hindu.

The Personal Assistant is an Anglo-Indian. During his sickness for a month in 1933, his place was taken temporarily by a Hindu.

The Office Superintendent and the three Head Clerks are Hindus.

(d) During the months of May and June 1933 which presumably are the months to which the article in the 'Pilot' of Amritsar dated the 9th July, 1933, refers, no permanent Assistant Surgeons were appointed. Two Assistant Surgeons were temporarily appointed, from the list of candidates recommended for appointment by a Selection Board, in leave vacancies for periods of 2 months and about 6 months respectively, but their temporary services have since been terminated. One of these was a Sikh and the other a Hindu.

No recruitment of outsiders for the post of Sub-Assistant Surgeons has been made. Presumably the article refers to 4 men seconded by the Inspector General of Civil Hospitals, Punjab, to replace certain Sub-Assistant Surgeons who reverted to civil duty. In respect of these men the Agent, North Western Railway, had no choice in the matter of their selection. These men had several years previous service in the Punjab Civil Medical Department.

(e) Does not arise.

(f) The Agent, North Western Railway reports that in the recruitment of medical staff for the North Western Railway steps are taken to ensure that the orders contained in paragraph 62(IV) of the Rules for the recruitment and training of subordinate staff on State-managed Railways, are complied with. Copies of these rules are in the Library of the House.

As regards the superior staff the policy laid down, viz., to reserve 33½ per cent. of the vacancies for the redress of marked communal inequalities in all fresh recruitment, is followed by Government in the case of Medical Department on the North Western Railway as well.

STATUS OF TEACHERS OF THE EAST INDIAN RAILWAY INDIAN SCHOOLS.

*600. The Agent, East Indian Railway has reported that he is not aware of any appeals addressed to him by teachers of E. I. Railway schools not having been actually put up to him for orders and that it is understood that such a course is always necessary.

WELFARE SCHEME ON THE EAST INDIAN RAILWAY.

*1397. (a) The Agent, East Indian Railway reports that during the period 1st April, 1933, to the 30th November, 1933, the area committees at Balamau and Shahjahanpur had two sittings each while the area committees at Moradabad Bareilly and Lhaksar did not hold any meetings as they had no subjects for discussion.

(b) and (c). I lay on the table a copy of the proceedings of the meetings held by the area committees at Balamau and Shahjahanpur.

Proceedings of Area Welfare Committee meeting held at Balamau at 11-0 hours on 15th May 1933.

PRESENT.

1. Mr. D. L. Chaturvedi, I. O. W., Hardoi Chairman.
2. Mr. A. H. Shah, P. W. I., Sandila . Member.
3. Mr. Beni Ram, Station Master, HRI., . Member.
4. Mr. Mohammed Hanif, S. M. O., BLM. . Member.
5. Jodha Mate, P. W. I., Sitapur . . Member.

Agenda.

Divl. Supdts. Orders.

Re. *Festival Days*.—The Engineering Lower Paid Staff has grievances against the festival days counted against the rest and request that these should be treated as holidays.

I see no good reason for extending the number of holidays, mentioned below, which do not count against fortnightly rest.

The Member has been explained that this is not permissible in any other Department and as such the Engineering Staff is not entitled to it.

1 day Holy	} For Hindus,
1 day Dewali	
1 day Dasehra	
½ day Ganga Ashnan,	

Agenda.

Divl. Suptd.'s Orders—contd.

2. *Application of Babu Sri Ramji Srivastava re. leave without pay.*—In forwarding herewith the application (with 10 enclosures) of Babu Sri Ramji Srivastava the Committee is of opinion that the request is a genuine one and must be given due consideration. There being no apparent reason to deprive the man of his dues, } For Muham. dans.
- 1 day Id.
1 day Bakrid.
1 day Moharram
2. Appeal is being sent to D. S., Allahabad for a final decision.
3. *Member of Area Welfare Committee.*—Wilayat (C. & W.) fitter at Balamau has been elected as a nominated member from the C. & W. Staff in place of Saddhoo retired from service. 3. Noted.
- B. B. Goswami, C. & W. Clerk, has been elected as a nominated member from the traffic department in place of B. F. Lakhtakia Late F. S. M. transferred from this Area.

(Sd.)

Chairman,
A. W. C. Balamau.

Proceedings of the Area Welfare Committee Meeting at Balamau at 10-10 hours on 9th August 1933.

PRESENT.

1. Mr. D. L. Chaturvedi, I. O. W., Hardoi . Chairman.
2. Mr. A. H. Shah, P. W. I., Sandila . Member.
3. Mr. Beni Ram, Station Master, Hardoi . Member.
4. Mr. Mohammed Hanif, S. M. C., Balamau Member.
5. Mr. Jodha Mate, O. W. I., Sitapur . Member.

ABSENT.

6. Mr. Wilayat, C. & W. Fitter, Balamau . Member.
7. Mr. B. B. Goswami, C. & W. Clerk, Member, Balamau.

Agenda.

Divisional Superintendent's Order.

1. *Re, Pallsiding.*—The provision of a pallsiding between the transshipment dead end Siding and the staff quarters right up to the East Cabin is very strongly recommended as its non-existence is most dangerous for the children of the staff in particular and the staff in general. This question had been moved by this Committee and the resolutions were sent on 4th April 1932 but due to single opinion of the late Station Master, Balamau (R. N. Misra) the matter had been dropped. This point had been re-raised by the present Station Master, Sub-Assistant Surgeon, Balamau and all other staff living that side. This is not justified.

*Agenda.**Divisional Superintendent's Order*
—contd.

2. *District Board Tax*—There are about 185 members of the Railway staff residing at B. L. M. and it is generally felt that there is no facility for providing Education to their children. The Committee is of opinion that provision be made for a primary English School. This can be easily done combined by the Railway and the District Board as more than 75 per cent. of the staff contribute towards circumstances and property.
- The Railway Board have decided not to start any new Railway School as this is considered to be a job of the Local Government. The District Board should be addressed.
3. *Re. Sanitation at Balamau.*—There is a general complaint of the staff at B. L. M. that the sanitation immediately outside the Railway Boundary is never looked after by the District Board and this leads to spread of diseases. The cultivation is so very close to the staff quarters that to expect healthy atmosphere is absolutely out of the question. The District Board Authorities be kindly moved to take necessary steps very early.
- The District Board have been approached.
4. *Re. Sale of Meat.*—It has been widely represented by the staff at B. L. M. and supported by the Sub-Assistant Surgeon, B. L. M., that the meat supply that they get from the unlicensed unreliable butchers is injurious to the health. The staff cannot but take it as there is no proper shop near by. It is therefore recommended that a staff be provided at the station to be maintained under the supervision of the S. A. S., Balamau.
- This is not practicable.
5. *Re. Dhobi Ghat.*—The Committee requests that Dhobi Ghat be provided at Balamau so that it could be made use of by the Dhobies who would be engaged by the staff stationed here who feel it necessary. We do however propose that the necessary tax be levied on the Dhobies taking up the work. The S./M., S. A. S., and S. P. W. I. stationed at Balamau strongly put up this case for proposal.
- The provision of a Dhobi ghat is not justified at Balamau.
6. *Re. First Aid.*—The Committee recommends that Mates under Engineering Deptt. and Fitters under Interlocking Deptt. be trained in First Aid so that they can render immediate help to the staff under them in cases of accidents. It is further suggested that Quinine Pills, Tincture Iodine and a few bandages be given to them.
- I do not think these men are of sufficient education to follow the lectures and until the Medical Dept. can find time to give separate lectures brought down to their level of understanding nothing can be done.

(Sd.)

Chairman,

A. W. C. Balamau.

Minutes of a meeting of the Area Welfare Committee, Shahjahanpur, held on 12th November 1933.

PRESENT.

- Mr. L. C. Dela Croix, Acting Chairman.
 Mr. C. U. Ducasse, Representative of Class I.
 Mr. J. N. Shubbarwal, Representative of Class VI.
 Mr. Lachmi Narain, Representative of Class II.

ABSENT.

Mr. Mehar Singh, S. P. W. I. transferred.	Class VI.
Mr. Shahzad Khan, Boiler Maker, Rosa on leave	Class II.
Mr. S. A. Speechly, S. M., SPN transferred	Chairman.
Mr. Sri Nath, Elect. Fitter transferred	Class V.

As more members were absent and only four members were present they resolved that Mr. L. C. Dela Croix to sit as Chairman, till such time the full strength of membership be obtained.

Action taken by Divisional Superintendent's Office.

2. Voting books be opened for Election of new members in place of those transferred. D. S., MB to kindly issue orders for election of new members in place of those transferred. Meeting terminated with thanks to the Chair.

2. Instructions issued to all concerned for election of new members.

(Sd.) L. C. DELA CROIX,

Acting Chairman, A. W. C.

A Meeting of Area Welfare Committee, Shahjahanpur, was held on the 17th August 1933 at 15-00 hours and the following members were present :—

1. Mr. S. A. Speechly.	Chairman.
2. C. O. Ducasse	Class I.
3. Mr. J. N. Subbarwal	Class VI.
4. Mr. Lachmi Narain	Class II.
5. Mr. Sri Nath Sharma	Class V.

ABSENT.

1. Mr. Mehar Singh	Class V.
2. Mr. Shahzad Khan	Class II.

*Minutes of Meeting.**Divisional Superintendent's Order.*

1. Application of B. Hira Lal Mirra, S. M.'s clerk, re 2 months leave was put up. It was resolved that the application be forwarded to D. S. MB for necessary action. It is a pity that the applicant has not been granted leave, although it is 32 months gone by.

The leave Register shows that this man did not apply for this leave in 1931 and 1932. His application for one month received on 13th May 1933, has been registered and his name noted. His position is 59th at present. He will be spared in turn.

2. Mr. Ducasse raised the question of uncared for dogs in the railway colony at Rosa. He explained that though the action re destroying stray dogs was taken, but of late this object has been lost sight of. It was resolved that the R. S. F and S. A. S., Rosa, may be reminded of D. S. Cir. No. 32-E. of 1932.

The circular issued as regards Moradabad should apply at Rosa and action taken accordingly.

(Sd).

Chairman, A. W. C., SPN,
For Divisional Superintendent,
Moradabad.

THE IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Imperial Bank of India (Amendment) Bill.

The question is:

“That clause 15 stand part of the Bill.”

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan, Rural): Sir, I beg to move:—

“That in part (b) of sub-clause (1) of clause 15 of the Bill, for the word ‘sanction’, occurring in the fourth line, the word ‘guarantee’ be substituted.”

I pointed out the other day how precarious it would be for the Imperial Bank to invest its monies or to give loans or advances on the securities authorised by the Indian States. I also pointed out in my speech that the word “sanction” did not mean anything. I ask whether the Governor General in Council would be prepared to make good the losses which the Imperial Bank might suffer on these investments. If the idea was that there should be a sanctioning authority, the proper thing would have been to make that authority stand guarantee.

I wish to invite the attention of the House also to another aspect of the question. At present we have got a man with considerable banking experience as the Finance Member, but under the new constitution we do not know what sort of Finance Minister we shall have. He may be a subject of an Indian State and, in that case, it would be easy for him to advise the Governor General or his Cabinet to sanction a loan of this kind. Even if it were the Governor General, acting on the advice of his Financial Adviser, I would be the last man to support a provision of this kind; but, on the other hand, if the Governor General is to act on the advice of a Minister, who belongs to an Indian State, the meaning of this clause becomes absurd. It is, therefore, necessary, in the interests of the Imperial Bank, to see that its monies are secure when invested in the securities of the Indian States. I am strongly of opinion that the word “sanction” does not mean anything and, if monies should be invested in such securities, the proper word is “guarantee”. If, instead of the words “with the guarantee”, it would be more appropriate to have the words “on the guarantee”, I have no objection to that alteration. With these words. I move my amendment.

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

“That in part (b) of sub-clause (1) of clause 15 of the Bill, for the word ‘sanction’, occurring in the fourth line, the word ‘guarantee’ be substituted.”

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): I am surprised that a Member from our side should have brought forward such an amendment. He seems to care more for the interests of the shareholders of the Imperial Bank than for the interests of the general ratepayers of India.

Mr. K. P. Thampan: I care more for the interests of the shareholders of the Imperial Bank than for the interests of the Indian States.

Mr. Vidya Sagar Pandya: But the Governor General is asked to guarantee and the money is not to come from the pockets of the Governor General, but from the pockets of the ratepayers of India. As such, I do

not see why the ratepayers of India should guarantee the loans advanced by the Imperial Bank to the Indian Princes. I do not think we should be a party to such an arrangement. Sir, I oppose the amendment.

The Honourable Sir George Schuster (Finance Member): I agree with my Honourable friend who has just spoken.

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

"That in part (b) of sub-clause (1) of clause 15 of the Bill, for the word 'sanction', occurring in the fourth line, the word 'guarantee' be substituted."

The motion was negatived.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): Sir, I beg to move:

"That for part (e) of sub-clause (1) of clause 15 of the Bill, the following be substituted:

'(e) for sub-clause (vi) of the same clause the following shall be substituted, namely:

'(vi) fully paid debentures of companies with limited liability or immovable property situated in British India and Burma or documents of titles relating thereto.' "

I have already exhaustively dealt with this matter on a previous occasion, but I am afraid I cannot avoid some repetition of my arguments if only to reinforce my ground on this amendment. As one who comes from amongst the landholders, I feel it my duty to make a motion of this kind in order to make some little provision for the landholders under this Bill. I have stated very clearly and candidly that it is not my intention that long term loans should be given; my idea is entirely to make provision for short term loans. Again I do not want to make it obligatory on the Imperial Bank to lend this money; it is only a permissive provision. If the Imperial Bank does not think that a man is capable of repaying the money, it can refuse to lend him. This is only a permissive amendment, and I do not think that anybody can oppose it. I quite appreciate the spirit in which the Finance Member said the other day that he was going to bring in a Bill in this Session regarding debentures and trustee securities. The Finance Member also said that he would try his level best to consider very favourably any sound scheme brought forward by the Local Governments. I appreciate the idea and welcome it. I quite appreciate the spirit in which the Honourable the Finance Member spoke. The commercial and industrial community is helped, and I ask why should not the landed interest get the same privileges and facilities. It may be said that they can get money from the co-operative banks. It is quite true, but they cannot get more than Rs. 5,000 or Rs. 6,000 at a time. I have stated clearly and with all the emphasis at my command that the landlords want these loans for short terms only to get over their temporary difficulties. What happens in Bengal is this. The Government demand has to be paid within a fixed date, and if there is not sufficient time to collect the money; to whose door they would knock about? In that case, if we can get short term loans to clear off the demand, it would greatly help the landlords. If we can get Rs. 20,000 or Rs. 25,000 or Rs. 50,000 which will cover the revenue, we can pay it back in due time, within six months. At the utmost it may take five years and the total amount for all India may not go beyond Rs. 10 or Rs. 15 crores. If the Imperial Bank cannot stand this, what is the use of starting it on a Statutory basis? The landlords are a class who have got stake in the country and they have got interests in land and there is no danger in

[Mr. D. K. Lahiri Chaudhury.]

money being advanced to them. I quite appreciate the fact that the Imperial Bank must be run on a commercial basis. The Bank will always deal with liquid money. I think there will be very few cases in which the money will be outstanding after the expiry of six months and I can assure the Honourable the Finance Member to that effect. Of course, in the case of Galstau they lent one crore of rupees which was blocked. That does not indicate that it is a bad policy. It is a bad investment. If the Bank advances money in such a precarious and peculiar way, it is to their risk. I only want this as a permissive measure and not as an obligatory measure.

Then, Sir, it was said that the Bank should be run in the interest of depositors. The money that the Bank receives is derived from the revenues of the country, and who pays this revenue? It is the landlord that pays the revenue. So the landlords may be said to be depositors through the Government. I don't want the money for long terms. I only want that the money should be advanced for short terms. I hope you will excuse me, Mr. President, if I repeat this argument in order to emphasize it. I hope the Honourable Members will look at this amendment with sympathy. Suppose a landlord engages himself in a business and wants to buy some shares which certainly will bring him a profit if they are sold after a few months. He ought to get facilities for getting this money from the bank, so that he can return the money in due time, after he has sold them on better prices. Then, there is one other aspect of this. In many cases landlords are in temporary difficulties. I ask my landlord friends in this House whether they can deny this statement. There are occasions when they need liquid money. If they go to the *sahukar*, he will charge them higher rates of interest which the landlords cannot pay, but, if they can get it at a lower rate of interest, they can keep their credit with the Government. Sir, I move this amendment and I trust that the Honourable the Finance Member will give a sympathetic reply.

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

"That for part (e) of sub-clause (I) of clause 15 of the Bill, the following be substituted:

'(e) for sub-clause (vi) of the same clause the following shall be substituted, namely:

'(vi) fully paid debentures of companies with limited liability or immovable property situated in British India and Burma or documents of titles relating thereto.' "

Sardar G. N. Mujumdar (Gujerat and Deccan Sardars and Inamdars: Landholders): Sir, I heartily support the amendment moved by my friend, Mr. Lahiri Chaudhury. You probably know that the village uplift movement had been started by the late Governor of Bombay, His Excellency Sir Frederick Sykes. His Excellency called many meetings at which agriculturists, district and taluka local board representatives, sardars and inamdars, landholders, patels and other people were called, and they were advised to take an interest in village welfare. Books of speeches of His Excellency and the suggestions from other people were printed and they were distributed to all those people. So, many things have been told therein with a view to improving the condition of the villagers and farmers. But the pecuniary condition of the villagers is not taken into consideration therein. Most of the villagers are farmers or agriculturists and most of them are indebted. Their indebtedness is not taken into consideration. No scheme has been

started or suggested by which this indebtedness could be lessened. The villager has been asked to do so many things—to use a cöt, to have a gramophone, to have good clothes, spacious and clean houses, fresh air and good sunshine, and so on, but the real necessity for him to do so many things is money which he is greatly in want of.

Sir, if the agriculturist is given a loan on the security of his land at a very low rate of interest, then his condition will be bettered. Sir, I know landlords also are concerned in this. The good condition of the landholders is dependent upon the welfare of their tenants: the happiness of the one is dependent on the prosperity of the other. Sir, *takavi* advances are made to tenants and agriculturists, but they do not help to ameliorate their poor condition, as is expected by the Government. There may be many other reasons for this, but the fact is there. The pecuniary condition of the tenants and of the landholders, on account of the depression all over the world, is very pitiable. Under these circumstances if the landlords and also the tenants are helped by giving them loans for a short time at a low rate of interest, on the security of their lands, the real purpose of helping the agriculturists and landholders will be served. Sir, with these words, I support the amendment brought forward by my friend, Mr. Lahiri Chaudhury.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, there are certain circumstances which I submit ought to be remembered by this House in connection with the request made by my friend, Mr. Lahiri Chaudhury. My friend, Mr. Vidya Sagar Pandya, I am afraid, if I say something fully in support of this amendment, will come down upon me and will say that he is very sorry that I should come forward and support this amendment wholesale.

