

11th April 1945

THE  
LEGISLATIVE ASSEMBLY DEBATES  
Official Report.

Volume IV, 1945

*(2nd April to 12th April, 1945)*

TWENTY-SECOND SESSION  
OF THE  
FIFTH LEGISLATIVE ASSEMBLY,  
1945



LEGISLATIVE ASSEMBLY

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*Deputy President :*

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Mr. N. M. JOSHI, M.L.A.

Sardar SANT SINGH, M.L.A.

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# LEGISLATIVE ASSEMBLY

Wednesday, 11th April 1945

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

## MEMBERS SWORN:

- The Honourable Sir Archibald Rowlands, K.C.B., M.B.E., (Finance Member);  
Mr. Zahid Husain, C.I.E., M.L.A. (Government of India: Nominated Official);  
Sir Gurunath Venkatesh Bewoor, C.I.E., I.C.S., M.L.A., (Secretary, Posts and Air Department); and  
Sir Pheroze Merwan Kharegat, C.I.E., I.C.S., M.L.A. (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### RACIAL DISCRIMINATION AS REGARDS RAILWAY RUNNING ROOMS

1775. \***Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Railway Member please state:

(a) on how many Railways running rooms for running staff are maintained on racial grounds; and

(b) whether Government propose to consider the advisability of removing such racial discrimination?

**The Honourable Sir Edward Benthall:** (a) and (b). On all State Railways the general practice is to have separate running rooms for those adopting a 'European' and an 'Indian' style of living respectively and the intention is that Indian staff who have adopted a European style of living should have the option of using the European style running rooms if they so desire. There is thus no racial discrimination in the matter and any State-managed Railway which is still following a practice contrary to the above intention will be instructed to modify it.

**Mr. T. S. Avinashilingam Chettiar:** May I know what is the difference between the European style of running room and the Indian style of running room, except of course the lavatory?

**The Honourable Sir Edward Benthall:** If the Honourable Member will look round his own benches, he will find that some of the Honourable Members are wearing European dress and others are wearing Indian dress, and so it is with the mode of living.

**Mr. T. S. Avinashilingam Chettiar:** May I take it that dress is the criterion to judge whether one should be allowed to use a European style or an Indian style of running room?

**The Honourable Sir Edward Benthall:** It is the mode of living.

**Mr. Sri Prakasa:** Do they run differently?

**Mr. T. S. Avinashilingam Chettiar:** In view of the fact that the difference is only very superficial—that of dress and other things—and that the mode of living does not affect the sort of duties that they do in the Railways, will the Government consider the advisability of abolishing this distinction of European style and Indian style of running rooms?

**The Honourable Sir Edward Benthall:** Some people prefer one style and some prefer the other and I do not think it is advisable to force them to adopt a style to which they are not accustomed.

**Mr. T. S. Avinashilingam Chettiar:** What is the difference in both these styles of running rooms?

**The Honourable Sir Edward Benthall:** There are different types of fittings.

**Dr. Sir Zia Uddin Ahmad:** Is it not a fact that arrangements in these two types of bath rooms are entirely different?

**The Honourable Sir Edward Benthall:** I think so.

**Mr. Sri Prakass:** And the bed room arrangements?

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

**RACIAL DISCRIMINATION AS REGARDS PAYMENTS ON RAILWAYS**

**1776. \*Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Railway Member please state:

(a) on how many Railways different payments are made for the same jobs on the grounds of race; and

(b) whether Government propose to consider the advisability of removing such racial discrimination?

**The Honourable Sir Edward Benthall:** (a) and (b). Government are not aware of instances on railways in which different payments are made for performing the same duties on grounds of race. If, however, the Honourable Member is referring to the grant of an initial pay of Rs. 55 p. m. to Anglo-Indians recruited to subordinate services in accordance with the Government of India, Home Department Resolution of 1st May, 1939, which was published in the *Gazette of India*, of 6th May, 1939, I would invite his attention to the reply given by the Honourable Sir Andrew Clow to Dr. Sir Zia Uddin Ahmad's Starred Question No. 65 asked in this House on the 14th February, 1941.

**Mr. T. S. Avinashilingam Chettiar:** As the question was answered in 1941, will the Honourable Member let us know the reply which was given then?

**The Honourable Sir Edward Benthall:** I think the gist of it was that the question should be put to the Home Department.

**Mr. T. S. Avinashilingam Chettiar:** Since he has got it in his file and since he has referred to it, we shall be glad if he will read it out?

**The Honourable Sir Edward Benthall:** I have just replied that one of the main points was that the question should be addressed to the Home Department.

**Mr. T. S. Avinashilingam Chettiar:** Is that the reply which was given in 1941? May I address the Chair, Sir? What is the use of his replying to my question in this way . . . . .

**The Honourable Sir Edward Benthall:** There were a number of supplementary questions if the Honourable Member will take the trouble to look up the record.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether these payments are made only to Anglo-Indians?

**The Honourable Sir Edward Benthall:** Yes, only to Anglo-Indians.

**Mr. T. S. Avinashilingam Chettiar:** Only to subordinate services or to upper services as well?

**The Honourable Sir Edward Benthall:** Subordinate services only.

**RAISING OF RAILWAY ASSISTANT SURGEONS TO LOWER GAZETTED RANK**

†1777. **\*Dr. Habibur Rahman:** (a) Will the Honourable the Railway Member please state if it is a fact that Assistant Surgeons in the Military and Provincial Civil Medical Services are appointed in the lower gazetted service whereas those on the Indian State Railways are all non-gazetted and stand very few chances of promotion to the lower gazetted rank even after ten years' approved service?

(b) If the reply to (a) above is in the affirmative, do Government propose to regularise it on the lines adopted by the Military and Civil Medical Department? If not, why not?

**The Honourable Sir Edward Benthall:** (a) While Civil Assistant Surgeons in the Provincial Medical Services enjoy gazetted status, the question of such status does not arise in the case of Military Assistant Surgeons, who are granted military rank. Railway Assistant Surgeons belong to a non-gazetted service, though they can rise to the selection grade of Assistant Medical Officer, which is in the Lower Gazetted Service.

(b) The Honourable Member is referred to the reply to parts (g) and (i) of Maulvi Syed Murtuza Sahib Bahadur's Unstarred Question No. 114, asked on 31st March, 1942.

† Answer to this question laid on the table, the questioner being absent.

**TRAIN CLERKS RECRUITED THROUGH NORTH WESTERN RAILWAY SERVICE COMMISSION**

1778. \*Mr. N. M. Joshi: Will the Honourable the Railway Member be pleased to state:

(a) the total number of Train Clerks recruited through the North Western Railway Service Commission from the year 1941 up to date; and

(b) how many of them have resigned?

**The Honourable Sir Edward Benthall:** (a) The North Western Railway Service Commission was formed in June, 1942, and 375 Trains Clerks were recruited through the Commission during the period from 2nd November, 1942, to 5th February 1945.

(b) The information is being obtained and a reply will be laid on the table of the House in due course.

**Mr. Lalchand Navalrai:** May I know if some of them have resigned? If so, why?

**The Honourable Sir Edward Benthall:** If the Honourable Member will wait a minute, there is a question on that later on.

**TRAIN CLERKS ON NORTH WESTERN RAILWAY PROMOTED AS GUARDS**

1779. \*Mr. N. M. Joshi: Will the Honourable the Railway Member be pleased to state:

(a) the total number of Train Clerks on the North Western Railway promoted as Guards from 1941 up to January, 1945, and how many of them have been confirmed;

(b) how many Train Clerks of Grade I, Grade II and Grade III have been promoted to higher grades separately;

(c) the total number of Grade IV, V, and VI posts held by Booking Clerks, Parcel Clerks, Ticket Collectors, Goods Clerks and Train Clerks on the North Western Railway; and

(d) in view of the limited number of higher grade posts fixed for Train Clerks, whether it is proposed to increase the higher grade posts for the Train Clerks; if not, why not?

**The Honourable Sir Edward Benthall:** (a) Of 73 Trains Clerks promoted to officiate as Guards during the period referred to, 15 have been confirmed as such.

(b) The information is being obtained and a reply will be laid on the table of the House in due course.

(c) I lay on the table a statement giving the required information.

(d) No, the requirements of the work to be done do not justify an increase in the number of higher grade posts for Trains Clerks.

*Statement showing the total number of posts of Booking Parcel, Goods and Trains Clerks and Ticket Collectors in grades IV to VI*

Category	Grade VI	Grade V	Grade IV
Booking Clerks . . . . .	..	1 plus 1 Ty.	*1 plus 2 Ty.
Parcel Clerks . . . . .	..	2	1 plus 3 Ty.
Goods Clerks . . . . .	5 plus 2 Ty.	2†	5 plus 2 Ty.
Trains Clerks; . . . . .	..	..	2
Ticket Collectors . . . . .	1	2	6

\* Upgraded to Grade V temporarily.  
 † Temporarily upgraded to Grade BI.

**SHORTAGE OF TRAINS CLERKS ON NORTH WESTERN RAILWAY**

1780. \*Mr. N. M. Joshi: (a) Will the Honourable the Railway Member be pleased to state whether there is shortage of Train Clerks on the North Western Railway?

(b) What are the reasons causing shortage?

(c) Is it a fact that Train Clerks have to work extra duties due to this shortage, for a long period? If so, what action has been taken by the North

Western Railway Administration to find out the cause and to remove the shortage?

**The Honourable Sir Edward Benthall:** (a) There was a total shortage of 19 in December, 1944, most of which has already been made good.

(b) This shortage is due to conditions created by the War and is being experienced in other categories of staff also.

(c) Information is being obtained and a reply will be laid on the table of the House in due course.

#### RESIGNATIONS BY SENIOR TRAINS CLERKS ON NORTH WESTERN RAILWAY

1781. **\*Mr. N. M. Joshi:** (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that senior Train Clerks have submitted their resignations by telegrams to the Divisional Superintendent, North Western Railway, Lahore, and the General Manager, Lahore, separately?

(b) What action has been taken by the General Manager on their telegrams? If none? why?

(c) Is it proposed to fill the vacancies of Wagon Movement Inspectors from the Train Clerks? If not, why not?

**The Honourable Sir Edward Benthall:** (a) Telegrams were received by the Divisional Superintendent, Lahore, from certain Trains Clerks, asking him to consider their resignation. No telegram can be traced as having been received by the General Manager, North Western Railway, Lahore.

(b) and (c). Posts of Junior Investigators, Grade II, and Senior Investigators Grade III, and not of Wagon Movement Inspectors, have been created temporarily in the General Manager's Office and some of these posts have been filled by the promotion of Trains Clerks, Office Clerks and Yard Foremen, who were considered suitable. As regards the remaining vacancies, senior Trains Clerks, Grade I, will be considered if recommended by their Divisional Superintendents.

**Mr. Lalchand Navalrai:** May I know what replies were given to them when they offered their resignations?

**The Honourable Sir Edward Benthall:** I should require notice of that question. Telegrams were sent to the Divisional Superintendent not to the General Manager.

**Mr. N. M. Joshi:** In view of the fact that there is a great deal of discontent among these train clerks, may I know whether the Honourable Member will look into their grievances and take steps to remove their discontent?

**The Honourable Sir Edward Benthall:** I take it that that was the object of the Honourable Member's questions. I will look into it but I think the position has been thoroughly investigated already.

#### GUARDS CLAIMING REST SUSPENDED IN LAHORE DIVISION, NORTH WESTERN RAILWAY

1782. **\*Mr. N. M. Joshi:** (a) Will the Honourable the Railway Member be pleased to state the number of Guards suspended in the Lahore Division, North Western Railway, when they claimed rest after sixteen hours of duty and what action has been taken by the Administration regarding these cases of suspension?

(b) Will he be pleased to state whether he proposes to fix the maximum duty hours in a day, week and month for the Guards and other running staff?

(c) Does he propose to pay special compensation to the Guards and others for their excessive duty hours?

**The Honourable Sir Edward Benthall:** (a) Government are informed that during the last twelve months no Guard on the Lahore Division has been suspended for 'claiming rest after 16 hours' duty. The latter portion of the question does not arise.

(b) The Honourable Member is referred to my reply to part (d) of Mr. Lalchand Navalrai's Question No. 24 asked on the 30th July 1943.

(c) Running staff are already in receipt of overtime and mileage allowances and the payment of further compensation is not considered necessary.



**Mr. N. M. Joshi:** May I ask in view of the fact that many complaints have been made regarding the excessive hours, will the Honourable Member consider this question and deal with it sympathetically?

**The Honourable Sir Edward Benthall:** It is always dealt with sympathetically and it is constantly under supervision. There are difficulties of course created by war time conditions and particularly on the North Western Railway, where there was recently a series of deliveries of bad coal which caused trains to be held up by the roadside which in turn naturally resulted in running staff having to work longer hours. But I must remind Honourable Members that hours are linked with mileage allowance and overtime and any heavy reduction would affect their emoluments.

**Mr. T. S. Avinashilingam Chettiar:** May I know the maximum number of hours that a person can be asked to work?

**The Honourable Sir Edward Benthall:** It is a question of maximum number of hours after which they can claim rest. Most railways I think have twelve hours. On the North Western Railway the hours are longer, but it does not follow that that is usual. It is only exceptional.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether this maximum number of hours differs from railway to railway?

**The Honourable Sir Edward Benthall:** The conditions of service have differed on all railways throughout India and it is neither possible nor desirable to make them uniform.