Mr. Vidya Sagar Pandya: You are quite safe. I won't attack you.

Raja Bahadur G. Krishnamachariar: Very well, one fear of mine has been removed, but the difficulty is this. I am not talking of my friend, Mr. Lahiri Chaudhury, but landholders have an incurable habit of not repaying their loans in time. The difficulty is that the land-holding class, having borrowed, say, Rs. 50,000 for an urgent need, does not afterwards think of repaying it when he gets Rs. 10 lakhs at the end of the year. It is not their fault. When you know you are getting an income of Rs. 10 lakhs, you have Rs. 10½ lakhs of expenditure to meet, all very urgent expenditure, and you cannot pay to the Bank. As for the Bank, well, they take interest, and, as my friend, Mr. Lahiri Chaudhury, said: "After all, if I don't pay, file a suit. You go to the High Court and if it is a sufficiently big matter, you go to the Privy Council, and this will take ten years". The High Court will take five years and the Privy Council another five years. And, Sir, my friend, Mr. Lahiri Chaudhury, is not the only man who wants a loan. I want a loan also. Everyone of the landlords unfortunately—I do not know why—is in such a chronic want of money that if anybody is prepared to give a loan, he is quite prepared to take it. I do not care whether it is going to be repaid or not. I have got lawyers, I know the defence, there is section 18 of the Contract Act or section 45 of the Partnership Act, and then there is the joint family system. My son says: "I do not care what my father did; I am not bound by these transactions". Then, what is the poor Bank to do? Mr. Lahiri Chaudhury wants a loan, lots of other landholders want a loan and the Sardar Sahib wants a loan, and the whole thing comes to Rs. two crores, held up for five years or ten years. Where is the money? My friend eloquently asked: "If you cannot lend me Rs. two cores every year,"

Mr. D. K. Lahiri Chaudhury: I did not say that. I simply said that Rs. 40 crores were advanced on the Government security out of which about Rs. 10 crores or 15 crores always remained unrealised. If that amount is invested on land, I think there is no harm. That is my point.

Raja Bahadur G. Krishnamachariar: It is simply a matter of arithmetic. We shall take it for granted that every year there is a demand from landlords for advances of Rs. two crores, and I will take it for granted that 75 per cent. of that is not coming back within six or nine months.

Mr. D. K. Lahiri Chaudhury: It is only a guess!

Raja Bahadur G. Krishnamachariar: No, that is a fact. I have not lived in vain all these years, and I make the statement absolutely without any fear of contradiction that nine-tenths do not pay, simply because they cannot pay. There are the Indian Law Reports which are replete with scores of such cases in which the father and the joint family and all that sort of thing are involved. I have had something to do with it both as a litigant and as a lawyer. Therefore, I know exactly what I am talking about. The difficulty is, how is the Imperial Bank, which has got its duty towards the depositors to discharge, every time that it has got to lend this money, to do it? It has got to go to Court, establish a Legal Department, pay Vakils and incur all this trouble. That is the position that will come when they lend money upon the direct security of immovable property. But I do not oppose this amendment in its fullest sense, because I shall also be benefited by it. I put it, however, to my friend in this way. I said on the last occasion in connection with another amendment or in the course of the debate on the consideration of the Bill what the Imperial Bank did, for instance, in the Madras Presidency. They accept your produce, they lock it up and upon that they give an advance of money. There is another way, I think, by which this could be done and that is that, if all these landlords open some account, I think the Bank will allow them an overdraft taking the land as collateral security, for which there is already a provision in the Imperial Bank Act. What I am concerned with is not that the Bank should not lend the money: I want to knock out as much as I can out of them, but the thing is that there is another party which has no voice in this House and that is the depositors. Owing to the credit of the Bank, they think their money is safe. My friend, Mr. Lahiri Chaudhury, would give them the chance of lending two crores of rupees upon a security which is quite gild-edged so far as I am concerned, but, so far as the Bank is concerned, it will put them in an awkward difficulty. Therefore, I submit that while it is not possible, upon the principles on which a commercial bank is conducted, to ask them to lend upon immovable property—and my friend, Mr. Vidya Sagar Pandya, said the other day that, as a banker, he would never do it because he has his duty towards his depositors, and I venture to submit that it is not difficult to devise means by which all these objections could be met. And the landlords may also be favoured with short loan advances, because times are very hard. We cannot get money anywhere and the *sahukar*, who has always done a very good turn to the community, is being abused, because he takes advantage of his position and wants to get more interest if he possibly can. Consequently, while on the one hand I quite appreciate the difficulties of the Bank, I also appreciate my own difficulty which is more than that of the Bank.

Therefore, I submit that some way must be devised by these gentlemen in the Bank by which this difficulty could be met. That is all I wish to submit on this amendment.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I feel I ought to say something with regard to this amendment. I do not pretend to understand banking, though, like others, I have had to deal with banks to some extent, but I must say I was very much impressed by the speech of Mr. Pandya who has an intimate connection with banks and who, if anybody, ought to know very well what the banks ought to do or ought not to do. There can be no doubt at the same time that the country needs Land Mortgage Banks all over India. Not only the landlords, who are much better off than the tenants, but the tenants, the agriculturists, the real cultivators, require help from time to time to tide over difficulties. I was not present in the House when Sir George Schuster made his speech, but I find from the newspapers that he has made a promise that Land Mortgage Banks will be established in India. I should very much welcome a project like that if it is sponsored and pressed by the Government of India. I would prefer that to amending the Bill in the manner suggested by my friend, Mr. Lahiri Chaudhury. But I am told that the promise made by the Honourable the Finance Member was not unconditional; it was conditional and tentative. Sir, I should like to have on this point a definite assurance that the Government of India do contemplate establishing Land Mortgage Banks in the country. If he can give us that definite assurance, I, on my part, should be inclined to waive any amendment to this Bill as has been proposed. There can be no doubt that the agriculturists in some parts of India are heavily indebted, and in many parts they are insolvent. I should think, so far as I understand it, that Land Mortgage Banks, with the aid of the co-operative credit societies, would be able to relieve the situation a great deal. If that be possible, I should prefer it to hampering the operation of the Imperial Bank of India by obliging them directly or indirectly to lend money on landed interests. The former would be a far more efficacious method than amending the Bill in this way. That is all I wished to say.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I agree with some of the proposals made by the Leader of the Independent Party. The Imperial Bank, as at present constituted, ought not to be allowed to give loans directly on the security of landed property, because it will be tantamount to locking up capital for a long time and thus jeopardise the deposits that have been kept with the Bank by thousands of people, big and small. The condition of the landlord class is not a very good one as has been testified to by the members of that class and some help ought to be available for them. The best remedy, as has been suggested by the Leader of the Independent Party, is to start Land Mortgage Banks, but I do not think that it would be very good on the part of Government to start such Banks. Government ought not to carry on banking business in land mortgage. Government may encourage and may give help by passing suitable legislation and in other ways, but Government by themselves ought not to take any part in the starting of these Banks. The landlord class is a very influential class and, if they take it into their heads to float such a Bank, I do not think it would be quite impossible for them to raise a decent sum of money, and in that way they will be able to help their class. I have seen landholders of Sind starting a co-operative bank for the advantage of their own class. In the

[Mr. B. V. Jadhav.]:

same way, the landlords of the different provinces may start Land Mortgage Banks either under the Co-operative Societies Act or under the Indian Companies Act and help themselves. It is said that God helps those who help themselves. So, if the landholders come forward to help themselves, I am quite sure other parties also will not lag behind in offering a helping hand. At the same time, I would like to say a few words about the cry for the Land Mortgage Banks in relieving the indebtedness of the ryots.

Mr. President (The Honourable Sir Shanmukham Chetty): The discussion, it appears to the Chair, is being switched on to a much wider issue, namely, the desirability of establishing Land Mortgage Banks and making provision for long term loans to agriculturists. That is not the issue before the House. It is a very much narrower one, whether the Imperial Bank can be authorised to lend money on the security of immovable property. The Chair just allowed a passing reference to the need for the establishment of Land Mortgage Banks, but it cannot allow the discussion to take such a wide field.

Mr. B. V. Jadhav: I have no desire to take the time of the House, but I wish to say, Sir, that the liberty to the Imperial Bank to accept landed property as collateral security is quite enough, and there should not be any burden placed on the Imperial Bank to accept the mortgages on land for security.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, this question has been raised and discussed in this House on several occasions and what we on this side wanted to know was what objection the Government had for a permissive clause like this. Referring to the old Act, Schedule I, we find a provision authorising "the Bank to carry on and transact the several kinds of business hereinafter specified" and then the details are given. By this amendment, my Honourable friend, Mr. Lahiri Chaudhuri, wants that the Bank should be authorised to carry on these transactions if they thought right and proper to do so. My Honourable friend, the Raja Bahadur, says that there will be a demand for two crores as if the Bank is bound to give these two crores on the mortgage of landed property if any demand is made. The Board of Directors will always have discretion whether to grant this loan or not. If they think it is risky or that it will encumber the Bank in lending money on land mortgage, certainly they should refuse to do so. What I want to know, and I ask again the Honourable the Finance Member is to explain what objection Government can have to a permissive provision in this clause giving discretionary powers to the Bank to carry on the business of lending money on mortgage of landed property. In the present sub-clause (vi) of Part I of Schedule I, it is provided "documents of title relating thereto as collateral security only where the original security is one of those specified in sub-clauses (i) to (iv), etc.". So, even in the present Act, there is provision to take collateral security of immovable property when it comes under either of the four sub-clauses. Yesterday I was referring to the authority of my Honourable friend, Mr. Pandya, but I find that, in the notes to the clauses by the Joint Committee, it is made clear how there is abuse of that right under sub-clause (vi):

"*Clause 11.*—We considered a suggestion that the Imperial Bank of India should be authorised to make direct advances against immovable property. In support of this

suggestion it was pointed out to us that at present the Bank was in the habit of making advances upon the security of immovable property as collateral and that in certain cases these advances are allowed to become in effect advances on the security of immovable property. We consider that it should not be the business of the Imperial Bank to make advances on the security of immovable property as such a practice might involve locking up its funds in a manner inconsistent with its functions and liabilities as a deposit Bank. We do not therefore accept the suggestion to enlarge the powers of the Bank in this respect. If, however, this principle is accepted then it must be consistently observed not only in the letter but in the spirit."

Because there was enough evidence to show that this provision is not observed in spirit and in an indirect way, the Bank is lending money on collateral security of immovable property. The report proceeds:

"We should consider it an abuse of this principle if the Bank were in any case to make advances which although they might nominally be made within the limits laid down and on approved securities were nevertheless really made not on such justification but in reliance on the possibility of taking charges on immovable property as collateral."

The only suggestion in this note is that there will be a liaison officer who would see to this. But there is nothing in the Bill itself to provide against this abuse. So, in this motion, my Honourable friend only wants that the Imperial Bank in future may be authorised, providing for all the considerations that have been advanced by the Raja Bahadur and other persons who speak in the interests of the depositors, to have the discretion to exercise those powers which they are now frequently doing indirectly. It is merely a permissive clause and I think we should have some confidence in the Directorate of the Imperial Bank and not only in ourselves. With these words, I support the motion.

The Honourable Sir George Schuster: I think there has been a good deal of misconception during the course of this discussion and the earlier discussion as to what the actual position is and what is the exact object of this amendment. My Honourable friend who moved it was very plausible. He said: "I do not want to put the Bank into the position of locking up a large amount of its funds in long term advances against real property". He said: "I am only speaking for the class of financially sound landlords who, at certain periods of the year, have needs for money which they can easily repay in a few months time," and he said, it is only reasonable that the Imperial Bank should give facilities of that kind, and he asked why, if the Imperial Bank is not in a position to do that, it should be given the privileges of what he called being a Statutory Bank. Now, Sir, I want just to deal with the last point first. He talks about the privileges of being a Statutory Bank. I venture to suggest that if anyone reads through the Imperial Bank Act and the amending Bill now before the House, he will come to the conclusion that the position of being a Bank created by these Statutes is not one of privilege, but one of restrictions. The main object of making the Imperial Bank a Bank which is dependent on a particular Act of the Legislature is not to give it greater privileges, but to put it under greater control. It is not a question of privilege, but it is a question of restrictions which are considered necessary in the public interests. Therefore, that question of my Honourable friend is, I venture to put it to him, a somewhat misleading one. Then, as regards his object, I think my Honourable friend has only had to listen to the several speeches that have been made today to find support for the objections which I have to raise. I told him the other day, when he was talking on the general motion, that whatever he might say as to his own particular needs, there could be no doubt that this sort of amendment was

[Sir George Schuster.]

being moved in order to make it possible for the Imperial Bank to act in fact as a Land Mortgage Bank and to give advances, not merely in those special cases which he has in mind, but to give advances generally to villagers, as my Honourable friend, Sardar Mujumdar, has said, to the villagers on the security of their land with the idea that those advances may not be called in very quickly. Now, Sir, I have no quarrel with that particular object and I shall have something to say about it later on, but my point is that an object of that kind is not consistent with the business of the Imperial Bank. Now, in order to clear up misconceptions, I want to explain very shortly to the House what the position is at present. I want to put it to my Honourable friend who moved this amendment that any landlord, who is in a sound financial position and the owner of unencumbered lands, will not find it difficult to get the sort of accommodation which my Honourable friend spoke about. The Bank has various powers of dealing with cases of that kind. In the first place, the combined effect of sub-clauses (v) and (vi) of Part I (a) of Schedule I is to open facilities of that kind. A landlord, it is true, has got to get another good name behind him, but, if he is in a sound position only requiring temporary accommodation, he surely ought to be able to do that, and with one good name and real property as collateral security he can get accommodation from the Bank. Then, again, for reasonable amounts, if he is in a sound position he can get help from the Bank in the nature of an over-draft. There, I would refer my Honourable friend to section 31 (1) (a) of the original Act which says:

"The Central Board shall, with the previous approval of the Governor General in Council make bye-laws consistent with this Act regulating the following matters, namely:

(a) the maximum amounts which may be advanced or lent to, or for which bills may be discounted for, any individual or partnership, without the security mentioned in sub-clauses (i) to (iv) of clause (a) of Part I of Schedule I, the conditions under which advances may be made on the said security and the extent of the sums to which accounts may be overdrawn without security."

Now, it is possible to obtain reasonable accommodation by way of overdraft for the short purposes that my Honourable friend has in mind. I do not wish now to go into the details of the matter, but I have inquired into it and I am assured that the Imperial Bank does give reasonable accommodation for short term in that way. Therefore, my point is that when my Honourable friend supports his amendment on the arguments which he used, he has really, I think, somewhat confused the position and confused the House. The sort of accommodation which a sound landlord required in the terms used by my Honourable friend can really be obtained at present from the Imperial Bank.

I come now to the other part of the case with which I must deal and which I maintain is what is really the object behind the minds of those who supported this amendment. They do wish to provide machinery which will deal with the needs of landlords and possibly villagers, as my Honourable friend, Sardar Mujumdar, has said, the needs which they have at present of raising money at low rates of interest. As I said the other day, we are quite prepared to recognise that in the circumstances which have been set up as a result of the present depression, certain needs may have come into existence which cannot be dealt with by any of the existing machinery. We are perfectly prepared to go into that matter: in fact, we are devoting a very great deal of attention to

it. I was interested and rather struck by the fact of the intervention of my Honourable friend, the Leader of the Opposition. He, as an experienced political hand, suddenly came into this discussion. As he himself said, he understands nothing about banking, but he must have said to himself: "Here is an amendment which the Government do not want to accept, for which there is apparently a good deal of support in the House; the Government Member has shown a certain amount of sympathy with the objects; I am not quite sure whether I could support this amendment, but I do see some chance of using this occasion for getting an assurance out of Government". I think my Honourable friend thus took a very practical view of the situation. He has definitely asked me for a promise. What I said the other day was this: that we do recognise that there may be new needs in the present conditions: we quite recognise the possibility that the landlords in particular have got into a very difficult position as a result of the fall in prices and that it may be that they need special credit facilities. It may be that those credit facilities could be supplied by the establishment of Land Mortgage Banks. We think that if anything is to be done on those lines, it must be initiated by the Provincial Governments. We do not believe that we could move from the Central Government, and set up a Central Land Mortgage Bank for India which would meet the needs of the case. Conditions all over India are very different conditions under which money may be required, conditions under which land is held and the nature of the security which can be given. If anything is to be done on those lines, we feel, after very careful consideration, that it must be initiated by the Provincial Governments and that each Province must come forward with proposals suited to its own local needs. Starting from that position, I said that if Provincial Governments come to us with sound schemes for starting Land Mortgage Banks, we are perfectly prepared on our side to go into the matter, and if any sort of action by the Central Government is necessary, even if that action might in certain cases have to take the form of giving some sort of financial backing, we are quite prepared to consider the matter. (Cheers.) That is our position.

Sir Abdur Rahim: May I put one question? Cannot the Government of India make the suggestion to the Local Governments that there is need for Land Mortgage Banks in the Provinces and that they would consider any suggestions made by them favourably?

The Honourable Sir George Schuster: That, in fact, not officially, but in other ways, we have already done, and I may tell my Honourable friend that it is probable that we shall be arranging, in the next month or two, a joint discussion of the whole position with representatives of Local Governments. My Honourable friend has been in a Province: he knows the Provincial Government's point of view and he probably knows that the Central Government has to be very careful in making suggestions on matters which concern Provincial Governments. We have to be very tactful in these matters. What we have done at present is to say that we are very interested in it, that we are anxious to discuss it, that we think it would be a very good thing if representatives of the Provincial Governments exchange views together on this whole subject, and that we are anxious to help if any sound line can be devised which will have, in our view, a beneficial effect on the situation. My Honourable friend

[Sir George Schuster.]

can perhaps influence people in his own Province, and other Honourable Members can influence people in other Provinces. We on this side are only too anxious to have this matter fully studied and to take any action which is sound and which is likely to lead to good results. It is a very difficult position to deal with, and I should be the last to wish to convey any impression that we think that there is available any wonderful expedient which is going to transform the situation. Whatever can be done is a matter of difficulty, and one has only to study the experience of institutions of this kind which have been set up in other countries to realise how great the difficulties are. On the other hand, that does not mean that the matter should not be studied; and if anything can be done which will give new hope to people who are in difficulties at present, with some chance of that hope being realised, it is worth doing. That is our position and, in view of that, I can only repeat what I have already said, that the whole of that subject and the whole of those needs lie outside the scope of the present measure, which is entirely concerned with one thing and one thing alone, to ensure that the Imperial Bank shall be carried on on lines which will preserve its solvency and, subject to that, to remove all unnecessary restrictions which it was necessary to impose in the past and which will no longer be necessary when the Reserve Bank is set up and takes over the great part or practically the whole of the public functions of the Imperial Bank. That is the object of this measure, and, when my Honourable friend, Mr. Mitra, asks why it is necessary for us to object to giving powers which are merely discretionary, my answer to him is that if he carries that argument further to its logical conclusion, there would be no need for having this Act at all. We want in certain matters to limit the discretion of the Imperial Bank. That is the deliberate object of this legislation; and this is one of the matters on which we think it wise, in the interests of the solvency of the Bank, to limit the discretion of its Board. Sir, on these grounds, I oppose the amendment.