**Mr. T. S. Avinashilingam Chettiar:** From what to what are the maximum hours?

**The Honourable Sir Edward Benthall:** The maximum figure on the North Western Railway is sixteen hours.

**PREPONDERANCE OF MUSLIM DISTRICT TRAFFIC SUPERINTENDENTS, ETC., ON METRE GAUGE SECTION, BOMBAY, BARODA AND CENTRAL INDIA RAILWAY**

1783. **\*Mr. Ananga Mohan Dam:** Will the Honourable Member for Railways be pleased to state:

(a) if it is a fact that in the Metre Gauge Section of the Bombay Baroda and Central India Railway, out of six District Traffic Superintendents five are Muslims and that there is only one Hindu;

(b) if it is a fact that out of five Traffic Inspectors, four are Muslims and the fifth is a Sikh;

(c) if the answer to (b) be in the affirmative, why no Hindu was appointed to these posts;

(d) if it is a fact that one of the Traffic Inspectors had previous conviction for theft and that he has now been promoted to the post of Chief Inspector, superseding senior efficient and experienced Hindu officers; and

(e) in view of the fact that the Bombay Baroda and Central India Railway has now been taken over by the Government, whether or not they propose to act in accordance with the communal ratio established by them in the matter of recruitment of services? If not, why not?

**The Honourable Sir Edward Benthall:** (a) The reply is in the affirmative.

(b) and (c). Government are informed that of the 12 Traffic Inspectors employed on the Metre Gauge Section of the B., B. and C. I. Railway, three are Hindus.

(d) No. There is no post of Chief Inspector on the B., B. and C. I. Railway.

(e) Government have no reason to believe that the instructions in regard to reservation of fixed percentages for different communities in vacancies open to direct recruitment on railways are not being observed on the B., B. and C. I. Railway. The Honourable Member appears, however, to be thinking mainly of vacancies filled by promotion and I may remind him that promotions are not made on a communal basis.

**Mr. Ananga Mohan Dam:** With regard to (d), what about the previous conviction

**The Honourable Sir Edward Benthall:** There is no evidence at all and there is no post of Chief Inspector.

**Mr. T. S. Avinashilingam Oshettiar:** With regard to (d), is it a fact that one of the Chief Inspectors had a previous conviction for theft?

**The Honourable Sir Edward Benthall:** I have no evidence of that at all.

**Mr. President (The Honourable Sir Abdur Rahim):** The Honourable Member should not make allegations like that in the House without sufficient evidence.

#### MEASURES FOR SUPPLY OF PURE MILK, ETC., TO TRAVELLING PUBLIC AT DELHI RAILWAY STATION

1784. **\*Mr. S. K. Hosmani:** Will the Honourable Member for Railways please state the measures provided for the supply of pure milk, curd, milk *lasee*, *sharbat*, cold drink, and fresh fruits to the travelling public at Delhi Main Station on the North Western Railway together with the sanitary arrangements provided for their vending? If sanitary arrangements are not provided, the reasons therefor?

**The Honourable Sir Edward Benthall:** All edible articles vended at the station, including those referred to in the question, are subjected to an examination each morning by the Station Superintendent or the Platform Inspector to see that they are good, clean and wholesome, that the utensils are clean and properly protected from dust and flies, and that the salesmen are in clean uniforms. The stalls and surroundings are also inspected to ensure cleanliness. In addition, the Divisional Medical Officer and his Assistant make frequent surprise checks on these articles, and see that the vending arrangements are satisfactory.

#### EUROPEAN LADY'S HIGH-HANDEDNESS AT AMBALA CANTONMENT RAILWAY STATION

1785. **\*Sardar Mangal Singh:** Will the Honourable the Railway Member please state: (a) whether his attention has been drawn to a newspaper paragraph published in the Daily *Ajit* of Lahore dated the 24th March, 1945, under the caption "European Lady's highhandedness at the Ambala Cantonment Railway station" Her refusal to travel with an Indian passenger; and

(b) why the Railway officials did not take any action although the facts of the case were brought to their notice by the aggrieved party?

**The Honourable Sir Edward Benthall:** I have called for information, and a reply will be laid on the table of the House in due course.

#### TOLL TAX COLLECTION AT LANSDOWNE RAILWAY BRIDGE IN SIND

1786. **\*Seth Yusuf Abdoola Haroon:** Will the Honourable Member for Railways please state: (a) whether he is aware that the Lansdowne Railway Bridge in the Sind Section of the North Western Railway is the only bridge connecting the Sukkur town with the Rohri town, except the Sukkur Barrage Bridge which is 2½ miles away from the town;

(b) whether he is aware that the people are allowed to cross the Railway bridge only on foot;

(c) whether he is aware that toll tax is being collected from people who cross the Railway bridge on foot;

(d) is it a fact that this toll tax is only levied since 1931; and

(e) if it is a fact that toll tax is not collected from Government servants, Municipal servants, Railway servants and military people?

**The Honourable Sir Edward Benthall:** (a) Yes. The Barrage bridge is about 3 miles from Rohri.

(b) No; vehicular traffic is also allowed over the Sukkur channel of the Lansdowne Bridge.

(c) Yes.

(d) No. Tolls were levied before 1920 but were suspended from that year in consideration of a contribution paid to the Railway Department for the maintenance of the roadway by the Bombay Government. This contribution was stopped in 1932 and the tolls were reintroduced in that year.

(e) No tax is leviable from:

- (i) Magistrates, other Government Officers and Government process servers.
- (ii) Railway servants in possession of passes signed and issued by the Chief Commercial Manager, or a Divisional Officer or an Officer of the Engineering Department of the N. W. Railway.
- (iii) Officers and soldiers of His Majesty's Regular forces, both British and Indian, on duty.

Municipal servants are not exempt from payment of the toll-tax.

**Prof. N. G. Ranga:** How much is this toll-tax? Is it being charged on bullock carts also?

**The Honourable Sir Edward Benthall:** No, Sir.

**Seth Yusuf Abdoola Haroon:** The Honourable Member may collect this information again, because traffic is not allowed over the whole railway bridge: only part of that bridge is allowed. They are not allowed to cross the bridge.

**The Honourable Sir Edward Benthall:** The Honourable Member seems to know the answer to his question better than I know.

**Seth Yusuf Abdoola Haroon:** Therefore I put the question. It is said by the Government that they are allowed to cross the bridges. They are not allowed to cross.

**The Honourable Sir Edward Benthall:** I will look into it.

**Mr. Lalchand Navalrai:** May I know if the Sind Government had been consulted with regard to this tax on the Lansdowne Bridge? With regard to the contribution that is being made by the Bombay Government, may I know whether the Sind Government are also giving a similar contribution?

**The Honourable Sir Edward Benthall:** If the Honourable Member will wait till the next question, he will get the answer.

**Prof. N. G. Ranga:** May I know how much is this tax and why is it still being levied?

**The Honourable Sir Edward Benthall:** I cannot tell the Honourable Member without further notice, how much is received but apparently the Bombay Government paid Rs. 20,000 per annum and the reason why the toll is put on is of course in order to maintain the pathways.