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

"That for part (e) of sub-clause (I) of clause 15 of the Bill, the following be substituted:

'(e) for sub-clause (vi) of the same clause the following shall be substituted, namely:

'(vi) fully paid debentures of companies with limited liability or immovable property situated in British India and Burma or documents of titles relating thereto.' "

The motion was negatived.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I beg to move:

"That for part (g) of sub-clause (I) of clause 15 of the Bill, the following be substituted:

'(g) for clause (p) the following clause shall be substituted, namely:

'(p) the subsidizing from time to time of the Imperial Bank of India employees' pension and guarantee fund with which the various pension, gratuity and guarantee funds of the Presidency Banks shall be amalgamated.' "

The object of my amendment is to point out that there are now too many funds in different Provinces. In the original section, mention is made of only one fund, and my object is to suggest that in this fund should be incorporated all the other funds like the Officers' Pension and Guarantee Fund, Gratuity Fund and other funds of the employees of the Imperial Bank of India. There are nearly five funds. There is the Bank of Bombay Officers' Pension and Guarantee Fund, there is the Bank of Madras Pension and Gratuity Fund, there is the Bank of Madras Officers' Provident and Mutual Guarantee Fund, there is the Bank of Bengal Officers' Pension Fund, and there is also the Bank of Bengal Guarantee Fund. I want that all these funds should be consolidated into one fund and they should all be subsidized as a whole from time to time. It makes the matter very complex when you have so many different kinds of funds. I may point out that in the case of the Pension Fund, the Indian staff is put to a very considerable loss, because the Indian staff subscribes to this fund as do the other staff, but the Governors of the Bank are self-appointed Governors of these funds, and, therefore, although a monthly subscription is raised or deduction is made from the pay of the small employees of the Bank as well, still, these small employees have absolutely no voice. Everything is left to the sweet will and pleasure of one and one man alone who can decide matters in any way he likes, so far as gratuities, pensions and other things are concerned. Therefore, my only object is that, in place of the present clause, the clause I have proposed should be inserted, because it will be of great benefit not only to the Indian staff, but to the non-Indian staff as well.

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

"That for part (g) of sub-clause (1) of clause 15 of the Bill, the following be substituted:

'(g) for clause (p), the following clause shall be substituted, namely:

'(p) the subsidizing from time to time of the Imperial Bank of India employees' pension and guarantee fund with which the various pension, gratuity and guarantee funds of the Presidency Banks shall be amalgamated'."

Mr. S. O. Mitra: Sir, I support the motion of my friend, Mr. Azhar Ali. He suggests that the different funds of the Imperial Bank should be amalgamated into one fund, so that there may be no difference between officers high and low of the Bank. I find that the main contention of the Indian officers is that they are not properly treated. The Bank of Bengal Officers' Pension Fund is, like the other pension funds, built out of the Bank's profits, and there is no reason why the funds should be depleted by big bonuses to individuals. Referring to some of the representations, I find that Sir Norcot Warren has drawn Rs. 2,22,000, Sir Sydney Sitwell Rs. 1,25,000, Mr. C. M. Tallack Rs. 48,000 and Mr. D. S. McClure Rs. 72,000 on account of special bonuses. Such large bonuses were granted to European officers and thus the old Bank of Bengal Pension Funds were depleted. I have in my hands a list which gives the names of Europeans who were given bonuses and pensions from which it will be seen that in a systematic way more than Rs. 10 lakhs have been paid out of the Bank of Bengal Pension Funds. I understand that there was a promise that, in creating the Pension Funds for the Imperial Bank officers, they would not be asked to contribute anything from their salaries, but now the Indian officers are required to pay five per cent. of their salaries. That is also one of the grievances. The trustees of the Pension Fund are the Governors of the Central Board and the trustees of

[Mr. S. C. Mitra.]

the Provident Fund are also the Governors of the Central Board and three nominated members. The forfeiture account of the Provident Fund provides a startling commentary on the management of the Provident Fund by these self-appointed trustees. These trustees make and unmake rules without caring to obtain the opinion of the subscribers. They are always guided by their own rules. For example, Mr. Blackman had to retire on medical grounds after some eight years' service and he was granted an invalid pension. Messrs. Bibhuti Bhusan Chatterjee and Amalabinode Ghose had to retire on medical grounds. Both put in more than ten years' service and, though invalidated by the Bank's Medical Officer, were not granted invalid pensions. There are similar other grievances. There are so many trust funds, but there are no uniform rules; and, the trustees being the Governors themselves, the complaint of the Indian staff is that they suffer due to discrimination. What is proposed is to have one consolidated Pension Fund for all the different grades of officers and clerks and to have uniform rules which will be applied to all. On these grounds, I support the motion of my Honourable friend.

Mr. J. B. Taylor (Government of India: Nominated Official): There seems to be a certain amount of misconception about the object of this amendment. The provision in the amending Bill is a perfectly simple one and has arisen as follows. There are rules for the payment of bonuses and gratuities to the staff of the Bank. The Bank was amalgamated out of the three Presidency Banks. The officers of those Presidency Banks had naturally their own separate rules subject to a certain amount of elasticity for the payment of pension and superannuation gratuities, bonuses, and so on. As a security to the officers that the Banks would continue to make those payments, funds were created which were filled from time to time by a contribution from the Banks calculated on an actuarial basis, and as a security to the officers the funds were vested in trustees. When the Imperial Bank was formed by amalgamation from the three Presidency Banks, under section 6 of the Imperial Bank of India Act, the rights of the officers of the old Presidency Banks were statutorily safeguarded and their rights included not only the right to their pensions and so on, but also what I may call the charge over those funds. The funds are not the property of the officers; any residuum will revert to the Imperial Bank afterwards, but the funds are a guarantee or a security to the officers that they will get their pensions. The funds naturally have to be filled up from time to time by contributions calculated on an actuarial basis and the Imperial Bank was doubtful whether they were statutorily empowered to go on making contributions to those Presidency Bank Pension Funds. Personally, I am somewhat doubtful whether the amendment in the Bill was necessary. It seems to me that the legal obligation on the Imperial Bank to continue the rights of the officers did involve payment to those funds, but they wanted the matter to be cleared up without the possibility of legal doubt and, therefore, we have inserted this amendment in the amending Bill to make the matter quite clear. What Mr. Azhar Ali and Mr. Mitra were discussing is a totally different matter, that is to say, the actual payments, which are made in the way of bonuses, gratuity, pension, and so on, to the officers and staff of the Bank on retirement. As regards the ordinary staff that is covered by rules, there are exceptional cases of hardship no doubt, which are not so covered, and which are tested on their merits; but, as regards the higher officers the amount of bonuses, pensions, and so on, are voted by the

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Board and that is a discretion which is entirely unaffected by the question whether or not the Bank does or does not make payment to these particular funds. From that point of view, therefore, the objections urged by those two Members are really not in point at all and would not be affected whether their amendment was passed or not. The provision in the Bill, as I said, is for a perfectly simple purpose, to enable the Bank to carry out the legal obligation imposed upon it by the Imperial Bank of India Act, and for that reason I must ask the House to oppose this amendment.

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

"That for part (q) of sub-clause (1) of clause 15 of the Bill, the following be substituted:

'(q) for clause (p) the following clause shall be substituted, namely:

'(p) the subsidizing from time to time of the Imperial Bank of India employees' pension and guarantee fund with which the various pension, gratuity and guarantee funds of the Presidency Banks shall be amalgamated.'"

The motion was negatived.

Clause 15 was added to the Bill.

Clauses 16 to 26, both inclusive, were added to the Bill.

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

"That clause 27 stand part of the Bill."

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Before I move my amendment formally, I have certain difficulty in understanding Regulation 39 (3) of the original Act. Regulation 39 (3) reads as follows:

"No two persons, who are partners of the same mercantile firm, or are Directors of the same private company, or one of whom is the general agent of, or holds a power of procuration from, the other, or from a mercantile firm of which the other is a partner, shall be eligible or qualified to serve as members of the Central Board or a Local Board or of the Central Board and a Local Board, at the same time."

Really I do not understand exactly the sense of the repetition of the words "Central Board or a Local Board" in the original Act.

The Honourable Sir George Schuster: May I point out to my Honourable friend, that was the reason why we proposed this amendment in order to remove my Honourable friend's difficulty in understanding the original clause.

Dr. Ziauddin Ahmad: May I know, was it a mere mistake of print that the words were repeated or was there some ambiguity about it, on account of which this amendment is proposed? That is a point which is not quite clear to me. I do not know what the intention of the amendment is. What I want to emphasise by my amendment is that two persons of the qualification mentioned in the section ought not to be members at the same time of the Local Board, the same or different, nor of the Central Board. I request the Finance Member to explain the original clause and the scope of the amendment which is now before us. With this explanation, I move my amendment:

"That part (c) of clause 27 of the Bill be omitted."

I may withdraw it after hearing the Finance Member.

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

"That part (c) of clause 27 of the Bill be omitted."

Mr. Vidya Sagar Pandya: The main point which we wish to understand is whether two partners of the same firm will be allowed to be on the Central Board as well as the Local Board or on two Local Boards at the same time. If that intention still remains by omitting the words, I do not think my Honourable friend, Dr. Ziauddin Ahmad, will press his amendment. The main point to be cleared is whether the Honourable the Finance Member can give us an assurance that under the amendment two partners of the same firm will not be at the same time Directors of the Central Board and a Local Board and, at the same time, of two Local Boards.

The Honourable Sir George Schuster: The object of the amendment was to make the position clear. It is not quite clear in the original clause. The conclusions that the Joint Select Committee reached was that it would be sufficient if we provided that two members of the same firm should not be members of the same Local Board at the same time. You can have two members of the same firm, or connected in the way covered by this clause, one of whom is a member of the Local Board of Madras and another of whom is a member of the Local Board of Calcutta, and if one of those two happens to be a Chairman of the Local Board, then he will automatically become a member of the Central Board. In that case you might have Member A, a Chairman of the Local Board of Calcutta and, therefore, a member of the Central Board, and Member B still remaining a member of the Local Board in Madras. That is a reasonable position. If you say that the only restriction that you want is that there should not be two members of the same firm on the same Local Board, then, if that satisfies us, we ought not to go further than that and say that as long as there are two members of the same firm who are on different Local Boards, neither of those two may ever get on to the Central Board. The position is perfectly clear. The words express it clearly and the intention was clearly understood by the Select Committee.

Dr. Ziauddin Ahmad: After this explanation, I press my amendment, because in that case two partners may become members of the Central Board, one coming from one Local Board and another coming from another Local Board and that is really against the provisions of the amendment.....

Mr. President (The Honourable Sir Shanmukham Chetty): Two partners of a firm cannot under any circumstances, according to the amendment in the Bill, be members of the Central Board at the same time. That is perfectly clear. They also cannot, at the same time, be members of one Local Board, but on two Local Boards they can be members.

Dr. Ziauddin Ahmad: This is against the provision of the Act. I press my amendment.

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

"That part (c) of clause 27 of the Bill be omitted."

The motion was negatived.

Clauses 27 to 32 were added to the Bill.

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

"That clause 33 stand part of the Bill."

Mr. Muhammad Azhar Ali: Sir, I move:

"That in clause 33 of the Bill, after the words 'officers or servants' the words 'in accordance with the Government Fundamental Rules' be inserted."

The object of my amendment is that the benefits of the Fundamental Rules of the Government should be given to all employees, whether they be Indians, Europeans or small officials of the Bank. These Fundamental Rules have been framed by high Government officials for guidance and not for their own benefit only. Why should they not be applied to smaller officers? I want that these Fundamental Rules which have been framed after very great experience and very great consideration, should be given effect to in the case of the Bank officials also. Sir, I move.

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

"That in clause 33 of the Bill, after the words 'officers or servants' the words 'in accordance with the Government Fundamental Rules' be inserted."

Mr. S. C. Mitra: I support the motion moved by my friend, Mr. Azhar Ali. What he wants is that there should be one uniform rule for all the officers including the clerical staff in the Imperial Bank. It is well known that the Imperial Bank at present makes great discrimination about the leave rules, between European officers and Indian clerks and what we demand is that the rules should be uniform and should be based on the Civil Service Regulations, leaving no room for discrimination between the white skinned and the brown skinned men. The Indian demand is for provision of a uniform set of leave rules for all grades of the staff on the lines of the existing Leave Rules relating to the Staff Officers of the Bank or of the C. S. R. It has been the subject of repeated petitions made from time to time. The Indian clerical staff have never pressed, for furlough. What they insist on is that in respect of privilege leave and sick leave there should be no discrimination between the officer and the clerk. In the absence of a leave reserve, the clerical staff are being deprived of even the small mercies the authorities have provided for them. In the case of the officers of the Bank, about 20 per cent. of the cadre is maintained as leave reserve, but owing to the systematic reduction in the strength of the clerical staff for the last few years, notwithstanding the steady increase in work, clerks cannot get leave even when required and in many cases they have had to leave the service altogether.

I think it will be admitted by the Imperial Bank authorities that there is one set of rules for the officers and another set for the Indian staff. We propose that in future there should be no discrimination at least between the sick or invalid, because of their difference in colour.

Mr. J. B. Taylor: I have some difficulty in understanding how the two gentlemen, who have spoken in favour of this amendment, can read their remarks into it. The provision in the Bill is a perfectly simple one: to grant gratuities or other financial assistance, either temporary or permanent, to widows, children or other dependants of deceased officers or servants.

That, Sir, in the case of Government is not governed by the Fundamental Rules. In fact it is not governed by any rules at all and is obviously a matter which cannot be governed by rules. There are rules for leave, pension, and so on, applying in ordinary circumstances, but this particular provision is to enable the Bank to deal with hard cases. In the case of Government, we have a small fund which is administered by trustees who

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make special grants to the families of people who die in service in particularly necessitous circumstances and this is merely to enable the Bank to act in the same way. The matter arose, because of one or two very hard cases. There was a treasurer or a senior Indian officer in Karachi who died suddenly on the eve of retirement. Under the rules, his family could get nothing, and the Bank, under the law as is then stood, felt itself precluded from making any grant or assistance to his family and they had to ask for subscriptions from individual officers. They felt, and quite reasonably, that that was an unsatisfactory position and, therefore, desired to give themselves the legal power to make grants in such cases. As I said, not only do the Fundamental Rules not apply to similar cases under Government, but there are no Government rules which apply. With the wider question, I do not think I am called upon to deal, because it does not really arise out of this amendment, but I may say that Mr. Mitra is labouring under a misapprehension if he thinks there is no discrimination between officers and the lower-paid and inferior staff in the present Government leave rules, and I do not think that we are called upon to draft the rules for the Imperial Bank staff. At any rate, that question does not arise out of this amendment. This provision, as I have shown, serves a minor but very desirable purpose and, for that reason, I must ask the House to oppose this particular amendment.

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

"That in clause 33 of the Bill, after the words 'officers or servants' the words 'in accordance with the Government Fundamental Rules' be inserted."

The motion was negatived.

Clause 33 was added to the Bill.

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

"That clause 34 stand part of the Bill."

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

"That in clause 34 of the Bill, the following words be omitted :

'and after the words 'business of the Bank;' the word 'and' shall be omitted and to the regulation as so amended the following words shall be added, namely :

'and to execute proxies to vote at meetings or, behalf of shareholders from whom the Bank holds general powers of attorney.'"

Sir, the original section of the Imperial Bank Act (section 51 of the Regulations) says:

"The Managing Governors, the secretaries and such other officers of the Bank as the Central Board may authorise in this behalf by notification in the Gazette of India are hereby severally empowered, for and on behalf of the Bank, to endorse and transfer promissory notes, stock-receipts, stock-debentures, shares, securities and documents of title to goods, standing in the name of or held by the Bank, and to draw, accept and endorse bills of exchange, bank post bills, and letters of credit, in the current and authorised business of the Bank, and to sign all other accounts, receipts and documents connected with such business."

It is now proposed by clause 34 that the following words be added:

"and to execute proxies to vote at meetings on behalf of shareholders from whom the Bank holds general powers of attorney."

It is a new power which is now proposed to be given to the servants of the Bank, and I think this new power may prove to be a dangerous weapon and that it may be enormously misused. Therefore, I would very much like to stick to the old conditions and not make changes which are not very salutary. Sir, I move.

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

"That in clause 34 of the Bill, the following words be omitted:

'and after the words 'business of the Bank;' the word 'and' shall be omitted and to the regulation as so amended the following words shall be added, namely:

'and to execute proxies to vote at meetings on behalf of shareholders from whom the Bank holds general powers of attorney.' "

Mr. Vidya Sagar Pandya: Sir, I have already dealt with this matter when I spoke on the motion for consideration of the Bill day before yesterday, and I explained that we were taking a retrograde step in regard to the Imperial Bank while we had provided a very salutary provision in the case of the Reserve Bank of India Bill. In the latter Bill, under section 9 (2) and section 14 (3), we have clearly laid down that no officer or employee of the Bank shall act as a proxy on behalf of a shareholder.

The Honourable Sir George Schuster: Sir, I think my Honourable friend is really under a misapprehension about this. My Honourable friend's objection was to officers of the Bank holding proxies from shareholders of the Bank in voting at meetings of the Bank, but this clause has no reference to that. This merely refers to executing proxies on behalf of clients of the Bank who hold shares in other companies. It has nothing to do with shares of the Imperial Bank itself. It is a purely routine power which the Bank requires for the carrying out of its ordinary security business—the holding of securities for its clients.

Mr. Vidya Sagar Pandya: But would it not be possible, if the Bank holds a general power of attorney from any of the shareholders for the Bank employees to sign proxies for the shares of the Imperial Bank itself?

There is nothing to prevent an officer of the Bank issuing a proxy for shares held in the Imperial Bank itself.

The Honourable Sir George Schuster: It gives him the power to execute proxies, *but not to attend the meeting and vote*. That is a different question.

Mr. Vidya Sagar Pandya: If the Honourable Member will give us an assurance to modify it in such a way as to exclude shares of the Imperial Bank and not permit officers or employees of the Bank to give proxies in favour of members of the staff either to issue proxies or to vote at the meetings of the shareholders of the Imperial Bank, I would be quite satisfied.