**Prof. N. G. Ranga:** Are we to understand that the Government have no responsibility to make these roads and to maintain them without having to charge this pedestrian traffic?

**The Honourable Sir Edward Benthall:** It is really a matter for the Local Government to maintain the passenger bridges and the railways to maintain the railway bridges. In this case the railway is also providing footpaths and meets all the expenses of upkeep.

#### TOLL TAX COLLECTION AT LANSDOWNE RAILWAY BRIDGE IN SIND

1787. \***Seth Yusuf Abdoola Haroon:** Will the Honourable the Railway Member please state: (a) whether it is a fact that the Lansdowne Railway Bridge which connects Sukkur and Rohri yields a revenue from toll tax of Rs. 800 per month;

(b) whether it is a fact that representations have been made by public that considerable difficulty and hardship are being felt by collection of this tax;

(c) whether it is a fact that representation has also been made by the Government of Sind to do away with this toll tax; and

(d) whether Government propose to remove this tax?

**The Honourable Sir Edward Benthall:** (a) Yes.

(b) No representations have been received by the railway administration.

(c) No. The tolls are levied with the consent of the Government of Sind.

(d) The question will be considered shortly in consultation with the Government of Sind.

**Mr. T. S. Avinashilingam Chettiar:** In view of the fact that walking does not produce much wear and tear on bridges will Government consider the advisability of removing this tax altogether?

**The Honourable Sir Edward Benthall:** No, Sir.

**Mr. T. S. Avinashlingam Othettiar:** Do Government maintain that there is wear and tear of bridges due to walking over them?

**The Honourable Sir Edward Benthall:** The Honourable Member has not apparently much experience of the upkeep of bridges. They have to be repainted, kept in good repair, refloored etc.

**Seth Yusuf Abdoola Haroon:** Will the Honourable Member make a reference to the Sind Government regarding this question?

**The Honourable Sir Edward Benthall:** Yes, Sir. I have already said that it will be discussed shortly with them.

#### POSITION RE SUPPLY OF SOFT COKE FOR DOMESTIC CONSUMPTION

**1788. \*Mr. T. T. Krishnamachari** (on behalf of **Mr. K. C. Neogy**): (a) will the Honourable the Supply Member please refer to his reply to starred question No. 396 of the 20th February, 1945, and state how far the supply of soft coke for domestic consumption has improved since the reply was given?

(b) What were the total despatches from collieries of soft coke during the years 1941, 1942, 1943 and 1944, separately?

(c) With reference to the statement made by him in part (b) of the said reply that apart from the soft coke supplied by rail, domestic requirements in Calcutta have also been met by the use of soft coke available from the Oriental Gas Company and of fire-wood, charcoal and gas, were the supplies of these alternative sources appreciably increased in 1944 over such supplies available in 1941, 1942 or 1943? If so, to what extent in the case of each such alternative source?

(d) Has the system of distribution of soft coke in Calcutta undergone any change since the above reply was given? If so, in what manner?

**Mr. J. A. Mackeown:** (a) During March 1945 arrivals of soft coke in Calcutta amounted to 56 wagons per day. The February figure was 30.

(b) The total despatches of soft coke during the four years were as follows:

Year	Tons
1941	957,553
1942	431,858
1943	354,835
1944	445,721

(c) No information is available regarding increase in the supplies of firewood and charcoal during 1944. The quota of coal allotted to the Oriental Gas Company was increased by 500 tons per month from September 1944. This resulted in a corresponding increase in the supply of gas and additional soft coke drawn from this Company.

(d) Yes. A separate quota of soft coke has since been allotted to each dealer in Calcutta, and to ensure quick deliveries at Calcutta, Government have also under consideration a revised system of allocation of quotas to individual soft coke manufacturing collieries and certain other measures.

#### IMPOSITION OF PRODUCTION CESS ON UNIFORM SCALE ON COALS AND SOFT COKE

**1789. \*Mr. T. T. Krishnamachari** (on behalf of **Mr. K. C. Neogy**): (a) With reference to the reply given by the Honourable the Supply Member to part (c) of starred question No. 26 on the 8th February, 1945, regarding the production cess imposed on despatches of coal and coke, to the effect that "the fund will only be used to meet any deficit resulting from plant which has been purchased by Government from abroad and offered to collieries remaining unsold" and that "it was anticipated that the whole of the plant imported will be purchased by collieries", will he please state whether an alternative method was considered of financing such purchase out of an interest-free advance as in the case of purchase of Egyptian Cotton by the Cotton Co-ordinating Committee on behalf of Indian importers?

(b) What are the reasons for imposing the production cess on a uniform scale on coal of different grades including soft coke?

(c) To what extent are collieries producing the inferior grades of coal, particularly of the type that is utilised for the manufacture of soft coke, likely in actual practice to benefit from the imposition of the cess? How many applications for plant and machinery purchased out of the production cess, have been received from collieries of these types, and what is the approximate total value of such plant and machinery?

**Mr. J. A. Mackeown:** (a) I am afraid the question is not very clear to me. Presumably the Honourable Member is suggesting that Government should have considered the question of assisting smaller collieries by interest-free advances to purchase the imported plant from Government. This does not seem to be necessary, as all the imported plant is being readily disposed of on payment.

(b) The cess was imposed on a uniform scale largely for simplicity of operation and collection.

(c) Collieries producing inferior grades of coal are eligible for all benefits from the Coal Production Fund. 38 such collieries have already taken advantage of facilities and applied for plant and machinery of an approximate total value of Rs. 3 lakhs. The Honourable Member is under a misapprehension in thinking that the production cess finances such purchases.

**Mr. T. T. Krishnamachari:** May I ask the Honourable Member if he is in a position to state to what extent monies out of this fund have been paid out to meet deficits? Is there any deficit at all?

**Mr. J. A. Mackeown:** There has been no deficit so far. The position is that the fund is not used to finance purchases of machinery. That is done from a different source and against indtnts placed by the collieries which are bulged and the money is recovered from the collieries when the Government receives the machinery here. So far there is no question of any loss on the machinery received because the collieries to whom machinery was delivered paid for it. Until all the bulk transactions are complete, it will not be known whether there is a deficit or not.

**Mr. T. T. Krishnamachari:** Since one part of the objective of this fund seems to have been rendered unnecessary, will the Honourable Member consider the feasibility of reduction of this cess on collieries producing low grade coal?

**Mr. J. A. Mackeown:** No, I cannot accept the assumption that it has been rendered unnecessary. We will not know until all the transactions on the machinery have been completed whether there has or has not been any loss. We hope there will be no loss.

**Mr. T. S. Avinashilingam Chettiar:** With regard to clause (b), does not the imposition of the same cess upon coal which is more costly and coal which is less costly operate to the hardship of the inferior variety of coal?

**Mr. J. A. Mackeown:** All that was considered, but the cess is not a large one and the hardship entailed is very small compared with the advantages of a uniform rate.