The Honourable Sir George Schuster: It is to execute proxies to vote at meetings—not "and to vote".

Mr. Vidya Sagar Pandya: Exactly. This does not exclude the shares of the Imperial Bank. That is my contention.

The Honourable Sir George Schuster: I am afraid my Honourable friend has not understood the meaning. The words are "to execute proxies to vote at meetings on behalf of shareholders"—not "to execute proxies *and* to vote at meetings."

Mr. Vidya Sagar Pandya: But that he can do also in the case of the Imperial Bank itself. If they cannot vote at meetings of the Imperial Bank, I have no objection.

Mr. E. Studd (Bengal: European): Sir, I think my Honourable friend is labouring under a misapprehension by reading only half of this clause—"on behalf of shareholders from whom the Bank holds general powers of attorney". Surely, if the Bank holds a general power of attorney already, there can be no need to execute a further proxy to attend and vote at a meeting of the Bank's shareholders. It can only apply to meetings of other companies. That seems to be perfectly clear. It is not necessary for the Bank to execute proxies to represent those shareholders at its own meetings; it has already got a power in that behalf.

The Honourable Sir George Schuster: Sir, as I have already said, this is a routine power which is exercised by all banks on behalf of their clients who deposit shares with them. It was probably unnecessary that this power should be specifically stated, but the Imperial Bank considered that there was some doubt in the matter and they wanted to have this provision to clear up doubts. The amendment seems to me to be quite unnecessary, and I oppose it.

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

"That in clause 34 of the Bill, the following words be omitted:

'and after the words 'business of the Bank;' the word 'and' shall be omitted and to the regulation as so amended the following words shall be added, namely:

'and to execute proxies to vote at meetings on behalf of shareholders from whom the Bank holds general powers of attorney.'"

The motion was negatived.

Clause 34 was added to the Bill.

Clauses 35 to 41 were added to the Bill.

Clause 1, and the Title and the Preamble were added to the Bill.

The Honourable Sir George Schuster: Sir, I move:

"That the Bill, as amended, be passed."

Dr. Ziauddin Ahmad: Sir, I congratulate my friend, the Honourable the Finance Member, for being more successful than his predecessor, Sir Basil Blackett, in getting the Bill through in this Assembly. No doubt he had a very difficult task—in preparing the Bill and piloting it in the Assembly and in the preliminary meeting in London. The experience will prove whether the Bill will be beneficial or not to the country, but there is no doubt that at the present moment there is a very strong feeling about three points in the country. One is about the exchange ratio, the second is about giving some kind of rural credit, and the third, shareholders Bank.

The Honourable Sir George Schuster: May I ask my Honourable friend if he is dreaming that he is speaking in the last Session and taking part in the third reading debate on the Reserve Bank Bill?

Dr. Ziauddin Ahmad: As this Bill is supplementary and consequential to the Reserve Bank Bill, I thought it would be relevant to make a passing reference to one or two things.

Mr. President (The Honourable Sir Shanmukham Chetty): This is not a Bill which is supplementary to the Reserve Bank Bill so far as the technical point is concerned. It is quite an independent Bill, and no Honourable Member will be permitted to refer at length to the Reserve Bank Bill or the issues arising out of it.

Dr. Ziauddin Ahmad: Sir, I follow your ruling. I thought that now we were at the end of discussions which commenced in November and have ended now on the last day of January. I thought that they were supplementary as they were moved together, referred together to the same Select Committee and reported together. In spite of the opposition on certain questions to which I need not refer now, experience alone will prove how far the expectations would be realised by actual facts. I wish that the expectations of the Government may come out to be true. I have strong doubts. No doubt the name of Sir George Schuster will be remembered in connection with these two Banks and perhaps like the Child Marriage (Restraint) Act, which is popularly known as the Sarda Act, these two Bills will probably be known as Sir George Schuster's Bills or perhaps the name of Sir Basil Blackett may also be added to them, who first initiated them, and then they will be known as Schuster-Blackett Bills.

An Honourable Member: Why not call them Dr. Ziauddin's Bills? .

Dr. Ziauddin Ahmad: Sir, there are one or two points in connection with this particular Bill to which I would like to make a reference. In the first place, I expected that when an amendment to this particular Bill was proposed, the shareholders of the Imperial Bank would be consulted. At any rate, they would be given a chance to express their opinion. In this particular case, however, this was not done. I, as a shareholder of the Imperial Bank, expected to receive a memorandum with a copy of the Bill from the Managing Governor asking me to give my opinion on this Bank as a shareholder and not as a member of the Legislative Assembly. Sir, there is no doubt that there is a very strong opinion in the country that, after passing the Reserve Bank Bill, it is unnecessary to create another Statutory Bank. In this connection I would like to quote the opinion of the Bombay Shareholders Association, a copy of which was not supplied to us, but only to the members of the Joint Select Committee. They say:

"The time has now definitely arrived when, consistent with the status and responsibility of the Imperial Bank, it can be made to work as a 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 having proved to the satisfaction of the Reserve Bank that the Imperial Bank is not managed on sound and conservative lines."

This was the opinion of the Bombay Shareholders Association. They were not definitely in favour of establishing a Statutory Bank and there was also a strong opinion to that effect in the country. We, on this side

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of the House, pressed that the only justification that could be made out in favour of establishing the Imperial Bank as a Statutory Bank enjoying the protection of the Legislature and feeding to a large extent on the profits realised by Government business was that it would give help to the masses of the country. And the masses of the country are really represented by agriculturists by which I mean both landlords and tenants. I did not have the opportunity to speak on the amendment moved by my friend, Mr. Lahiri Chaudhury, regarding the advances to the landlords and I would like to emphasise that fact now. The landlords are the persons who are always loyal to the Government, and I am speaking for those who cannot speak for themselves, not because they have no tongue—I have seen them giving lectures when they sit among their own people—but because of their traditional loyalty to the Government of the day. These landlords have always been loyal to the Government for the last 8,000 years. They are really the custodians, in a small measure, of law and order, because in every village of their own they have got exactly the same problem which a Governor has in a province. As these landlords are responsible for maintaining law and order in their own villages, they naturally appreciate the value of law and order and, therefore, they always remain loyal to the Government. But unfortunately they have been very hard hit in these days on account of the especially harsh measures that have been adopted by Government officials in extracting from them the land revenue. I have seen many cases myself and I expect there will be Members in this House who have also seen similar cases. Government revenue has been extracted from these landlords in a manner which is not at all dignified. These landlords are responsible men; they possess motor cars and carriages and have a very great stake in the country. They are simply put in the prison, because they could not pay a few thousand rupees. Now, when a landlord is put in the prison, because he could not get, say, Rs. 2,000, in time, though his assets may amount to several lakhs of rupees, he is put in a very awkward situation. He is compelled to go to the local banker or *Mahajan* and get money at any rate of interest and these local bankers, seeing the trouble in which he is put, demand fictitious and exorbitant rates of interests, 12 per cent., 20 per cent., and sometimes 24 per cent. I have myself seen documents of 24 per cent. in the case of small landlords. This is a natural demand on the part of landlords that some provision should be made by means of which their interests could be safeguarded and they could get money at cheap rates, and one method which we from this side could think of, is to have a permissive clause in the Reserve Bank Bill or in the Imperial Bank Bill that money could be advanced to these landlords in exceptional condition and under good security directly or through Land Mortgage Banks. Then we on this side venture to believe that the local rates of interest will be lowered. We are very anxious that the miseries of the landlord should be removed and one of the miseries in which he has fallen is the rate of interest at which he is compelled to borrow money.

My Honourable friend, the Raja Bahadur, said that on certain occasions he had to pay a large bill and his expenses were always high. That may be the case of some of those extravagant men. No man will borrow at a high rate of interest unless he is a fool, not knowing how to manage his own internal affairs. He is compelled to borrow money when his prestige or *izzat* is at stake, and he is under the threat of being sent to jail, because

once a zamindar is sent to jail, he loses prestige and he will never be able to carry on the administration of order and law in his own village. It must be remembered that these landlords have neither the police nor the army, just as Governors of Provinces have under them to administer law and order in their provinces. These landlords keep order by means of their prestige and this prestige is really a delegated authority by the Government. If the Government want these landlords to carry on their duty of maintaining law and order in the villages with this delegated prestige on the lines it has been maintained, then it is the duty of Government to come forward to the help of these unfortunate landlords and free them from the clutches of the money lenders who really suck their blood and take away all they possess in some shape or other. This is really the principle that we have at the back of our mind that, in order to save these landlords from the clutches of the money lenders, we press in season and out of season that some provision ought to be made to safeguard the interest of this very important class who really do not come forward to voice their views on account of their traditional loyalty and who do not send *jathas* or pass vote of censure or non-co-operate, because they say that doing so they will be doing something against their traditions. It is really the duty of Government to protect them. One of the ways we suggest is to provide some method by means of which, during difficult times, money could be lent out to them at reasonable rates of interest and not at exorbitant rates of interest which may ultimately lead to the ruin of the whole of their property. This is really at the back of our mind. We have pressed this point by Resolutions, by Questions and by speeches. My Honourable friend, Sir Muhammad Yakub, brought forward a Resolution a year ago, but this was practically shelved. I was saying that zamindar Members on the floor of the House have suggested that some relief should be given to the landlords in the matter of Court decrees, that they should never exceed double the capital.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member is covering too wide a field in this discussion. The Chair has already allowed him for the last 15 minutes to dwell on that point.

Dr. Ziauddin Ahmad: I thought this was the only opportunity for me to depict the case of the landlord. I will just finish this particular aspect and I hope that some measure will be found to help this class of people. I cannot now say, by inserting a provision in the Reserve Bank Bill or in the Imperial Bank Bill, that money may be lent on the security of landed property, because we have already passed these Bills. We have legislated that money cannot be given. But I still have hopes that as the Honourable the Finance Member has held out hopes that this thing may possibly be done by instituting a Land Mortgage Bank. I hope that no time will be lost in instituting these Land Mortgage Banks. The reason why we demand the Imperial Bank to give some aid to the Land Mortgage Banks, whenever they are established, is that most of the profits of these Banks is derived from the taxes paid by the masses of the country, and since agriculturists represent a very large proportion of the masses, it is, therefore, just and reasonable that a portion of the profit which is realised out of the contribution of the masses may go back to the masses and may not be reserved entirely for the benefit of the industrialists and the importers of the country. I hope that even in this Session the Honourable

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the Finance Member will be able to lay before us some scheme of inaugurating these Land Mortgage Banks and not leave it entirely to the Local Governments, because, we know, whenever the Government of India do not want to do a thing, they simply shove it on to the Local Governments which really means that the thing is not done. We know from experience that if the Government do not want to do a certain thing, they refer the matter to a Committee and, by the time the Committee reports, the whole thing is forgotten and no action is taken. Another reason why this should not be left to the Local Governments is that they have not got financial experts as the Government of India have got. I fear that the Local Governments, for want of expert knowledge, resources and initiation, may not move in the matter.

I may be permitted to refer to the memorandum of the Shareholders Association about qualification and I will quote it for the last time. On page 17, they say:

"We suggest that a provision should be laid down disqualifying any person from serving as Governor or as a Member of Local Board if that person is a Director of more than 20 companies' not being private limited companies. We are convinced that some provision is necessary to check the evil of multiple directorships of the Governor and Members of Local Boards, if they are to be made to devote, as it would be their duty, sufficient time and attention and exercise adequate supervision over the affairs of the Bank. In the case of an institution of such importance as the Imperial Bank it would be highly dangerous to allow the evil of multiple directorships to go unchecked."

I think this ought to have been done and there should have been a provision that a Director of our Banks shall not have been a Director of a large number of other Banks, so that he may not be able to find time to do this business. My Honourable friend, Mr. Pandya, showed in his speech at Simla, that a large number of these Directors practically did not attend meetings on account of their multifarious duties.

One thing I should say about the service. I do not like to enter into details, but there is a strong feeling on this side of the House that in all these bodies which we create by means of Statutes, the conditions of service should be the same as the conditions prevalent in Government service. This is really the minimum condition that we expect on this side of the House. On one side you say that these are private bodies and, therefore, they are masters of their system and can regulate the services in their own manner, and, on the other side, you protect them by means of Statutes. If these people want Statutory protection from us, we on this side should expect that there should be some kind of Statutory protection for their servants. If they expect that we should protect them, then they should protect their servants. It is mutual compromise and a reasonable expectation. Even if there is no provision in the Act, I believe there will be no difficulty for the Government to take action on this particular point that as regards service rules, etc., the Bank and also the Reserve Bank should follow the practice laid down for Government servants. I think it is a very salutary provision.

I again appeal to the Honourable the Finance Member and through him, to the authorities of the Imperial Bank, that in order to facilitate the banking business in this country, which is not highly developed at present, because the people are still shy in keeping

money with the Banks, they should provide facilities for paying cheques without charging abnormal discount, and in this they should follow the practice of European countries where cheques are credited at par if the money is to be deposited in one's own account. No legislative sanction is necessary for this and it is not a thing which may be provided in the Statutes, but it is to be regulated by practice, and, if the Honourable the Finance Member simply expresses his opinion on this particular point, then, I am sure, the system of free remittances will be observed by this Bank and, as soon as the Imperial Bank sets the example, other Banks will follow it. As I said before, the present practice is very irregular; and even the Imperial Bank has got different rules in different agencies and it depends sometimes on the personnel in charge of the office: sometimes a person is not charged any discount at all, while at other times the same person is charged. Therefore, I appeal to the Honourable the Finance Member that, in the interests of increasing banking facilities, in the interests of making people more confident, he may, on our behalf, ask the Imperial Bank to cash cheques without discount—if not for other Banks, at least for the different branches of the same Bank. Sometimes the discount charges work to two per cent., if the cheque is of small value.

One thing more, and that is the protection of the interests of the public. We made it clear in connection with some of the amendments, that the Directors of the Central Board or the Local Board or the Managers ought not to be able to withdraw large sums of money from the same Bank; and, if they do, it should be clearly indicated by the Directors. We know that many persons have come to grief—not in the Imperial Bank—but in other Banks, because sufficient protection was not given to the public. In all these matters we look to the Government to safeguard the interests of the public; the public is not so well educated and they are not very well versed in matters of law and in the Companies Act: they simply see the prospectus and put the money in the trust that a Bank has been registered by the Government and the Government are more or less responsible for the good administration of the Bank. It is on this implicit understanding and belief that they put money there; the belief may be wrong, but it is the fact; and, therefore, in order to safeguard the interests of innocent people, it is very desirable that the Government should see that these Managing Directors or Honorary Directors should not make bad use of their position, and, if they take any money from the Bank, that ought to be clearly indicated in their annual report, so that the shareholders and the public and the Government should be able to judge for themselves. I am sure, if stronger supervision had been exercised, a good many Banks would not have become bankrupt and a good many people, who had put in their small savings, would not have suffered. In this connection I may also mention that, in order to stop these loopholes in the administration, there should be a Branch in the Finance or Commerce Department which should exercise supervision over the banking organisations of the country and satisfy itself that the money put by investors is safe in the Banks and is not misused by Managers withdrawing money on false securities. I do not like to quote specific instances, but I gave notice of certain

The Honourable Sir George Schuster: Sir, I have exercised a great deal of patience, but I would ask your ruling as to the relevancy of my Honourable friend's remarks. We are discussing the affairs of the Imperial Bank; we are discussing a measure which is designed to regulate the Imperial Bank and to ensure its solvency. My Honourable friend is

[Sir George Schuster.]

talking of the need for measures of this kind to be applied to the general banking institutions of this country. I would ask you, Sir, if my Honourable friend is not entirely irrelevant.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair itself felt it, but it did not want to interfere with the speech of the Honourable Member more than it could help. At this stage, the Chair should give a clear warning to the House. The Chair does not want to interfere with any Honourable Member so long as he is relevant and so long as he does not repeat either his own argument or the arguments of other Honourable Members; but the Chair must, at this early stage of this Session, ask the House to have in mind the heavy programme that lies before the House. The Chair has so arranged the sittings that in the first two or three weeks Honourable Members are not called upon to sit more than four days in the week, and, later on, when the budgets begin, the Chair proposes that normally the House should not sit for more than five days in the week. In the last Delhi Session, the House was rushed with business at the end of the Session, and it is perhaps desirable, from the point of view of every one, that that should be avoided if possible; and if that is to be avoided at a later stage, precautions must be taken early in the Session. It is perfectly open to Honourable Members in the respective Parties to attach what importance they like to a particular measure that is before the House and to regulate their speeches; but the Chair must give them this clear warning, that if it finds that there is a desire on the part of individuals and Parties to have the maximum discussion and the maximum number of speakers for the maximum time permissible on every measure that is before the House, then the Chair must so arrange the business of the House that, the House should sit longer than 5 o'clock every day and that it should sit for more than even five days in the week. In the interests of public business, it is up to every one to see that the House is given ample opportunity to finish the heavy programme that is before it. The Chair should give the option to Honourable Members and to the various Parties to decide what course they would adopt. For example, in this third reading of this Bill, if it is the intention of the House that there should be at least half a dozen speeches, each occupying about half an hour or one hour, the Chair is prepared to allow that, provided, of course, the speakers are relevant. But then the Chair may have to direct that the House should sit on Friday also, and probably on Saturday also.

Dr. Ziauddin Ahmad: Sir, if you and the Finance Member don't desire that we should ventilate our grievances on the banking of the country, I would conclude my speech. But I must say that we cannot expect banking prosperity, if the Finance Member is not prepared even to listen to us. As regards sitting for longer hours, I love to sit for longer hours. We have come here to do our duty, and not to record our votes, which can best be done by proxy.

Mr. Vidya Sagar Pandya: Sir, after the grave warning which you have just given to the House, I hope I shall not come under your lash.

Now, Sir, as the Bill is over

An Honourable Member: Is it over?

Mr. Vidya Sagar Pandya: We are going through the Third Reading, and, therefore, practically there is little formal business left over now to be gone through. Now, if I am not divulging any secret, the Government have already taken steps to ask the Banks to furnish information so that they may be included in the Scheduled Banks in the Reserve Bank of India Bill. However, that is a different point. What I was wondering was, after the Bill is passed, whether I should congratulate the Imperial Bank more or the Honourable the Finance Member

An Honourable Member: Both.

Mr. Vidya Sagar Pandya: The Imperial Bank of India has no representative in this House.

An Honourable Member: Why? Doctor Saheb is a shareholder.

Mr. Vidya Sagar Pandya: As for that, I am also a shareholder in my own very humble capacity.

An Honourable Member: Therefore, congratulate yourself.