**Mr. T. T. Krishnamachari:** As the Honourable Member says that the cess is not large, would I be correct in estimating the total amount collected by way of this cess at about Rs. 3 crores a year?

**Mr. J. A. Mackeown:** I would require notice of that.

#### PERMISSION TO MOVE SODA ASH ON RAILWAYS ONLY TO IMPERIAL CHEMICAL INDUSTRIES

†1790. **Mr. Muhammad Azhar Ali:** Will the Honourable the Railway Member please state if it is not a fact that only the Imperial Chemical Industries (India), Limited, are permitted to move soda ash from stations on East Indian, North Western and Shahdara (Delhi) Saharanpur Railways? What is the number of persons who were permitted to move soda ash and fuller's earth from those stations to Howrah during the preceding year?

**The Honourable Sir Edward Benthall:** It is not a fact that only the Imperial Chemical Industries (India) Ltd. are permitted to move soda ash from stations.

†Answer to this question laid on the table, the questioner being absent.

on the East Indian, North Western and Shahdara-Sabaranpur Railways. Information regarding the number of persons who were permitted to move soda ash and fuller's earth from those stations to Howrah during the year 1944 is not readily available and the labour and time involved in obtaining it would not be justifiable in war time.

**ARRANGEMENTS FOR RESERVATION OF ACCOMMODATION AT DELHI RAILWAY STATION FOR MEMBERS OF CENTRAL LEGISLATURES AT TERMINATION OF SESSION**

†1791. \***Mr. Muhammad Azhar Ali**: Will the Honourable Member for Railways please state: (a) if it is a fact that in the Railway Board's circular regarding accommodation provided for the Honourable Members of the Central Legislature by rail from Delhi on the termination of the session, accommodation is only available for the two succeeding days; if not so, what the fact is; and

(b) if it is a fact that the Honourable Members are entitled to stay for three days after the termination of the session; if so, what arrangements have been made for their trouble; if no arrangements have been made, the reasons therefor?

**The Honourable Sir Edward Benthall**: (a) and (b). The Honourable Member is no doubt referring to the Railway Board's Circular of the 26th March the arrangements detailed in which were subsequently modified. The Railway Board's later circular of the 31st March indicates the revised arrangements made, which I believe meet the points raised by the Honourable Member.

**SENIORITY OF CANDIDATES FOR TRAINING IN COURSE P-10, NORTH WESTERN RAILWAY**

†1792. \***Mr. Muhammad Azhar Ali**: Will the Honourable Member for Railways please state the procedure for determining the seniority of the candidates for training in course P-10 selected by the Central Selection Board held in the office of the General Manager, North Western Railway, Lahore, in 1938 who were successful after training in batches in 1938, 1939 and 1941?

**The Honourable Sir Edward Benthall**: The seniority of the staff selected on the 10th November 1938, for Course P-10, and who obtained training in four periods between November 1938, and March 1940, was determined according to the combined order of merit obtained by them in the course of training during these periods. A certain number of employees who could not be trained in the four periods mentioned and who were given training along with other staff in Course P-10 during the period 23rd June to 26th July 1941, were given seniority in the combined order of merit obtained by the staff trained during June-July 1941 and November-December of the same year.

**EXPENDITURE ON RAILWAY EXHIBITION AT NEW DELHI**

†1793. \***Mr. Muhammad Azhar Ali**: Will the Honourable Member for Railways please state the total amount expended on the Railway Exhibition at New Delhi in 1945 and the reasons for that expenditure?

**The Honourable Sir Edward Benthall**: I would refer the Honourable Member to the reply given to part (b) of Mr. T. S. A. Chettiar's starred question No. 1664 on the 6th April 1945. I think it will be generally agreed by those who visited the Exhibition, that it achieved its main objects which were to give Honourable Members of the Legislature, the Defence and other Services and the public some conception of the magnitude of the task that the Indian Railways have been called upon to perform in sustaining the economic life and defence of the country, and of the methods which have led to their success in the task.

**RAILWAYS USING SAFETY SHUTTERS AS EXHIBITED**

†1794. \***Mr. Muhammad Azhar Ali**: Will the Honourable Member for Railways please state the Railway on which safety shutters as exhibited in the Exhibition are in use with the result achieved from the day they were brought in use and the reasons for not extending their use on other Railways?

†Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Edward Benthall:** I understand that a proportion of the broad and metre gauge stock on the M. and S. M. Railway is equipped with the shutters to which the Honourable Member refers and that a few coaches fitted with this type of shutter were transferred from the M. and S. M. Railway to the Mysore State Railway.

The question of extending their use to other railways was considered in 1938 but up to the outbreak of War a sufficient number could not be supplied for the extensive trial considered necessary before universal adoption. The question of the more extensive adoption of this pattern will be considered after the cessation of hostilities.

**STRENGTH OF EACH RAILWAY IN RAILWAY BOARD AMONGST GAZETTED AND NON-GAZETTED STAFF**

†1795. \***Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state what is the strength of each Railway in the Railway Board amongst the Gazetted and non-Gazetted staff, separately?

**The Honourable Sir Edward Benthall:** I lay on the table a statement giving the required information.

*Statement showing the total number of Gazetted and non-Gazetted staff on deputation from different Railways in the Railway Board's Office (Position as on 18-3-45).*

	Gazetted	Non-gazetted
N. W. Railway . . . . .	12	58
E. I. Railway . . . . .	8	10
B. B. & C. I. Railway . . . . .	7	4
G. I. P. Railway . . . . .	5	12
B. & A. Railway. . . . .	5	2
S. I. Railway . . . . .	2	19
B. N. Railway . . . . .	2	..
M. & S. M. Railway . . . . .	1	6
O. & T. Railway . . . . .	1	5
<b>Total</b> . . . . .	<b>43</b>	<b>116</b>

**NOTICE OF STRIKE BY BOMBAY POSTAL EMPLOYEES**

1796. \***Prof. N. G. Ranga:** (a) Will the Secretary for Posts and Air please state if it is a fact that the Bombay Postal employees had given notice of their intention to go on strike? If so, when? What action have Government so far taken to ascertain their needs?

(b) Has the Postal Enquiry Committee appointed by the Government of India in December, 1944, submitted its report? If so, when?

(c) Is the said Report unanimous?

(d) Will the Government of India publish the Report? If so, when?

(e) When will Government issue orders on the said report?

(f) In view of the need for affording immediate relief to the subordinate staff, do Government propose to issue orders on the recommendations of the Committee?

**Sr Gurnath Bewoor:** (a) Notices purporting to be under S. 15 of the Trades Disputes Act were given by the Bombay Post Office Lower Grade Staff Union and by the Bombay Postmen Union on 17th November 1944. Government appointed a Committee of Inquiry to examine their demands and to establish all necessary facts relating thereto.

(b) Yes, on 17th March 1945.

(c) Yes.

(d) The question of publication will be considered after the Report has been examined by Government and orders passed.

(e) and (f). The Report is under examination and it is hoped to issue orders in a short time.

**Mr. N. M. Joshi:** May I know from the Honourable Member whether the orders will be issued before the Assembly adjourns? :

**Sir Gurunath Bewoor:** I am unable to say but they will be issued very shortly.

**CONCESSIONAL GRAINS SUPPLY SCHEME FOR STAFF BY POSTS AND AIR DEPARTMENT**

**1797. \*Prof. N. G. Ranga:** (a) Has the Secretary for Posts and Air announced a concessional grains supply scheme for its staff on the same line as that of the Railway Department?

(b) If so, in what areas has the scheme been introduced so far?

(c) When do Government propose to introduce the scheme in other areas?

(d) What benefit in cash does the employee get under the grain concessions scheme as introduced?

**Sir Gurunath Bewoor:** (a) No, Sir. It was stated in this House in answer to a short notice question that the principle of arranging for sales of food grains at concession rates to the Posts and Telegraphs staff, wherever practicable, had been accepted by Government. No reference was made to the Railway Scheme.

(b) In pursuance of the above policy, the Posts and Telegraphs Department worked out a scheme for their staff which has so far been introduced in the city of Bombay and its suburbs.

(c) In view of certain serious practical difficulties which have been encountered in extending the scheme to other areas, the whole question is being re-examined with a view to securing an alternative method of affording the necessary relief in all areas.

(d) The cash equivalent of the benefit in Bombay at present market rates averages about Rs. 5 p. m.

**Mr. N. M. Joshi:** May I know from the Honourable Member whether the prices charged by Government at the Railway shops are higher or lower than the prices charged in the Postal Department shops in Bombay?

**Sir Gurunath Bewoor:** I am afraid I would require notice of that question. I believe that rates in the Posts and Telegraphs shops are higher than those in the Railway shops.

**Mr. N. M. Joshi:** May I know why the shops maintained by one Department of the Government of India should charge higher prices for the same articles than the prices charged by shops maintained in the same city by another Department of the Government of India?

**Sir Gurunath Bewoor:** It is just a question of the extent of relief which it is considered desirable to grant and the Honourable Member is already aware that there is a distinction between the relief granted to Railway servants and to other Central Government servants.

**Dr. Sir Zia Uddin Ahmad:** May I know whether postal employees were compensated in places where cheap food grains at concessional rates could not be supplied?

**Sir Gurunath Bewoor:** That is exactly the point which is under examination.

**Prof. N. G. Ranga:** In view of the fact that the difficulties which the Honourable Member has referred to in regard to providing these facilities in various cities are already overcome or are being overcome by the Railway Administrations in similar circumstances, may I know what is it that prevents the Government of India from extending these facilities beyond the precincts of Bombay to other towns and cities also?

**Sir Gurunath Bewoor:** The chief point is that the circumstances are not similar. The Railways have got their staff living along their own lines. They have got their own transport. They are a very much bigger organisation than the Posts and Telegraphs whose staff are scattered all over India and small numbers of staff live in different areas. We have experienced real difficulty in finding the staff or the godowns or the transport for the conveyance of grains and in some cases we have had difficulties from the Provincial Governments. Therefore we are now considering whether the relief could not be given in another form, namely, cash instead of grain.



**Mr. T. S. Avinashilingam Chettiar:** Will the Government consider the advisability of arranging the supply of foodgrains for the Posts and Telegraph employees from the railway shops, where they cannot establish their own grain shops?

**Sir Gurnath Bewoor:** That would not cover the whole of the Posts and Telegraphs employees, because they do not live along the Railway lines.

**Mr. T. S. Avinashilingam Chettiar:** It will cover a large population.

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

SANDERSON AND Co.

†1798. \***Maulvi Muhammad Abdul Ghani:** Will the Honourable the Supply Member please state:

- (a) whether Sanderson and Co. is on the approved list of contractors;
- (b) the headquarters and capital of the Company; and
- (c) whether it has a branch office at Patna?

**Mr. J. A. Mackeown:** (a) No.

(b) and (c). I have no information.

UNSTARRED QUESTIONS AND ANSWERS

PROCEDURE FOR PROMOTION OF SENIOR ACCOUNTANTS TO GAZETTED RANKS IN RAILWAY ACCOUNTS DEPARTMENT

**145. Mr. Badri Dutt Pande:** Will the Honourable the Railway Member please state if procedure for promotion of senior Accountants to gazetted ranks in the Railway Accounts Department has been changed to one of selection by very brief interviews of the senior Accountants? If so, since when? If not, will he please state why such a procedure was adopted for selecting four officers as A.A.Os. in the Railway Clearing Accounts Office, Delhi, last year?

**The Honourable Sir Edward Benthall:** No. Recruitment to the grade of Assistant Accounts Officer has always been made by selection from qualified non-gazetted staff on the recommendation of the Head of the Accounts Office concerned, based on past performance of the men concerned. This procedure has always been followed in all offices of the Railway Accounts Department including the Railway Clearing Accounts Office.

NEW JOURNAL STARTED BY EAST INDIAN RAILWAY

**146. Sri K. B. Jinaraja Hegde:** Will the Honourable the Railway Member be pleased to state:

(a) whether a journal of the East Indian Railway has been started within the last six months;

(b) whether an earlier journal of this Railway was discontinued; if so, for what reasons;

(c) who the Editor of the present journal is, what his remuneration is, and how the paper is financed;

(d) if it is a fact that the above journal was started to find a job for the Editor;

(e) whether the Staff Benefit Fund of the East Indian Railway employees pays towards the expenses of running this journal; if so, how much a year;

(f) whether the grievances of the employees of the East Indian Railway are voiced in this journal;

(g) whether it is a fact that this journal is forced on the employees through the inspecting officers;

(h) in view of the Paper Control Order, whether Government propose to explain how this journal is being supplied with paper; and

(i) if it is the policy of Government to encourage similar journals in respect of other State Railways?

**The Honourable Sir Edward Benthall:** (a) Yes.

†Answer to this question laid on the table, the questioner being absent.

(b) There used to be an *East Indian Railway Supplement to the State Railway Magazine*. When publication of the latter was stopped, the former automatically ceased.

(c) Sir Srinivasa Sarma is the Editor and Publisher. He is not paid any remuneration. The financial responsibility for the Journal rests entirely with the Publisher.

(d) No.

(e) During the initial period of 5 years, the Publisher will be subsidised from the Staff Benefit Fund as follows:

1st year	Ra. 250	per mensem
2nd "	" 200	"
3rd "	" 150	"
4th "	" 100	"
5th "	" 50	"

Thereafter, if the Publisher wishes to exercise the option to continue the publication, no subsidy will be granted. As against this, Staff Benefit Fund will benefit to the extent of 50 per cent. of the receipts from subscribers.

(f) and (g). No.

(h) The supply of paper is duly authorised by Government.

(i) Yes.