Mr. Vidya Sagar Pandya: As I was saying, Sir, though the Imperial Bank has no direct representative in the House, I must congratulate them on their having behind them the Government of India, and the Imperial Bank authorities have been able to get these amendments passed without any effort on their own part, but they have got what they wanted by the assistance of our kind, obliging and good, Government which take interest in the Imperial Bank as well as in the public. Now, Sir, there will be a chorus of congratulations to the Honourable Sir George Schuster, the Finance Member, on his so very successfully piloting this Bill as well as the previous Bill. I won't make any reference to the previous Bill. But, Sir, as a member of the Joint Select Committee, it is the desire of some of my colleagues, who were on the Joint Select Committee and who are also present here today, that I should convey our congratulations and thanks to the Honourable Sir George Schuster, the Finance Member, for the great trouble he has taken, for the great patience he has shown, for the great forbearance he has displayed for our weaknesses, and I know, as one who has himself opposed the Government and given perhaps the largest amount of trouble in the matter, my words will be taken in their true light, and not as congratulations coming from a nominated Member or from a Member who has secured or expects any favours from the Government. I express my feelings as a representative of the commercial constituency which I have the honour to represent here,—and my constituency is distributed over 28 districts, and it is the biggest constituency in India in this House, and I was specially sent here, because important measures like the Reserve Bank of India Bill and the Imperial Bank of India (Amendment) Bill were on the anvil, and as such I have tried to do my duty to my constituency. And, Sir, if I have exceeded at any time the usual limits of the debate, it was more in the interest of my public duty to my constituency than any intention of obstruction or for any other reason. Let me now join the chorus of congratulations which will deservedly be poured upon the Honourable the Finance Member.

An Honourable Member: There is no chorus here.

Mr. Vidya Sagar Pandya: This is a big "Nakkarkhaná" and my voice is that of a "Tuti". I do not like to sound any discordant note on this occasion. Though we may not agree with the Bill and its contents, nor the way in which the Bill has been amended, it does not mean that we should not give expression to our appreciation of the work of the Honourable the Finance Member who had to perform such an uphill, difficult and arduous task, and, therefore, he fully deserves our congratulations and thanks.

Now, Sir, the lunch time is coming, and I don't wish to stand between the lunch and the Members. Anyhow, I again heartily congratulate the Honourable Sir George Schuster, the Finance Member, and also the Imperial Bank of India on behalf of the members of the Joint Select Committee and the Party to which I have now the honour to belong and the House.

Mr. N. M. Joshi (Nominated Non-Official): Ironical or sincere?

Mr. Vidya Sagar Pandya: No, Sir, my congratulating and thanks are most hearty and cordial. With these words, I resume my seat.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, without anticipating your warning just now, I had inflicted on myself the vow of silence throughout the discussions on the Imperial Bank of India (Amendment) Bill, but if I rise today, it is because I want to remove a wrong impression which my friend, Mr. Sarma, created on the floor of the House while the Reserve Bank Bill was being discussed. He said that after that Bill came out of the Joint Select Committee, I did not criticise so much the authorities of the Imperial Bank as I did at the earlier stage. My friend, Mr. Sarma, is not a trained parliamentarian, and as such he does not know the procedure that politicians usually adopt. They have their own views on certain matters and they make certain criticisms which the public level against certain institutions, and, rightly or wrongly, various criticisms have been levelled against the management of the Imperial Bank, and I did level those charges at the Simla Session. At the Joint Select Committee, I had the privilege to go thoroughly into the details of the administration of the Imperial Bank. We had the privilege to hear there not only the Managing Governor of the Bank, Sir Osborne Smith, but there was Sir Purshotamdas Thakurdas, a gentleman very much respected on this side of the House, and also Sir Badri Das Goenka, as well as Mr. Lamond who was very helpful to us. We found that the Imperial Bank, since it was instituted, laboured under the impression that it would be the Central Bank of India or the Reserve Bank of India. Then we found that the Government of India changed their views, and although the authorities of the Imperial Bank of India were mismanaging affairs, according to our notions, still they felt they had a grievance against the Government of India and the people of India whom this Government represent here. In the Joint Committee I approved of the Reserve Bank, subject to certain changes which were introduced and which this House also approved. We felt that not only the Reserve Bank should be the National Bank, but that the Imperial Bank, in view of its strong banking position in India and also of the fact that it manages

a huge amount of Government currency, will have to act as the agent of the Reserve Bank, and it is no use creating a different institution than the Imperial Bank as Agents of the Reserve Bank to manage the currency and finances of India. Therefore, I gave out my considered views in the Select Committee that in the Reserve Bank we were creating a national banking institution and I found and also most of us found that the Imperial Bank was going to be another national banking institution allied to the Reserve Bank. Therefore, in spite of certain mistakes which have been enquired into and of which Sir Osborne Smith has borne in mind our criticism, I did not like to levy any criticism. My Honourable friend, Mr. Sarma, is not present here

Mr. R. S. Sarma (Nominated Non-Official): I am here. That is another misstatement.

Mr. B. Das: I know that my Honourable friend, Mr. Sarma, was the sleuth hound of the press, but, at that time, he was not whipping the *Whip*. He somehow found that I had received a "letter of credit" from Sir Osborne Smith. I may say, it was only a "letter of appreciation" which was well deserved.

Sir Lancelot Graham (Secretary, Legislative Department): Sir, I move:

"That in sub-clause (1) of clause 1 of the Bill, for the figures '1933' the figures '1934' be substituted."

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

"That in sub-clause (1) of clause 1 of the Bill, for the figures '1933' the figures '1934' be substituted."

The motion was adopted.

The Honourable Sir George Schuster: Sir, I have only two words to say. In the first place, I should like to thank my Honourable friend, Mr. Vidya Sagar Pandya, for the very generous remarks which he made. Coming from him in view of his own opinions about this Bill, I doubly appreciate those remarks. My only other remark refers to my Honourable and learned friend, Dr. Ziauddin Ahmad. He has expressed some surprise at the fact that the shareholders of the Imperial Bank were not consulted about this measure. If there is any mystery about this, I think my Honourable friend has himself today supplied the explanation. My Honourable friend has informed us that he himself is a shareholder in the Imperial Bank. Now, Sir, the Imperial Bank is a commercial institution, and I think it is very doubtful if the Directors of that Bank could afford the time which would have been necessary if the shareholders, including my Honourable and learned friend, had been consulted on this measure. (Laughter.) Otherwise, I think no speech is called for from me. We have had a full discussion of this measure and I venture to express the hope that the Imperial Bank in the future and the Reserve Bank of India in the future will both work together in the interests of India. (Applause.)

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

"That the Bill, as amended, be passed."

The motion was adopted. (Cheers.)

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.

THE INDIAN STATES (PROTECTION) BILL.

The Honourable Sir Harry Haig (Home Member): Sir, I move:

"That the Bill to protect the Administrations of States in India which are under the suzerainty of His Majesty from activities which tend to subvert, or to excite disaffection towards, or to interfere with such Administrations, be referred to a Select Committee, consisting of Sir Abdur Rahim, Mr. B. Sitaramaraju, Sirdar Sohan Singh, Mr. K. C. Neogy, Sardar Sant Singh, Sardar G. N. Mujumdar, Mr. N. N. Anklesaria, Mr. C. S. Ranga Iyer, Mr. F. E. James, Captain Sher Muhammad Khan, Mr. N. M. Dumasia, Rai Bahadur S. C. Mukherjee, Mr. B. J. Glancy and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The House will remember that I moved a motion for the reference of this Bill to a Select Committee last September and that we had a debate on the principles of that motion lasting for about a day and a half. In the course of that debate, it became apparent that there was a general feeling in the House that they would prefer that the measure should be circulated for the opinion of the public before we proceeded further, and as Government were of the opinion that they could meet the House to that extent without seriously affecting the programme which they had in mind for proceeding with the later stages of the Bill, they accepted that amendment and the Bill was circulated for opinion. We now have before us those opinions, a number of very interesting opinions. I do not wish to generalize about them. I think on the whole they represent very much what we might have expected. There has been support for our proposals and there has been opposition. I do not think any substantial points of principle have emerged that have not been already covered in our debate in September and, if I am right about that, the House has the satisfaction of reflecting that their Members have been able to look round and into this problem at least as well as the public whom they represent. When Government accepted the amendment for circulation, I expressed the hope that Honourable Members who had already made speeches would not at any rate repeat the same remarks when this debate was resumed and I offered myself to set an example, a promise which I hope I shall be able to fulfil. Nevertheless, I fear that I must make a few general remarks to serve to remind the House of the main points of the discussion which is now being once more initiated.

The object of the Bill is to prevent unconstitutional agitation against the administration of Indian States directed from British India, and the powers we propose to take are of three kinds. In the first place, we

propose a penal clause for those who enter into conspiracies against the administration of Indian States. In the second place, we propose certain preventive powers in order to stop press attacks intended to bring the administrations of States into hatred or contempt or to excite disaffection; and, in the third place, we propose to give certain powers to District Magistrates to prevent the organisation of bodies of men for irruption into the States and the development of unconstitutional agitation generally in British India directed against the States.

Now, Sir, in the debate last September to which I did not have an opportunity of replying, I think I may say that I noticed on the part of the House a desire to examine our proposals in a spirit of fairness, and I hope I am not exaggerating when I say that I felt that there was on the whole a general recognition that we had made out a case for taking action, a recognition at any rate in many quarters. Another feature that I observed in the debate last September was that the principle of autocracy was not in itself condemned and rejected. I suggested to the House that we had to reconcile ourselves to the fact of autocracy in the Indian States. That was one of those fundamental facts from which we could not get away and I think that the criticisms that have been made were criticisms directed not to the actual form of administration, but to certain methods, certain alleged abuses to which that system of autocracy might give rise. Well, Sir, whatever the form of Government, whether it be autocracy or bureaucracy or even democracy (*An Honourable Member*: "or mobocracy"), or mobocracy, they are all liable to abuse and the important thing is the spirit in which they are administered. It was claimed that owing to the conditions in certain States redress of grievances could only be secured by promoting agitation outside the States. I think my Honourable friend, Mr. Glancy, will be able to deal with that general allegation later on. But there was undoubtedly some nervousness expressed that if this legislation is enacted, it will be impossible to criticise or comment on even the worst abuses. I do not think, if our proposals are carefully examined, that it can be held that there is really any ground for this nervousness. I would ask the House to reflect that in these days the States are bound to be responsive to the atmosphere of public opinion around them. It seems to me that this is being realised increasingly, and that the recognition of this fact is one of the main impulses leading to Federation. We are beginning, we are at any rate seeing the beginning of, a unity of interest, a unity of thought and a unity of conscience throughout the whole of India. That is an important tendency when we are considering what will be the effect of the measures we are now proposing. But there is legitimate and there is illegitimate criticism. There is constitutional and there is unconstitutional action and it is the latter that we wish to stop. It is unfortunately true, as my Honourable friend, the Political Secretary, will perhaps be able to show later on, that much of the criticism of the States at the present day is not directed so much to the benefit of the inhabitants of the State and to bringing out into the open genuine grievances and abuses as to ulterior objects or even private profit. We do not want to interfere with those who are genuinely interested in reform, unless they let their zeal run away with their discretion to such an extent as to advocate unconstitutional methods. There is one general point I want to make plain, because I think, on looking through the opinions and the debate of last September, that some misunderstanding has arisen. I have justified this Bill on present-day conditions under the existing constitution, as a practical necessity. I need not repeat the justification

[Sir Harry Haig.]

which I developed last September. But I also permitted myself to look to the future when the relationships between British India and the States will be much closer and when representatives of both will be sitting side by side in both Chambers of the Indian Legislature.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): To whose advantage?

The Honourable Sir Harry Haig: And I suggested that we could not conceive a Federation working harmoniously if one part of the Federation allowed its territory to be used for the purpose of unconstitutional agitation against other parts. A Federation postulates goodwill and the spirit of co-operation, not hostility. But it is not the case that the Bill is not required till Federation comes. It is required now. We have had our warnings: we must not ignore them.

The main criticism, perhaps, which has been made against the provisions of this Bill relates to our proposals in regard to the press. The press is a very influential organization and we must always expect criticism, strong criticism perhaps, whenever we do anything which may be held to restrict the powers of the press. But the main criticism that was made was that which was crystallized by my Honourable friend, Sir Cowasji Jehangir, in the debate in September. He said, in effect, that in some States a mere narration of the facts would be bound to excite disaffection. Our answer to that was that we had provided in the *Explanations* that statements made without any intention of exciting disaffection would not be dealt with under these provisions. I wish to repeat that we have no desire to penalise the mere narration of facts, or to suppress facts, and, as against the view expressed by Sir Cowasji Jehangir, I would like to quote what has been said by the Government of Bombay when this Bill was referred to them in circulation. They said that *Explanations* 2 and 3 would seem to safeguard the position, since a mere narration of facts without improper distortion or comment showing an intention to excite disaffection would certainly be held to fall under one or other of the *Explanations*.

Well, Sir, that is a point of view which we must examine further in Select Committee. We shall also be prepared to examine in Select Committee any other points in which it may be felt that the Bill as drafted goes beyond the requirements of the situation. I do not myself at the moment think that the provisions do go beyond what is required: but I am open to conviction. We do not wish this legislation to be used in an oppressive way, but we wish to put a stop to the kind of attacks which are in certain cases at present directed against States and to the kind of situation that has arisen within the last few years in which an unconstitutional agitation against a State has been worked up from British India. I hope that the principle of these proposals will be accepted by the House and that they will agree to set up a Select Committee in which the criticisms on points of detail can be more carefully examined. (Applause.)

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

"That the Bill to protect the Administrations of States in India which are under the suzerainty of His Majesty from activities which tend to subvert, or to excite disaffection towards, or to interfere with such Administrations, be referred to a Select

Committee, consisting of Sir Abdur Rahim, Mr. B. Sitaramaraju, Sirdar Sohan Singh, Mr. K. C. Neogy, Sardar Sant Singh, Sardar G. N. Mujumdar, Mr. N. N. Anklesaria, Mr. C. S. Ranga Iyer, Mr. F. E. James, Captain Sher Muhammad Khan, Mr. N. M. Dumasia, Rai Bahadur S. C. Mukherjee, Mr. B. J. Glancy and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Mr. President, on the previous occasion, when this Bill was discussed, I did not take part in the debate. I wanted very much at that time to see how public opinion would receive this measure and then we, with our responsible position in this House, could consider the various aspects of the Bill. Since then, this Bill has been referred to what the Government call public opinion. I said, Sir, what the Government call public opinion. The record of public opinion that has been gathered and supplied to us cannot really be called public opinion, because wherever I turn to any page of these voluminous records gathered as public opinion on this measure, I find the District Magistrate of this place saying so and so and the District Magistrate of some other place saying so and so. We have been repeatedly urging upon the Government that whenever they wish to refer any matter for public opinion, they should refer it for the people's opinion of this country. It is not official opinion that counts. But unfortunately Government, whenever they refer measures of Government they always consider public opinion as synonymous to official opinion. Notwithstanding the fact that the opinion that has been gathered is mainly official in its character, and necessarily subservient, still I venture to submit that a perusal of these opinions would show that even the official mind has not gone to the length to which the Government of India have gone in this measure. My own province naturally has some sort of attraction for me, and so I would refer to only one little passage in the opinion expressed by the Government of Madras. They say this:

"The majority of the provisions of this Bill are *prima facie* of an emergent character and would appear to require considerable justification if they are to be made acceptable to public opinion. But the Madras Government are not in a position to judge as to how far such justification is forthcoming."

There are other opinions. I would only quote the opinion of two High Court Judges. I do not propose to quote at any great length many other opinions, but I would like to say this that the opinions of persons of the high standing of High Court Judges should require consideration in this House. Justice Niamatullah says thus:

"I do not think it is necessary for the Indian Legislature to extend the same protection to the States as it has done in case of British Indian administration. The degree of latitude which the British Indian subjects are given for criticising the administrative actions of the Executive is unknown in the States. On the other hand, it is an open secret that maladministration in some States is great. Things are done in some of them which are true but cannot be proved. Any exposure of them in the States themselves is out of the question. Freedom of comment in British India has a great moral effect and indirectly acts as a check by drawing the attention of the Political department to the alleged high-handed action of the State administration. It is true this freedom is sometimes abused but there are laws already on the Statute book which afford some measure of protection to the States.

States are very jealous as regards interference in their internal affairs by the authorities in British India. Consistently with this attitude they have no claim to any further extension of protection through the Indian Legislature. The latter cannot legislate so as to bind the State administrations, there is little justification for the same degree of protection being extended to them. It is only if the States agree to some degree of control by the British Indian Government that they should be placed on the same footing as the British Indian administration. The least that should be

[Mr. B. Sitaramaraju.]

insisted upon in return for such a legislative enactment is that a right to petition the Governor General or Governor should be conceded to every person aggrieved by any of the actions of any State administration and the same right of appeal to Privy Council should be given from the decisions of the highest tribunals in the States as exists in British India.

It is not fair to State subjects to be deprived of the right to criticise the State administrations even in British India. Section 121-A of the Indian Penal Code which is to be applied to the States is far reaching in its scope."

Then, Sir, I will only give just another passage from another High Court Judge, Justice Rachhpal Singh. He says:

"I am opposed to the provisions of this Bill. Generally it will be found that people belonging to Indian States, whose grievances are not redressed come to British India in the hope that by giving publicity to their cause they will obtain a hearing from the British Government. I do not see any reason why they should be discouraged from adopting this course. This is one of the remedies, and very often the only remedy, which they have against oppressions by the ruler of a State, and I think that they should be permitted to avail themselves of the same."

Sir, it is not necessary for me at any great length to quote the various opinions expressed and, as I am asked to serve as a member of the Select Committee, I do not propose to deal with any of those provisions, which, if this motion is referred to the Select Committee, could be attended to there. But there are certain aspects of this Bill which, if I am to discharge my duty honestly and faithfully as a member of the Select Committee, require some answer from Government. Sir, one of the very first things that I would like to ask on a measure of this kind is: What is the precise constitutional position of an Indian State? We are asked to take note of the constitutional position of an Indian State. We are asked to take note of the jurisdictional position of the States. But may I venture to ask, what is precisely the constitutional position of an Indian State? We have States ranging from His Exalted Highness the Nizam governing territories and having a population as big as a prominent kingdom in Europe, to a Princeling, lording over an acre of land in the Himalayas. There are 562 States like that. There are, again, princes who claim decent from the planets,—the sun and the moon, and there are other princes who can lay no better claim to an ancestor than the Revenue Inspector of the John Company. Further, what is more important for us to note in a matter of this kind is that there are States which have jurisdictional powers, whereas there are good many other States which have no such jurisdictional powers. This Bill does not make any distinction between the States and States. All of them are treated as one class. Further, as matters stand at present, the States themselves claim to be considered in the same way as protected States known to International Law, a protected State has for it a suzerain power. That suzerain power controls only the external relations of that State,

3 P.M. but the protected State has absolute internal sovereignty. The Indian States claim that they should be considered in the same category as protected States. But here the position of Indian States cannot be considered to be the same as a protected State as can very well be seen from section 33 of the Government of India Act where the Governor General in Council has a right to interfere with the internal administration of the State itself. Here, Mr. Hall, in his book "On Foreign Jurisdiction of the British Crown", describes more or less correctly the precise

position of the Indian States and he places them in the category of protected States. He says:

"Whatever might have been their status before, sometimes by fresh compact universally by usage, internal independence has been invaded to an extent which is no doubt very different in the case of the Nizam from that of the petty chiefs of Kathiawad or the Rajput princelings of the Himalayas; but which everywhere involves the exercise to a greater or less degree of territorial jurisdiction by the paramount power, and implies the reserve on its part of a certain dominant 'residuary jurisdiction' and even of the right to disregard the plain terms of the treaties themselves."