#### WAGONS AVAILABLE FOR COAL LOADING IN BENGAL COAL-FIELDS

147. **Mr. K. C. Neogy:** (a) Will the Honourable the Supply Member be pleased to state:

(i) on how many days in each of the months of January and February this year, wagons were available for coal loading in the Bengal coal-fields under each of the following heads: Jute Mills, Paper Mills, domestic fuel and small industries under Provincial quotas; and

(ii) total number of wagons allotted for soft coke for Calcutta stations during January and February, 1945?

(b) Is it a fact that supply of coal wagons required for Paper Mills and Jute Mills are given preference over supply of wagons required for domestic fuel, Cotton Mills, Oil Mills and Flour Mills?

**Mr. J. A. Mackeown:** (a) (i) For Jute Mills wagons were available for 30 days in January and 25 days in February. In the case of Paper Mills wagons were available for 29 days in January and 24 days in February. As regards domestic fuel and small industries under Provincial quotas allotments are made on a system of rotation except for the Calcutta area for which allotment is made on a daily basis. Wagons for despatches to this area were available for 29 days in January and 22 days in February.

(ii) The total number of wagons allotted for soft coke for Calcutta stations was 1,095 during January and 800 during February.

(b) No. Supplies to each industry are based on the allocation fixed for it from month to month after taking into account factors such as the transport position and the relative urgency of the various demands.

#### DENIAL OF DUE SHARE IN DISTRIBUTION OF COAL TO CERTAIN COLLIERIES

148. **Mr. K. C. Neogy:** (a) Has the attention of the Honourable the Supply Member been drawn to the Associated Press report published in the *Hindustan Times*, dated the 31st March, 1945, of a statement made by Mr. D. R. Rathore while presiding over the annual meeting of the Indian Colliery Owners' Association at Jharia, to the effect that "while a section of the coal industry was starving without orders for coal, there were on the other hand industries which were closing down for want of coal"?

(b) Is it a fact that collieries working III-A and III-B grades of coal are being denied their due share in the distribution of coal? What are the classes of consumers that use these grades of coal, and how has the restriction of wagon space for these grades affected these consumers?

(c) Does the Honourable Member propose to define Government's policy in regard to the smaller collieries and collieries working III-A and III-B grades

of coal in the matter of the operation of the Coal Control Scheme in all its aspects?

**Mr. J. A. Mackeown:** (a) Yes.

(b) No. These grades of coal are mostly utilized for the manufacture of soft coke, brick-burning and for supplies against miscellaneous and Provincial requirements. A small percentage is also used for certain other industries such as cotton mills. Whenever consumers asked for allocation of these grades of coal, necessary permission was given, and the restriction on wagon supplies has affected these consumers more or less in the same proportion as the consumers requiring better grades of coal.

(c) The policy of Government so far has been to get all the coal they can. Collieries producing Grade III-A and III-B are entitled to Production Bonus in the same way as the collieries producing coal of superior grades. To maintain these collieries, supplies for certain purposes, e.g., manufacture of soft coke, bricks, lime etc., are almost exclusively made from them. As a further measure of assistance these collieries have also been given some orders for loco coal and for stacking on Government account.

#### DIVISION OF CONTRACTS FOR VENDING OF SAME ARTICLE ON EAST INDIAN RAILWAY

**149. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state if it is a fact that division of Contracts for vending of the same article on the East Indian Railway is against the adopted policy of Government; if not so, what the fact is?

**The Honourable Sir Edward Benthall:** A reference is being made to the General Manager, E. I. Railway, to ascertain whether any such "divisions" of contracts have in fact been made or are contemplated.

#### MOTIONS FOR ADJOURNMENT

TEARING OF NOTICE OF RESOLUTION RE CHIMUR AND ASHTI CONVICTS BY  
MR. LEBAILLEY AT DELHI MUNICIPAL COMMITTEE MEETING

**Mr. President** (The Honourable Sir Abdur Rahim): There are two adjournment motions which have been left over from yesterday, one is by Mr. Kailash Bihari Lall and the other by Prof. N. G. Ranga. The adjournment motion by Mr. Kailash Bihari Lall relates to "the conduct of Mr. W. F. G. LeBailley, the Deputy Commissioner, Delhi, as President of Delhi Municipal Committee, in indulging in an utterly uncalled for and provocative action in tearing into pieces the resolution on Chimur and Ashti Riot Cases' convicts, which was handed over to him personally by the retiring Senior Vice-President at the last meeting of the Delhi Municipality".

I do not suppose that the Honourable Member suggests that this was done under the instruction of the Government of India, nor do I suppose the Government of India could have anticipated it.

**Mr. Abdul Qaiyum** (North-West Frontier Province: General): May I make a remark?

**Mr. President** (The Honourable Sir Abdur Rahim): Not while I am addressing the House.

I should like to know why the Municipal Committee could not take proper steps in a matter like this.

**Mr. Kailash Bihari Lall** (Bhagalpur, Purnea and the Sonthal Parganas: Non-Muhammadan): The municipal commissioners had already expressed their desire that they wanted to move a resolution; and although it was within his power to disallow the resolution, his object was to insult them and so he tore it up in their face; and I say that is an insult and not becoming behaviour on the part of the president of a municipal committee. The responsibility of the Government of India comes in like this; that even when there is so much talk of change of heart and spirit in the administration, such a man is posted as the head of an institution where it is expected that democratic spirit would prevail.

**Mr. President** (The Honourable Sir Abdur Rahim): What I want to know is where the responsibility of the Government of India comes in.

**Mr. Kailash Bihari Lall:** If the Government of India could not anticipate, at least they can now take the matter in hand and do the needful and bring the man to his right senses. Such a man, is expected to behave properly in a democratic institution.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has now brought it to the notice of Government—I want to know whether the Home Secretary would like to say something about it.

**Sir Richard Tottenham** (Government of India: Nominated Official): Sir, I submit that this is not a matter of sufficiently urgent public importance . . . .

**Honourable Members** (on the Opposition Benches): Oh, Oh!

**Mr. President** (The Honourable Sir Abdur Rahim): I should like to know what the Honourable Member has to say on to the facts of the case.

**Sir Richard Tottenham:** I was to going to make the point first of all, Sir, that this incident took place last week; and if the Honourable Member himself had thought it of sufficient public importance, he could and should have taken the earliest opportunity to move the adjournment motion . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): On what date did this incident happen?

**Sir Richard Tottenham:** It took place some time before the end of last week and he could have moved an adjournment motion on Monday morning.

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): But it was published only the day before yesterday.

**Sir Richard Tottenham:** He could have moved an adjournment motion on Monday morning; that was not done; but instead I was approached by my Honourable friend opposite and asked to accept a short notice question on the subject. I declined to accept short notice because in my opinion this was eminently a case of "least said soonest mended". I have since made inquiries and I am informed that what happened was this. At the meeting of the municipal committee over which Mr. LeBailey presided he was handed notice of the resolution in question and, in the exercise of his powers as president, he ruled it out of order. The business of the meeting then proceeded and Mr. LeBailey quietly tore up the paper on which the notice of the resolution was written and dropped it into the waste paper basket . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Are not such notices preserved in the records?