While constitutionally speaking we are unable to place them in the category of protected States, we find in the Montagu-Chelmsford Report that from time to time the position of the Indian States had changed. Whatever may have been their status and position when they entered into treaties with the East India Company, under the British Government first their position was one for non-intervention, then subordinate isolation, and, thirdly, subordinate co-operation, and it is said in a recent Committee Report that the future is union and co-operation. That does not help me to know exactly what is the precise constitutional position which we are asked to respect. The English language, which is foreign to us, I always considered is more suitable for concealing thought than for expressing one. In all these varying phraseology, it is very difficult for me to know precisely what exactly is the constitutional position of an Indian State. There is one other matter which has also created some difficulties in my mind and that was His Majesty's Orders in Council. These Orders in Council have also added somewhat to the confusion as regards the precise constitutional position of the Indian States. In the Persian and Siamese Orders in Council, members of Indian States are classed as British subjects, while in the Persian Coast and Morocco Orders in Council, a British subject was defined as to exclude them. Again, under section 15 of the Foreign Jurisdiction Act, they are described as persons enjoying Her Majesty's protection. But when I read constitutional law, I find that protected States like South Borneo and others have absolute internal sovereignty and, therefore, their subjects are treated as foreigners. We have also to take note of the fact that we are going to get a constitution perhaps on the lines indicated in the White Paper. What exactly will be the constitutional position of the Indian States under that constitution, it is very difficult to state at present. Today under the White Paper proposals their position is further complicated by the fact that they are asked to part a portion of their sovereignty to the Federal Legislature which in turn is subjected to the sovereignty of the British Parliament which body has no manner of right whatsoever for that position. When we come to deal with the long list of Federal subjects, which the Federal Legislature can discuss, we find how hard it is to draw a line of demarcation between matters which can be covered by the Federal subjects and matters not covered by them in the matter of dealing with the administrative details under the rule of these princes in their States. Therefore, it is absolutely necessary for us, when we go to Select Committee, to know exactly the precise constitutional position of the Indian States,—that constitutional position which we are asked to respect. I have tried my best by referring to International Law and referring to books on Constitution and law, but my labour was wasted. I could not find an exact analogy to the precise position which an Indian State occupies to-day. I think I made a mistake to refer to books of that kind. What I ought to have done was that I should have referred to sociology. There, if I may venture to say so, I find a parallel to them. They are very much

[Mr. B. Sitaramaraju.]

like the bedecked, bejewelled Begums of an Imperial Zenana, with jurisdictions intra-territorial and extra-territorial, circumscribed within the narrow limits prescribed by the Political Department, with an army of agents who pose as the watch and ward to maintain the honour of the paramount power and sustain the public morals, judged by bureaucratic standards of the inmates of that august personage of this Imperial Harem. If that is not the status of even these treaty States, what is their precise constitutional position? It is not only necessary that an authoritative pronouncement should be made regarding the status of these Big States under the British Crown, but it is also necessary that the Government should give us an indication whether they would like both the major and minor princes to be treated alike or whether they would prescribe different status to the minor States. The minor States, mushroom in origin and magnitude of power and misfits in a scheme of Constitution that the Government may have in view, have actually frightened the bigger States to fall in line with any constructive or constitutional scheme, necessitating urgently the review of their position. I must consider that a solution of that problem is much more urgent than even this measure. When you remember, these small States have no jurisdictional powers, what is the nature of jurisdiction you wish us to take note of in this measure? The States like Hyderabad, Mysore, Baroda and Kashmir cannot accept the status you propose under this measure to the smaller Jagir States. If this measure is intended to be a generous gesture towards the princes, this will be approaching the problem from the wrong end, in a manner not only to complicate it, but to confuse matters already confounded and to create a genuine apprehension among the Big States as regards their future importance and constitutional position. But if the paramount power desire that this whole class of Indian States should be treated on the footing of protected Foreign States, I would offer no objection if they are given the same status of protected States known to International Law, in which case the paramount power would have no jurisdiction in the internal administration of the States. They would have to be placed in the same category as the Asiatic Princes contemplated under section 125, I.P.C., for which purpose this section 125, I.P.C., and the Foreign Relations Act, which we have passed a few months back, will cover all that there is a need to cover and this Bill would be uncalled for. Bringing this Bill under section 121 is certainly not called for, but would be against all law and accepted notions of allegiance and of international obligations. But the Honourable the Home Member says, the geographical position, historical antecedents and powers acquired by usage by the paramount power have given the Indian States a different constitutional position. But what is that position? A precise definition of that position would enable the Bill to be drafted in a manner suitable to all. If the Government admit that they have no independent internal sovereignty, it will be a mockery to call them sovereign States. They are perhaps as much a Government as the Government of India are today a Government. Are the Government of India a Government? With the civilian underneath them and the Secretary of State above them, what chance have they to govern? The Indian States occupy even a much inferior position than that. Again, under the present Constitution, it is not the Viceroy, but the Governor General-in-Council who exercises the paramount power; and whatever may be the future, the Indian Legislature cannot be treated as untouchables in matters administered by the Governor

General-in-Council. However that may be, so far as the present position of the Indian States is concerned, they are, to my mind, more objects for our commiseration than our anger. There is no doubt that some of the Indian princes are a bad lot, but such a trait is incidental to an irresponsible position. I said "irresponsible position", in other circumstances I would have said autocratic or despotic power. But even despotic power has always a corrective; that corrective is the people whom they rule.

Even in the dim historic past we have known occasions when great monarchs, despots, tyrants, whose will was law, even they had one corrective and that was the will of the people whom they governed; but today is that corrective existing in any Indian State? Public opinion is the corrective and is the check of even the most despotic and autocratic power. But can that act as a check in any Indian State today? Even tyrants and despots knew that the loyalty of their subjects was essential for the maintenance of their rule and the safety of their thrones. But these States in India need not depend today on the loyalty of their subjects: they have at their beck and call the armed intervention of a mighty Paramount Power: the princes are not called upon to study the needs of the people, but to study the desires of the Paramount Power: The princes are not called upon to allay the discontent of their subjects, but to allay the discontent of the Political Department. Where is the corrective, the proper and legitimate corrective which can always be exercised by the people over whom they rule? Is that corrective present today? If not, how is it to be attained? The greatest injury that the Paramount Power has done is to destroy that corrective. If you turn to the Law Commissioners' Report of the year 1847 on the Indian Penal Code, you will find at pages 6 and 12, Colonel Sleeman saying: ;

"In nothing have we so neglected our duty as in the licence we have virtually given them."

Nearly a hundred years have elapsed since Sleeman said that. Can the Honourable the Home Member say that the position has improved today? He admitted himself on the previous occasion that there were princes whose government was not at all up to the mark, and that there were princes whose States were scandalously and intolerably misgoverned. But what is the corrective? What is the check upon this state of affairs? He said: "If you do not embarrass them from outside—(I am using the very words of the Honourable the Home Member)—they can be trusted to protect themselves." Protect from whom and from what? Certainly from the people they govern: by the help of the army, the Indian taxpayer is contributing to maintain them in their position. We are told that we can talk of the misgovernment of any other country, but we cannot talk of the misgovernment of our neighbours. I do admit that the way in which my neighbour manages his own household is not my concern: but if my neighbour develops unhealthy surroundings, certainly it is increasingly my concern that that plague spot should be eradicated. We are also told that we can agitate against the Government of South Africa if they were to illtreat any of our subjects there; but can we agitate against an Indian State which has illtreated an Indian British subject in that State? . . .

Mr. N. M. Joshi (Nominated Non-Official): You cannot even ask a question in this Assembly!

Mr. B. Sitaramaraju: Quite so: you cannot even ask a question about it here. It is always a fundamental right of a nation to judge and criticise the conduct of others who illtreat their own nationals. Where have we got that power? What right have you to deprive us of that power to criticise the conduct of persons who illtreat our nationals? The Honourable the Home Member says: "True, but you can always represent these matters to us". With all respect, may I venture to submit to the Honourable the Home Member that we know what representations are generally worth.

Another point which has already been mentioned by one of the Judges of the High Court of Allahabad was that, if this Bill were passed into law, the Indian State subject was prevented from ventilating his grievances in British India and that no remedy would be open to him even in British India.

These subjects of Indian States are blood of our blood and flesh of our flesh, and you cannot ask us to ignore that. I am prepared to acknowledge that constitutionally we have no right to interfere with their administrations. If, of late, there have been instances where British Indians have busied themselves to take upon themselves to translate that sympathy into action, they have, every sensible one among them, realised to their bitter cost that they were only playing into the hands of others. There may still be enthusiasts like my Honourable friend, Mr. Das, who often forget their own troubles and weep over the lot of others. The other day he enumerated the demands of the Indian States subjects: one of them was the right to have freedom of speech, opinion and association. If my friend will not misunderstand me, I would say that it comes with rather ill grace from the tail-end of the Indian National Congress in this House to pose that we have in British India today the right to exercise freedom of speech, opinion or association. The second demand of the Indian States subjects was the right to be tried by open trial and by a proper judicial tribunal. But here is my friend, Mr. Mitra, who will enlighten the House as to the rights which we are supposed to possess in British India in this matter. The third demand of the Indian States was that they should have freedom to worship in the manner they like, and I hope in this connection I would respectfully look to my friend, Raja Bahadur Krishnamachariar, who may have to say something about it.

But, Sir, I wish to make one point absolutely clear. We wish the Indian princes well. Some of them,—particularly those in Southern India,—have set an excellent example. Personal interference with the administration is given up. They and several others have done much. But for them, perhaps, Indian talent from even British India would have stagnated. But for them, all that is good in ancient culture would have nearly perished. But for them, religious, social and educational reforms would have taken a longer time. There were occasions when Indian States had set even better examples to British Indian Provinces. A British Indian Province would envy the literacy attained in Travancore, the prosperity of Cochin, and the reforms of Baroda. Still unlimited power in the hands of single persons, when exercised against the wishes of the people they govern, must be riding for a fall. We do not desire their fall. We wish them well.

Sir, in the near future, whether we wish it or not, these States are being yoked to us. We feel helpless even to suggest that the Federation should be a real Federation of States and Provinces whereby their provincial administrative problems should in all cases be made exclusively

Provincial and the Federal Legislature should only deal with Federal Subjects, but the idea of His Majesty's Government is to create for the States rights to discuss British Indian problems, while reciprocity is denied to us. This is a very unjustifiable position. What we cannot cure now must be endured for a time at least. Common sense and a care for the future must dictate to us the absolute necessity, therefore, to cultivate the goodwill of the princes. We must be prepared, and we are quite prepared, to go to all reasonable lengths to maintain them in their gilded seats.

But as regards the subjects of the States, we do sympathise with them. But we and they must understand—it is not our business to fight their battles. They have to fight for themselves without partnership from British India. We deprecate *jathas* and welcome the measure to that extent that it is not our business to go and lead British Indian *jathas* to Indian States. All that we could do was to bring, if we could, pressure on the Government of India to consider that the subjects of the States were objects of their concern as much as the princes themselves, but if in the situation the Government find that there is no room for reform, but only possibilities for employment, how can we help that? Justice and freedom we cannot secure for them either in Srinagar or Hyderabad, Alwar or Rampur. But it must be secured, God willing, it will be only in Delhi. But "*Honos Delhi Dur Hast, Delhi is far off*".

Sir Muhammad Yakub: Mr. President, I am not against any reasonable protection being granted to the administration of Indian States or to the rulers of those States. I am well aware that a great deal of blackmailing and extortion against the administration of Indian States and their rulers is going on in British India. I know it full well that there are many newspapers in British India who live entirely upon blackmailing the Indian States, and large sums of money are passed on to them from Indian States to shut the mouths of these barking dogs of newspapers whose business is blackmailing and nothing else

An Honourable Member: What about the people who give the money?

Sir Muhammad Yakub: That is what I am going to say. I am quite prepared to admit that measures should be taken to stop this blackmailing and extortion, but are not some of the Indian States, and the rulers of those States, themselves responsible, to a very large extent, for this blackmailing and extortion of money? If you invite the editors of newspapers from British India, if you entertain them at sumptuous dinners, if you give them big palaces to live in, if you give them costly cars to drive and, before leaving the State, if you also fill their pockets with bundles of currency notes, then I do not think any measure, that we can pass in this House, can stop blackmailing and extortion which is really going on in some of the Indian States. If we are asked to protect the rulers of Indian States, I think it is the first duty of the Government of India, the suzerain Government, to ask the rulers of these Indian States themselves not to encourage this sort of lavish hospitality and generosity on the newspapers

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

[Sir Muhammad Yakub.]

The Honourable the Home Member in his opening speech made very brief remarks in introducing this measure. He did not explain to the House as to what was the real need or what was the chief reason for which this measure had been brought before the House. He did not clearly explain the circumstances which made it necessary for Government to pass a measure of this character at the present moment. I think he must be asked to state whether the princes themselves have asked for this protection, and, if so, what specific grounds they have urged for putting a measure of this sort

The Honourable Sir Harry Haig: May I explain, Sir, that it was only in pursuance of an undertaking that I gave to the House in September, that I did not repeat the remarks that I have already made and that was why I was brief today,—I think the Honourable Member was not present in September when I explained at great length the justification and principles of this Bill.

Sir Muhammad Yakub: Well, Sir, so far as the Statement of Objects and Reasons goes, it is stated here that the ordinary law is not adequate to afford States in India the protection they may reasonably expect against activities which may be carried on in British India. It is further stated that the forthcoming constitutional changes, moreover, make it desirable that the authorities in British India should have power to protect units of the Federation from agitation directed against them. Now, Sir, as regards the first object, that is to say, that the ordinary law is not sufficient to afford protection to the princes, we would like to know how many complaints were filed by the Indian States and what was the result of them, and in how many cases the ordinary law of the country was not sufficient to protect the Indian princes. Besides the ordinary law of the country we have also got, on the Statute-book, the Indian Princes (Protection Against Disaffection) Act of 1922. I would like to know, how many princes have utilised this Act, how many cases were filed under the provisions of this Act and what was the result of them? We would also like to know how it is that the Indian Princes (Protection) Act was not found sufficient to protect the Indian princes. These are relevant matters which ought to be brought before the House and we must know them before we are asked to vote on this Bill.

The Bill, as it has been framed, makes no difference between States and States. We are asked to give the same protection to the biggest State of His Exalted Highness the Nizam of Hyderabad as to a very small State comprising only of a few hundred people as its subjects. Out of the 562 States, as many as 454 States have an area of less than 1,000 square miles. 452 States have less than a million population, and 374 States have a revenue less than a lakh of rupees. It is only some 80 among the 562 States that possess the area, population and resources of an average British Indian district. As many as 15 States have territories under a square mile. Three States cannot boast of a population of 100 souls; five have a revenue of Rs. 100. The smallest revenue mentioned is Rs. 20 for the year and the smallest population is 82 souls. (*An Honourable Member:* "How many guns has he got?") To say that one who wages war against a State of which the area is under a mile and the population is 82—to put that on the Statute-book, would be ridiculous and we

would be stultifying ourselves if we passed a general law like that. It ought to be the duty of the Select Committee to see that the protection which we are giving and the provisions which we are applying to the Indian States do apply to States which really deserve the name of being States and not to these small principalities.

Then, again, certain provisions of this Bill are taken from the Press Emergency Powers Act. We know that *Explanations* (2) and (3) of section 4 of the Press Emergency Powers Act give a right of appeal to the High Court against a forfeiture of security, but there is no appeal against an order demanding security, which may be for any amount, under this Bill. We find that clause 6 of this Bill is very drastic and sweeping in its nature. All these things ought to be carefully gone into in the Select Committee and the Bill should be revised in such a form as would give satisfactory protection to the princes who deserve it and also leave sufficient scope for expression of genuine views in British India.

We are told that as the princes are now to become our colleagues in the Federation, we should give them more protection. In the first place, from the very beginning, it has been my objection that the association of the Indian States with British India, in the form of the Federation, would be a calamity to British India. Unity of democracy with autocracy can never be a congenial unity. Under the new Constitution, we are allowing the Indian States to have their finger in our pie while we, subjects of British India, will have no right to interfere in the internal administration of the Indian States. This is quite illogical and unconstitutional. If the representatives of Indian States, as members of the Federation, have a right to interfere in our internal affairs, then, logically, the Federal Assembly at least must have control over the administration of the Indian States and we also should have our finger in their pie. As long as the Constitution of the Federation does not give any right to the Members of the Federal Assembly, at least some power of supervision, over the administration of the Indian States, I do not think that we are justified in any way in giving any more protection to the Indian States than they enjoy even at present.

These are some of the points which ought to be thoroughly gone into in the Select Committee and the Bill should be re-drafted in that form. As I have said, I am not going to stand in the way of the Bill going to a Select Committee. With these few observations, I support the motion.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): This Bill is a very important measure and it requires very close scrutiny. So far as the principle of the Bill is concerned, I am at one, because I may say that about 15 years ago, I think it was, when the unfortunate murder of the late Mr. Jackson took place, about 25 to 30 young men from the Maharashtra came and took protection in the Hyderabad State. The British police were very anxious to bag them, but there was no way by which they could get at them. So the Government of India represented to the Government of His Exalted Highness the Nizam that some sort of protection should be afforded to them, that people from the Hyderabad State should not hatch conspiracies against the peace and good government of British India. Now, Sir, His Exalted Highness directed me to find out a way to do it, and I amended our Penal Code there to say that waging war against British India or a conspiracy to subvert the Government of British India was just as much an offence

[Raja Bahadur G. Krishnamachariar.]

in Hyderabad State as it was in British India, while, before that, our section only read, waging war against the Nizam or subverting his Government was an offence under that section. Consequently, when the princes do require protection, I think they are entitled to demand, as a matter of reciprocity, the protection that they require. But the most important thing that has not been said so far—I speak subject to correction—I did read the Honourable the Home Member's speech that he delivered in September last, I was not there in Simla, but I have not read it so closely as if I shall be able to pass an examination upon that, so if I do say something, I hope the Home Member will understand that I do not want to misrepresent him. Did any of the princes ask for protection, and, if so, against what? I am coming presently to the *jathas*. That is an important point by itself, and I do not think that any Honourable Member of this House would agree that people should collect in British India, hatch conspiracies and invade the Indian States with all the paraphernalia of a rioting mob. With that I shall deal later. But, apart from the question of the *jathas*, has there been any complaint by any Indian State that their administration is being interfered with by any action in British India on the part of the British Indian subjects or native Indian subjects? If so, I respectfully submit that before the Political Department or the Home Department requires this Assembly to accept a legislative measure like that, it was their duty to place that material before the House and say that this was the grievance that these gentlemen laboured under. We are bound to protect them and, consequently, we hope that this Assembly will agree to legislation of that kind. So far as I am aware, no such protection has been asked for. I think I can say with some confidence that I am conversant with the administration of several Indian States, big and small, and I do not think they wanted our protection at all in the way the Bill provides. On the contrary, I think they would resent our interference in these matters, but of that anon.

Sir, before I proceed to the remaining portion of the Bill, I think I had better dispose of a point which my friend, Mr. Raju, elaborated for some time before this House. He was not quite sure what the actual status of the Indian States was and he roamed all about the world, to South Africa, to big Protectorates and to small Protectorates and was unable to find out what exactly was the constitutional position of an Indian State. I am not sure that it is very relevant on this point, but if he will read Keith's "Government of British Colonies and Dependencies" he will find that the position of an Indian State does not correspond or cannot fit in with any definition of International Law that we know of and it has not been defined till now. The position of an Indian State is that its external sovereignty, that is to say, its right to deal with foreign nations, has been taken away by the treaties. As regards their internal sovereignty, I say this. I am not quite concerned with those States which have only three square miles of territory and with a population of 50 people. I am concerned with the more important of the Indian States. I think they are absolute masters in their own houses.

Mr. B. Das (Orissa Division: Non-Muhammadan): Certainly not.

Raja Bahadur G. Krishnamachariar: That statement, I am sorry to say, comes from a person who, I am perfectly sure, is not acquainted with their treaties. I should like my Honourable friend, Mr. B. Das, who is a very

great authority upon so many things, including labour in Geneva, to read the treaties. I will first deal with the treaty with His Exalted Highness the Nizam.

Mr. B. Das: I was talking of the smaller princes.

Raja Bahadur G. Krishnamachariar: I said, I am not concerned with chiefs with a three square mile territory and a population of 50. I shall dispose of all these persons immediately. As a matter of fact, these gentlemen are masters in their own houses, whatever might have been said in the interim difficult times that some of these unfortunate princes passed, I do not blame any particular person, when they had to dance to the whim of some of the Political Agents.

An Honourable Member: What about Lord Reading and paramountcy?

Raja Bahadur G. Krishnamachariar: I know that. I am coming to Lord Reading and his theory of paramountcy. I have had my say on that once or twice, and I shall have my say again. I am now concerned with the internal sovereignty of these people. There is a formula in the old Foreign Office which is now transferred to the Political Office, because, in the year 1902, they found that the Foreign Office had absolutely no jurisdiction to deal with these Indian princes. There is a formula which these people have framed—Whereas by treaty, sufferance (mark the word) and usage, various kinds of jurisdiction have been conferred upon His Majesty, he is now pleased to pass an Order in Council, etc., etc. I want this House to remember the word "sufferance". Shall I tell you what sufferance is. For instance, the customs treaty concluded between His Highness the Nizam at that time and the East India Company

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member is not entitled to refer to the relation of His Majesty's Government with any of the Indian States.

Raja Bahadur G. Krishnamachariar: I hope you will kindly hear me on that point. This Bill has been brought here in order to induce this Assembly to give protection to Indian States, because the administration of those Indian States is being disturbed by us and, I very respectfully submit to you, that we are entitled to find out what exactly their position is. Mr. Raju was allowed to say and to discuss the constitutional position of the States, and I respectfully submit that I am equally entitled to submit before this House what exactly is the constitutional position of these princes and what it is that they want and how far this House would help the Government of India in providing for it by getting through this Bill. Therefore, I very respectfully submit that you will kindly allow me to proceed with this matter. I do not say that the British Government was right or wrong in entering into that relation. Before I proceed to submit to this House my arguments as to how far they could go in giving this protection, I think I ought to tell them what exactly is the relation which subsists between the Government of India between His Majesty's Government and the Indian States and that, Sir, is the position, I respectfully submit, I should be allowed to develop as I began. Sufferance in a treaty that was entered into between His Highness the Nizam and the East India Company in the year 1800, which is called a Customs Treaty. There were half a dozen persons who were exempted from the customs which the Nizam was levying. Now, there are at least 600 persons on the British side who are exempt from the customs duty and that is sufferance. Why because

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Chair would draw the Honourable Member's attention to rule 8 which says that no member shall ask questions relating to any matter affecting the relations of any of the foregoing authorities with any prince or chief under the suzerainty of His Majesty or relating to the affairs of any such prince or chief or to the administration of the territory of any such prince.

Raja Bahadur G. Krishnamachariar: That relates to questions. Then I would ask your ruling on the point whether this Bill is in order?

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): On a point of order. When Mr. Raju made his speech, he made certain references to the Nizam. He also made certain references to the relations that subsist between an Indian State and British India. I should like to know, because your ruling is very embarrassing, as to how far you will permit us to refer to the relations of Indian States with the paramount power, because the whole Bill is based on that matter. I certainly share the difficulty of Raja Bahadur Krishnamachariar. Are we to speak, as we have spoken, when this Bill was taken up during the last Session, or are we, in the light of your ruling, to suppress ourselves and say that this Bill cannot be introduced in this House. We want to have a definite ruling in regard to this matter, because, when the question arises of attacking certain Indian States for their misgovernment and the necessity arises for raising attacks in the newspapers for their misgovernment, or defending them against such attacks, certain references will have to be made. I myself would invite your attention to my speech during the last Session where I definitely mentioned the affairs of Kashmir and the *jathas* there were permitted to go to Kashmir. These matters will have to be gone into and, therefore, I would like you to revise your ruling so as to enable us to proceed smoothly with the debate.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Chair's ruling is strictly what it read out to the House. The Chair quite recognises that it is difficult not to be on the border-line occasionally, but it is imperatively laid down that Honourable Members, while discussing these matters, cannot refer to the affairs of any State, either of the Nizam or of Kashmir, and the rule is very emphatic on this question.

Mr. C. S. Ranga Iyer: May I just invite your attention to this. Are we to conduct this debate in the light of the last debate and the length to which we were allowed to go by the President? I hope, you, Mr. Deputy President, will permit us at any rate the same opportunity of referring to the States or other States to which we referred on a previous occasion, and I would rather wait for the President and hear his ruling on this matter if you are going to place a further restriction on our right of discussing what we have already discussed.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Chair has placed no restriction on the right of Honourable Members to discuss this Bill except that laid down in rule 8, and has drawn the attention of the Honourable Member to that rule only.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhamadan Rural): Will the restriction apply to discussions in Select Committee?

Raja Bahadur G. Krishnamachariar: On a point of order. If you will kindly refer to that—I have not got the book, perhaps . . .

Mr. Deputy President (Mr. Abdul Matin Chaudhury): Order, order. A ruling cannot be discussed. The Honourable Member will proceed with his speech.

Raja Bahadur G. Krishnamachariar: I am raising a point of order, and I am only waiting so that I may, as a matter of courtesy, be allowed to read the passage again. I am on a point of order now. Clause 8 (1) of the Legislative Rules, page 83 of the Manual, says:

“A question may be asked for the purpose of obtaining information on a matter of public concern within the special cognizance of the member to whom it is addressed :

Provided that no question shall be asked in regard to any of the following subjects, namely :

- (i) any matter affecting the relations of His Majesty's Government, or of the Governor General in Council, with any foreign State;
- (ii) any matter affecting the relations of any of the foregoing authorities with any Prince or Chief under the suzerainty of His Majesty, or relating to the affairs of any such Prince or Chief, or to the administration of the territory of any such Prince or Chief.”

Sir, I am not asking a question; what I am submitting is that if I cannot dispose of this point of order, which I am developing, I shall immediately say this, that the Bill is designed to protect the administrations of States in India which are under the suzerainty of His Majesty from activities which tend to subvert, etc., etc.,—those exactly are the words used in this place,—“any matter affecting the relations . . . or relating to the affairs of any such prince or chief”, so that if the affairs relating to any prince or chief relate also to his administration, then I want your ruling whether this Bill itself is in order. Why should the Government be allowed to introduce a Bill in order to protect the administration of Indian States, and why should I not be allowed to go into that—the administration of the States? They want this House to give their verdict and they have introduced this Bill, a Bill which admittedly deals with the affairs of States and here I am, according to the ruling that you have just now laid down, not to speak anything upon the administration of these Indian States. I want to know then whether this Bill itself is in order.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): I take it, Sir, that the rule that has been quoted relates only to questions. Now, supposing we were to apply that to a debate on a Bill like this, the principle that would apply would be—that you may refer to the administration of the States in general terms, but you are not to discuss the affairs of a State, that is to say, the detailed affairs of the administration of any State. If it be so held, then I do not think there would be any inconsistency between the rule and the debate that is going on now. I think it must be open to the Members of this House to discuss the general features of an administration, in order to find out how far the provisions of the Bill relating to the administration of the States generally should be accepted by the House or not. There ought to be a distinction drawn between discussing in detail the administration of a particular State and the general features of the administration of the States.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): May I submit that the very principle of a question is, as laid down in section 83, at page 14, under rule 7, that a question may be asked for the purpose

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of obtaining information, because the principle of asking questions is to obtain certain information which cannot be gathered by Honourable Members without getting this information through the Government sources. Now, if one has the object of getting only information and puts a question as regards the administration of an Indian State, it will not be possible for the Government of India to supply that information and, therefore, this House is not authorised to ask questions on those matters which relate to Indian States or their administration. But when we have got a Bill before us, which necessarily involves the principle whether we should give protection to people who ask for this protection, necessarily we have to go into those details which are precluded from being put up in the shape of a question. I hope, Sir, you will allow the Honourable Member to proceed in that way as he was proceeding.

Mr. O. S. Ranga Iyer: Sir, for your benefit, may I suggest that we may try, in the light of the difficulties you are confronted with in the Assembly Manual, to draw a difference or demarcation between going into the details of the administration of an Indian State and making general references to it, as we have made in the last discussion, so that we may illustrate our point by such references, and that is all I have got to say

Raja Bahadur G. Krishnamachariar: If you will kindly permit me to say one thing. During the last discussion, my friend, Mr. B. Das, if you will kindly refer to his speech

Mr. Deputy President (Mr. Abdul Matin Chaudhury): What is exactly the point of order of the Raja Bahadur?

Raja Bahadur G. Krishnamachariar: My point of order is that, if your ruling is upheld or if you say that that ruling that you have just now given should not be revised, namely, that no affairs of a prince or a chief should be discussed on the floor of this House, then I say that the Bill to protect the administration of the States—an administration which must necessarily deal with the acts of specific administrations—that too should not be discussed. Therefore, I say, that the Bill itself is not in order and I want your ruling upon that.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Bill is perfectly in order, because the Bill is intended only to protect the administrations of the States in India from attacks made in British India.

Raja Bahadur G. Krishnamachariar: Is that your final ruling? How are you going to protect an administration unless you know what the details of that administration are? If you do not want me to debate that point, then I do not want to trouble this House about anything. In the Statement of Objects and Reasons, the Honourable the Home Member says that the present law does not afford sufficient protection that they may reasonably expect against activities which may be carried on in British India with the object of subverting or exciting disaffection towards or interfering with the administration of such States. Those are the acts that this Bill is going to prevent, and the assent of the Assembly is required in order to enable this to be done. Sir, I do not wish to question your ruling at all, but I think I may very respectfully submit that if I am

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not allowed to lay before the House the details of the administration, then there is no point in debating this question and in going on with the Bill. On a former occasion, Mr. B. Das was allowed to speak for more than three-quarters of an hour on the *Begar* system that exists in the Indian States. If I am not allowed to lay before the House the conditions upon which alone this House would agree to the proposal made by the Government, then, how can I go on with the Bill? Take, for instance, clause 6 of the Bill. I want to show how that section ought not to find any place in a law in British India. How can I do that except by giving instances. Therefore, I respectfully submit that the discussion might be allowed to proceed.

Mr. N. M. Joshi: May I say, Sir, one word about this point of order. Our Rules and Standing Orders were framed with regard to the ordinary course of our work. We are not to ask questions about the conditions in Indian States or even discuss Resolutions. But the rules, when they were framed, did not really consider that there would arise some situation, as we have today, when the rules would have to be waived although they might exist. The rules did not really contemplate that we should discuss a measure for the protection of the administration of Indian States. If the rules had really kept that in view, they would not have been framed in this sense. We are today asked to discuss a measure which is to protect the administration of Indian States. Now, how can we discuss, if the rules are to be kept as they are, whether the Bill is a desirable one or not. We must really discuss whether the administration deserves protection or not. I therefore suggest to you Mr. Deputy President that the present Bill is a special Bill and the rules even though they may be against our discussing the administration of Indian States, will have to be waived if the Bill is to be considered properly.

Mr. B. Das: Sir, as my name has been so often mentioned by Raja Bahadur Krishnamachariar, I wish to point out that I never tried to exalt or undermine the administration of any one particular State. I referred generally to the maladministration in these States and that I will do again later on when I speak on this motion.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, with reference to the point of order that has been submitted by Raja Bahadur Krishnamachariar, may I point out that the restrictions to which you refer apply specifically to questions as also to Resolutions, because, apart from rule 8, you will find that if you refer to rule 23, there is a similar restriction with regard to Resolutions. But when we come to legislation, the only restrictions are with regard to the subjects on which this House is not competent to legislate. If you turn to section 67(2) of the Government of India Act, you will find that "It shall not be lawful, without the previous sanction of the Governor General, to introduce at any meeting of the Assembly any measure affecting (d) the relations of the Government with foreign princes or States". That is to say, if only this previous sanction has been accorded to a Bill, we are competent to discuss even a measure relating specifically to the relations of the Government with foreign princes and States. On that analogy, I submit, that not merely is this Bill in order, but that all relevant references to the relations of the Government with the Indian princes and States are also in order, there being no positive bar against it in the Legislative Rules.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Chair would like to hear the Honourable the Law Member on this point.

The Honourable Sir Brojendra Mitter (Law Member): The matter is not at all difficult to my mind. The principle underlying this rule with regard to Indian States, I submit, ought to apply to Bills. Certainly when we are dealing with a matter which seeks to afford protection to States, the constitutional relations between British India and the States must be relevant and ought to be allowed. We may not discuss the internal affairs of a State. Any reference to any particular State or the internal affairs of a particular State should not be admissible. But I submit that it is permissible to argue misgovernment of a particular type that may exist in a State without mentioning the name of it. As an abstract proposition, it would come within the purview of the Bill. We may not discuss the affairs of a State in a concrete form, but, as an abstract proposition, I submit, they ought to be permissible.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): In the ruling that was given the Chair said nothing new. The Chair only read out to Honourable Members the relevant portion from the rules as given in the Manual. The Chair agrees with the Honourable the Law Member that Honourable Members are not entitled to go into the details of the administration of an Indian State by giving concrete examples.

Raja Bahadur G. Krishnamachariar: Thank you, Sir. I was not going to mention any States so far as the misrule is concerned, but with regard to constitutional relations, I understand, the Honourable the Law Member said that it was perfectly open to me to speak. So, I shall not mention any State by name, but I shall do so upon the question of principle alone. Sir, I was discussing the question of treaty sufferance, but I shall not labour that point and I shall go to the question of usage. (*An Honourable Member*: "What is sufferance?") Sufferance is where there is a certain privilege of a very distinct nature granted by means of a treaty. As time goes on, its tail lengthens so much that the animal is lost in the tail and the privileges extend and extend until they are crystallised into a right, and it is that which this phrase wanted to perpetuate. Usage is even a worse term. Now, these things have been knocked on the head. It was suggested in connection with the question of jurisdiction by a certain State that because a jurisdiction has been given for running a railway over that State, all kinds of jurisdiction have been conferred. The matter went up to the Privy Council and Lord Watson said that just as a fountain cannot rise higher than its source, so also any number of statements in your documents, whether by treaty, sufferance or by usage, cannot give either in favour of His Majesty or the Government of India one jot more than what the Indian prince has consented to give. Consequently, the terms treaty, sufferance and usage which my friend, Mr. Raju, used have absolutely nothing to do with the decision of the constitutional relation between an Indian State and the Government of India. I know that, in the famous Manipur case, a Resolution was passed by the Government of India saying that Indian States did not occupy an international position as related to the Government of India. That, of course, Sir, only reminds me, and perhaps the House will forgive me if I give them a story that, when certain people who met Satan—a very undesirable person,—asked him

why, when he was so beautiful and so clever and reasonable and all that sort of thing, why it was that persons present him in such demoniac light. Satan said:

"Valekin Kalam dar Kaf dushman ast"

which means "What can I do, the pen is in the hands of the enemy". Applying this story to the Government of India, I say that the Government of India, who are the aggrieved party, have sat down and wrote a Resolution that these gentlemen have no international status. That is with reference to the individual State of Manipur under the Himalayas and the conditions in the treaty are very obscure. The reason why I refer to that is that the statement that Indian princes have not got an international status with the exception of those rights that they have already added by treaty, I insist upon that word—on the authority of Lord Watson, accepting these things that, I say, they have got absolute internal sovereignty, but when they quietly yield to it, it is because they have got no power, no authority and no occasion to assert that power and hence these statements are made. These things are simply manufactured in this way. A friend of mine wrote, years ago, that when a Viceroy or any Governor gets tired with any of their visitors from England, they are swept on to the heads of the Indian princes. These gentlemen, as my friend wrote, eat their dinners, drink their wines, shoot their tigers and abuse their Government. Then the machine begins to work. The abuse of the Government starts and something and something is laid and eventually a certain ruling is given upon that one particular matter and attempts made to apply it to the entire body of princes.

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Chair does not want to interrupt the Honourable Member, but it would like to draw the attention of the House that Mr. Marshal of the Assembly has no right to occupy a seat in the Chamber. He would do well to transact his business outside in the lobby.

Raja Bahadur G. Krishnamachariar: I hope the Marshal is not coming to me. I was on the point as to how the constitutional position of these poor unfortunate Indian States had been slowly encroached upon and in the end attempted to be crystallised by these words, *treaty, sufferance and usage*. Consequently, I submit that so far as these bigger States are concerned, their internal sovereignty is absolute and no one can question it.

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

Sir, that being the position of the Indian States, the question now turns as to what protection they require. Before I come to that, there is one further question that I want to discuss in connection with this Bill and that is the question of paramountcy. That is the last straw that broke the camel's back before the Butler Committee sat and decided the whole thing. That was the paramountcy right declared by His Excellency Lord Reading in connection with a certain State. Sir, the right of paramountcy, said Lord Reading, does not depend upon treaties but upon something apart from the treaties. I know only this much that the

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Indian States rightly or wrongly consider themselves to be sovereign States. and rightly or wrongly during the time of the East India Company they were induced to enter into treaty relations most of them with His Majesty. I know there is an opinion that the treaties are with the East India Company which is an absolutely exploded opinion. Apart from the conclusions of the Butler Committee, if you refer to those treaties, the treaties were distinctly with the Crown of England and where they were not, resolutions were passed by the House of Commons to say that these treaties, though entered into with the East India Company, would be considered as binding upon the Crown of England. Sir, that being the position, I know only two things. To use a homely example, I have got some things in my house and I gave to a friend two of these things. The friend says: "I am entitled to the rest of them, it does not depend upon your giving them or not. I know how to take them". Similarly there are only two ways of getting these rights from the Indian princes, either by treaty cession or by the use of force. So far as I know, none of the Indian States were conquered by the East India Company or by the British Crown. Only treaty relations existed and if, according to the treaty, the paramountcy of the British Government does not come out. I say the fact that they are now in superior authority, the fact that they are now able to over-awe these Indian States by means of cantonments, which they have established all over the place, that fact does not entitle the British Government to claim legal paramountcy. Physical force-paramountcy, they are entitled to claim. Consequently, this question of paramountcy need not trouble us at all. As I said before, I am quite in favour of this principle that, where they do require protection, by all means do give them protection. I was very much pleased to find that the Honourable the Home Member gave a somewhat halting apology—all the same an apology—for autocracy. Sir, I am not afraid of autocracy, I am not at all enamoured of democracy. I do not believe, as Mr. Brown said only the other day that there is no such thing, to use a strong expression, as Government by the people. He said that Government by the people is all nonsense. This is what he said only a few days ago in connection with the supposed Government of the people in Western Countries. What the people could do is to find out a competent leader and then the whole thing is done by the leader. That is the highest that you can go in the sense of Government by the people. Sir, as I said, I am not at all afraid of autocracy. Put autocracy on the one scale, and democracy, representative Government and all these things on the other, and you will find that autocracy is the more preferable thing. I will give you only one instance. In an important State, the condition of the agriculturists became so acute that within half an hour came the order from the sovereign that so much relief should be given. Some of my Honourable friends, who are most enamoured of the constitution in British India, will probably be surprised to know that in a certain province, although the Finance Member as the Chairman of the Finance Committee agreed to a reduction of 18 3/4th per cent., vet. as a Member of Government, he said that 12½ per cent. of the land revenue demand would do. That is representative Government and this is autocracy. I would much rather remain under this autocracy and get what I want from the man who feels with me and not live under this democracy where the man has no heart, as the saying goes that the Rubecca has no body to be kicked nor soul to be damned.

Mr. F. E. James (Madras: European): Then why did you get elected to this Assembly?

Raja Bahadur G. Krishnamachariar: Just to see if I cannot change you and your mentality. Even if I cannot do that, I have done my duty. Our Lord says: "Action is thy duty, fruit is not thy concern". There is no doubt that the Honourable the Home Member is perfectly right and I believe that is so that this House wants to deal with this Bill in a spirit of absolute fairness. I am quite in agreement with this principle and now I come to the question of *jathas*. If the word is not unparliamentary, I should say that this a wicked act that was being perpetrated in certain parts of British India that people, who do not know anything about the condition of Indian States, but out of pure fanaticism—I do not care whether they are Hindus or Muhammadans—collect in certain places and march into the Indian States and embarrass the ruler by compelling him to put all these gentlemen under lock and key so that they may not disturb his peace or the placid contentment of his people. Sir, that is an act which ought to be prevented and, in so far as any legislation which would enable that to be done, I think it ought to be done without any hesitation whatsoever, and, consequently, I am quite at one with them and I have absolutely no objection to that portion of this Bill. But the Bill says:

"Whereas it is expedient to protect the administration of States in India who are under the suzerainty of His Majesty from activities which tend to subvert or to excite disaffection towards or to interfere with such administration."

I remember the enactment of section 124A as a special section of the Indian Penal Code, in order to deal with sedition and seditious tendencies, which was supposed to have sprung into existence by the action of the late Mr. Tilak. I also remember the ruling of Mr. Justice Strachey in the Tilak Trial in Bombay in the year 1898, where he defined disaffection as want of affection. This Bill says, it is intended to prevent disaffection, that is to say, we are going to prevent want of affection. I know the Legislature can do a great many things: they say the British Parliament has got any and every power to do things, except to convert a man into a woman and a woman into a man. I am yet to learn that you can, by legislative enactment, compel a person to be affectionate towards another. I do not know: perhaps there is a psychological way of doing it known only to the Members of the Government of India; but, as a mere man in the street who does not know the mysteries of administration and who only goes by his experience of the world, that I cannot be made affectionate towards a man and no power on earth can compel me to do it, yet these people say: "Are you going to lack in affection to the Indian princes? All right, I am going to lock you up". That is the provision made in this section, and I hope most Members of the House will remember the famous judgment of Sir Lawrence Jenkins. I believe in the *Comrade* case, where he said that every imaginable activity of a newspaper could be brought in under that omnibus explanation; and if the Government of India wanted to do that, they could lock up every pressman and forfeit every press. The terms of that section are so wide. And it is that section which has been extended to the newspapers—I am now on the newspaper—who tend to bring into hatred or contempt or excite disaffection towards the administration established in any State in India. I may at once say that I have never been a journalist and I have no sort of interest in any newspaper: if anything, I have a great deal of grievance against most newspapers: for this reason, that so far as my orthodox activities are concerned, they not only ignore me, they have not given me a fair chance and I do not at all consider that if

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they come into trouble, I need express any sympathy with them; but that is not the way to do things. I want to teach them a lesson, that although they have been unkind to me, although they would not recognise what I said—I do not want them to praise me or extol my activities—but what I say is, give me a fair chance: they will not do it, and now there is a chance, I could oppose them; but I do not want to do it. You do not understand the extent of the generosity—you will only do so if this section is passed and printer after printer and editor after editor is marched off to the prison, and then you will understand the extent of Krishnamachariar's generosity: till then you will never understand it; but that is by the way. What I say is that although the Press at times acts in a peculiar manner, yet it is a very useful public institution, brought into existence by the British administration themselves: we never knew in the olden days any newspaper: and dare any newspaper in those days say all sorts of things in an Indian State? You would have seen what happened to them in 24 hours. But, as I say, they started giving us all these things and they made us read so many things; and I say here, with a full sense of my responsibility, that there is no nation which, if I may be pardoned for saying so, has been so foolish as the British nation, to lay down principles to allow themselves to be abused from morning till evening and, at the end, shake hands as if we have been friends all our lives. Having been brought up in that sort of environment, in that mentality, pouncing upon every administrative act and claiming the right to criticise it, all of a sudden now you come and say: "So far as a foreign power is concerned, you are going to be affectionate towards it; else the most dire consequences will happen". The Bill says:

"to bring into hatred or contempt or to excite disaffection towards the administration established in any State in India."

Who is going to decide whether a thing tends to bring into contempt this administration? They will have to try this offence in British India. Who says that these things bring this administration into contempt? On the contrary, supposing there is an Indian State in which most wicked acts are perpetrated, supposing those matters are exposed in British India, I should have thought that the exposure of that maladministration or those wicked acts would tend, not to bring that administration into contempt, but to purify that administration to the extent that it would open the eyes of the ruler and to get rid of those who are responsible for that maladministration. The fact of the matter is, the offence is committed in one place and the person, who is affected, is in another place.

I thought I would speak after my Honourable friend, Mr. Glancy, had said what the Honourable the Home Member said he would do, so far as the remedy that lay for the subjects of Indian States when they were labouring under a grievance. I have not had the honour of being sufficiently acquainted with the Honourable Mr. Glancy, but I was a very great friend of his brother and, if he had been here, I am afraid he would have hesitated a little before he stood up to answer me and say: "These are the remedies that are open to you in an Indian State if you have a grievance". I do not know what he will say and I thought I would speak after he spoke, but my friend, Mr. Mitra, said, he was not going to speak today and I was afraid, what happened in the case of the Reserve Bank Bill might happen again, that is, on the morning of that day, when you restricted the particular discussion, as there had already been a full discussion, and as I thought I would not have my full say later, I got up and to say whatever

I had to say. But seriously speaking, I respectfully ask and I want the Honourable the Home Member, and Mr. Glancy, when he gets up to say, what really are the remedies that are open in case of maladministration in an Indian State. I know of Indian States where there are plenty of ways by which you can remedy the grievances; at the same time, there are other States which, as Sir Cowasji Jehangir said, not only would feel aggrieved if you simply made a catalogue of the acts that existed, but probably, sooner or later, you will find the man who did so outside the confines of that State if he indulges in the luxury of ventilating his grievances within the jurisdiction of that State. What are the remedies? There are no newspapers; in fact no newspaper can come into existence, and no newspaper dare write anything regarding the grievances in these States. Now, if any such grievance exists, what is the remedy? I know it has been the stock argument of those persons, who support the repressive laws, that "honest journalism in India need not fear anything,—if you really want to ventilate your grievances, who is going to attack you?" Sir, I think I am old enough to remember the time when section 124A was enacted and when the Press Law was amended in 1910, and now, up to this time, those laws have been administered. I do not complain about it. I suppose that is what every Government must have in its armoury, to allow people to speak or not to speak, just as the Government like, and not as the people like,—I suppose those laws were necessary, and very probably the infection has spread outside British India, and they all say: "It is just as well to have a law to stop all these people from shouting", although, as a matter of fact, they have got their grievances. I very respectfully appeal to the Honourable the Home Member not to put fetters upon these people who have absolutely no way of ventilating their grievances,—and I say that without any fear of contradiction on the floor of this House. If there is a way, that way may be pointed out to me, now, so that I may immediately controvert it, because I believe I am in a position to do so being acquainted with the affairs of a very large number of Indian States. Consequently, I submit that the restrictions under which the Press in British India are suffering are quite sufficient to tie your ropes tightly round their necks,—and please do not, for Heaven's sake, put them under greater restraints. I entirely agree with my friend, Sir Muhammad Yakub, that there are some newspapers whose only business in this world is to blackmail. I have had a great deal of experience of them. I have had to deal with them,—perhaps I may say I dealt with them more summarily than my friend, the Home Member, deals with certain political prisoners. But, Sir, that is neither here nor there. There are black sheep in every fold; everybody admits it,—but then why go and penalise the whole lot? Sir, some grievances may exist and they may not be known to the ruler himself, because, Sir, there is an old story,—it is not very complimentary,—but it shows how the old world Indian States were getting on. There was once a great famine in a State. The Minister went and told the sovereign that there was famine and people were dying. The sovereign of the State said to him: "Can you not get them even *Khichurri*?" Sir, *Khichurri* is a very delicious preparation mixed with plenty of ghee and green gram and all sorts of things. So His Highness the sovereign said: "*Khichurri bhā nahi milta hai*". That is the way these poor gentlemen understand as to what is going on in their own States, and so it will do them a great deal of good if there was a way by which these things could be brought to the notice of the rulers of these States. By all means protect the princes, protect them from attacks that are made sometimes out of levity, sometimes perhaps as a result of a coarse joke owing to the way in which some of

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These gentlemen have been living and the innocent way in which some of them have been wearing their jewels. They have got their jewels and they have to be worn some time or other, and it is their practice to wear the jewels on some ceremonial occasions. Why should I, a poor man, who has not got jewels, be envious of these princes if they wear the jewels which they have. Why should you attack the princes for it, but if you want to protect the person of the sovereign from malicious, unjust, coarse attacks, by all means do it. But, Sir, there are States in which, if I may say so, most of the servants are adventurers. They are not sons of the soil, they do not care six pence as to what happens to the subjects of the States as long as they can conserve their power. Perhaps, you will allow me, Sir, to tell the House what I unconsciously overheard only a few days ago in a tailor's shop here in Delhi near Kashmiri Gate. I was giving my measurements, and the agent of a motor car firm was talking to his principal in Bombay about the sale of a motor car to a certain ruler of an Indian State. The price of the motor car was Rs. 10,000, but the agreement between the agent and the minister was that the car should be valued at Rs. 15,000, Rs. 5,000 to be immediately paid to the minister, and in order to ward off any suspicion of the Chief, five per cent. commission for cash payment should be deducted and the rest taken in cash before the motor car was entrained. Sir, if anybody challenges this conversation, I am prepared to produce that agent. He is now in Delhi and is not far off. Now, in such a case, will the Honourable the Home Member say what remedy the subjects of that State can have, if I happen to be a subject of that State, and, having heard that conversation, I ventilate it in the newspaper the next morning? The minister is the only man who corresponds with the political office, the poor Chief does not know anything about the incident and the minister will at once say about me: "Oh, this is a very dangerous and undesirable man, look at what he has written". And immediately comes an order to the Press asking for an explanation as to why they published that letter. It may be perfectly true, and the greater the truth the greater the chance of its bringing these people into contempt, and yet, under this Bill truth or falsity is no question. Is that capable of bringing these people into contempt or not?

The Honourable Sir Harry Haig: I think the Honourable Member has overlooked the explanations.

Mr. C. S. Ranga Iyer: But he has overheard the conversation.

Raja Bahadur G. Krishnamachariar: The explanation is not here, but I suppose it means all lawful means or some such thing, I think it is the same explanation which is contained in the Press Act, all lawful or constitutional method by which your grievances should be brought to the notice, —shall I say of the Government, or shall I say of the ruler. Sir, owing to the defect in my eye, I did not notice the Home Member. He kept mum when I challenged him on the floor of the House—what are those ways by which these remedies could be obtained? To whom shall I petition? I know the Government of India can interfere, although I always hold that the Government of India have absolutely no right to interfere if the treaties are to be respected, but they do interfere, and when they interfere, as is always the case, they do it in the wrong time,—either it is too late or it is too early, the subject-matter upon which they interfere is so galling to the subjects of the princes that, far from getting their sympathy, they incur hate. This is the position. Who is going to wait until the mountain

is moved? It is not easy to move the Government of India because they have been trained in a region,—and perfectly rightly too,—because perhaps I would do the same thing if I were in their position,—they rely upon the man on the spot. It is not until a great deal of agitation is organized that this interference comes in. Till then, as a friend of mine in a certain place said: “we are all gone”. There is an old Persian couplet which says:

*Tá tiryáq áz Iráq áwurda shawád,
Már-guzidá murdá shawád.*

Sir, it is supposed that in Iraq there is a medicine which is a cure for serpent bite. A man was bitten by a serpent, and another man ran to Iraq to bring the cure, so that the verse says that by the time the medicine comes the man who was bitten by the snake is dead and gone:

*Tá tiryáq áz Iráq áwurda shawád
Már-guzidá murdá shawád.*

That is to say, until it is too late, they do not interfere. Sir, I do not object to any reasonable protection being afforded to these princes against malicious, insulting and dishonest attack. I do admit that to a certain extent they do want protection for the reason I have just now given, that is blackmail. But do please devise means by which this protection can be given consistently with the rights of any other person. So use your rights as not to injure those of others is a cardinal principle of British law. In this connection, there were certain matters referred to by my Honourable friend, Mr. Raju. I do not think I need waste the time of the House by referring to them. But I will now come to clause 6 which is the most important clause, and as is always the case, the sting is in the tail, that is about the last clause.

“Where, in the opinion of a District Magistrate or Presidency Magistrate, there is sufficient ground for proceeding under this section, such Magistrate may, by written order stating the material facts of the case and served in the manner provided by section 134 of the Code of Criminal Procedure, 1898, direct any person to abstain from a certain act if such Magistrate considers that such direction is likely to prevent or tends to prevent interference with the Administration of a State in India or danger to human life or safety or a disturbance of the public tranquillity or a riot or an affray within the said State.”

What is it that happens? A Magistrate in British India considers that, in his opinion there are grounds for proceeding under this section,—that is to say, where he believes that all these acts that I have just now read or any of them are likely to happen in an Indian State, how is he going to find it? It reads beautiful on paper when it is stated that the materials upon which he has acted shall be served upon the man. What are those materials? The Magistrate has no jurisdiction over an Indian State. So that the materials are those materials given by that gentleman, the Prime Minister, whom I mentioned just now. He gives the materials and upon that the Magistrate comes to the conclusion—what? Not that anything is going to happen within his jurisdiction, but within that of a Native State. How far away he is from that place, I do not know. I know, in cases which have gone up before the High Courts in revision against orders under section 144, the learned Judges of the High Courts—I hope my Honourable and learned friend, the Leader of the Opposition, will support me in this—the Judges of the High Courts have always said: “What do we know about local conditions? Where a District Magistrate, a responsible official, the man on the spot, says that there is going to be disturbance of the peace, how can we here sitting say that there is no possibility of a disturbance of the peace? And consequently we decline to

[Raja Bahadur G. Krishnamachariar.]

interfere". The principle of those decisions is that it is only the man on the spot who can say that there is likely to be a disturbance of the peace or a riot or anything like that. He is the man on the spot. The man who is the complainant is in the Indian State—he says to a Magistrate: "This thing is likely to happen". There is no doubt that the Magistrate has got to use his discretion, but he should be something of a super-human being if, without any materials beyond the materials that the Indian States will supply, he should come to the conclusion that there is no such possibility. This Bill is designed with the ostensible purpose of giving protection to an Indian State, and a responsible officer in the Indian State, whatever may be his action in the Indian State, asks for protection in the terms of this Act. How can the Magistrate go behind it? How, I respectfully ask, can a Magistrate say: "I do not believe it". He has not been given any power to pursue the matter further. All that the clause says is

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member propose to take much longer?

Raja Bahadur G. Krishnamachariar: I think I will take some time.

Mr. President (The Honourable Sir Shanmukham Chetty): He has already occupied one hour and ten minutes.

Raja Bahadur G. Krishnamachariar: Out of that, Sir,—you do not know—half an hour was taken up in discussing points of order. At the same time, there is one matter with reference to what you observed, I may say that of my Party only two or three persons will speak. We have got a lot of Members, and, if you give at least half an hour for each, I am entitled to speak for 10 hours, but I do not mean to do that. Secondly, this measure is an important measure and I pretend—one of my pretensions is that I happen to know something about the Indian States, and that is the reason why I stood on my legs so early.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member may resume his speech on the next occasion. The House stands adjourned till 11 O'clock tomorrow morning.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 1st February, 1934.