**Sir Richard Tottenham:** I do not know, Sir. I am giving the facts as I have been informed of them. No offence was taken at the time, and I am sure that was right because no offence was intended. There was no question of making a dramatic or provocative gesture and nothing more was said about it until after the meeting had finished in the normal way. Then certain people seemed to decide that they would take the matter further. I have been assured by the Chief Commissioner that Mr. LeBailey did not intend any kind of insult to anybody. I am prepared to accept that assurance myself and I hope the House will also do so.

**Honourable Members:** No, no.

**Mr. Abdul Qaiyum:** We expect better manners.

**Sir Richard Tottenham:** I would add that I think the Honourable Members opposite have really attained their object, that is to say, if I may put it that way . . . .

(Interruptions.)

**Mr. President** (The Honourable Sir Abdur Rahim): Will Honourable Members please not interrupt?

**Sir Richard Tottenham:** . . . . that is to say, I have been out-manceuvred and I have been compelled to give an answer to the short notice question. I do not mind that in the least—I have no objection whatever to that; but in the circumstances I have stated, since I am sure that there was no intention of insult to anybody. I hope the Honourable Member will agree not to press the matter and so allow the House to continue with the more important business on the paper.

**Mr. Abdul Qaiyum:** Is the Honourable Member prepared to express regret on behalf of the Government?

**Mr. President** (The Honourable Sir Abdur Rahim): I think the matter has now been fully explained. As regards the objection of the Home Secretary that there has been delay, the fact is, as he himself stated, that notice of a short notice question was given, which he did not accept. I should have thought that in a case like this it would have been the proper course to accept short notice and get the facts cleared up. I now come to the question whether this motion is in order or not. There is no doubt that, if as is alleged in the notice of the motion, the Deputy Commissioner of Delhi tore up the resolution and was thus guilty of an act of discourtesy to the Vice-President of the municipality or the other members such an act was not expected from a high official of the Government occupying that position. But I am assured that as a matter of fact no offence was meant or taken and the Home Secretary has stated that the municipal commissioners themselves did not take any offence. Further I must hold that in a matter like this it is expected of the members of the municipal committee themselves that they should take appropriate action. Outside authorities should not be called upon to intervene in a matter like this. I hold that the motion is not in order, that is to say, it is not of sufficient public importance to justify adjournment of the business of this Assembly.

BEZWADA GRAIN PURCHASE OFFICER'S WARNING TO GUDLAVELLERU RICE MILLERS  
RE PADDY PURCHASE

**Mr. President** (The Honourable Sir Abdur Rahim): The next motion is in the name of Prof. Ranga. He wishes by this motion to discuss a definite matter of public importance, namely, the warning issued by the Grain Purchase Officer of Bezwada to the rice millers of Gudlavelleru not to purchase paddy at a higher rate than that at Gudivada, instead of maintaining their former lower rate.

I should like to know who is this officer. Is he an officer of the Government of India?

**Prof. N. G. Ranga** (Guntur cum Nellore: Non-Muhammadan Rural): He is not an officer of the Government of India but all these people carry out the orders of both the Government of India and of the Madras Government.

**Mr. President** (The Honourable Sir Abdur Rahim): I should then like to know if this price was fixed by him in accordance with instructions given by the Government of India or by the Local Government.

**Prof. N. G. Ranga:** There also our information is not definite.

**Mr. President** (The Honourable Sir Abdur Rahim): I should like to know from the Honourable Food Member what the position is.

**The Honourable Sir Jwala Prasad Srivastava** (Food Member): I may say that the Grain Purchase Officer is an official of the Madras Government. He has nothing whatever to do with the Government of India. He would be acting under the orders of the Madras Government if he had consulted them; but my information is that even the Madras Government were not consulted. They know nothing about it in Madras even. I rang up the Civil Supplies Commissioner in Madras yesterday and I was told that they did not know about this. This is a purely local administrative matter. In any case the Government of India

**Mr. President** (The Honourable Sir Abdur Rahim): Will the Honourable Member take notice of it and find out what has happened.

**The Honourable Sir Jwala Prasad Srivastava:** I have already told Prof. Ranga yesterday that I have taken up the matter; but he must understand that it is not the primary responsibility of the Government of India in these things. We exercise a certain amount of supervision over the Provincial Governments. But they are autonomous in these things. (An Honourable Member: "You have got control over them.") Not in these matters. We advise them and we guide them but no more than that and in any case the authority is vested in the Local Government.

**Mr. Sri Prakasa:** You have given them the authority.

**Prof. N. G. Ranga:** As long ago as the 13th February I brought to the notice of the Honourable gentleman this question in which I stated that the ceiling price was kept down to Rs. 10-8-0 in that district, whereas it was Rs. 11 in the neighbouring district. This policy has adversely affected the poorer peasants who are obliged to sell their paddy at the prevailing prices which are lower than the ceiling prices. They want to keep on to this policy of keeping down prices. They want to depress prices. There seems to be some anarchy . . .

**Mr. President** (The Honourable Sir Abdur Rahim): I must point out that there are inherent difficulties in a situation of this kind, where the food control is in the hands of the Government of India. Numerous questions have to be dealt with in different provinces and all sorts of difficulties are bound to arise. I must hold that in a matter like this it is not expected that the Government of India must be held responsible for every action taken by a local officer, even supposing it is not in accordance with the policy of the department.

**Prof. N. G. Ranga:** The Honourable Member himself says that the Madras Government knows nothing.

### THE INDIAN CENTRAL OILSEEDS COMMITTEE BILL

#### APPOINTMENT OF SIR PHEROZE KHAREGAT TO THE SELECT COMMITTEE

**Mr. J. D. Tyson** (Secretary, Department of Education, Health and Lands): Sir, I move:

"That Sir Pheroze Kharegat be appointed to the Select Committee on the Bill to provide for the creation of a fund to be expended by a Committee specially constituted for the improvement and development of the cultivation and marketing of oilseeds and of the production and marketing of oilseed products with a view to his replacing the mover who will shortly cease to be a Member of the Assembly.

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

"That Sir Pheroze Kharegat be appointed to the Select Committee on the Bill to provide for the creation of a fund to be expended by a Committee specially constituted for the improvement and development of the cultivation and marketing of oilseeds and of the production and marketing of oilseeds products with a view to his replacing the mover who will shortly cease to be a Member of the Assembly.

The motion was adopted.

### THE BANKING COMPANIES BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume discussion of the Banking Bill.

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadan Rural): When the House rose yesterday I was saying that it is most necessary to treat our banking industry or trade as a public utility service and therefore to nationalise it. In support of that plea I was referring to the economic booms and depressions that are brought about by banks also. I said that in 1929 as a result of widespread speculation indulged in by banks and those associated with banks in Wall Street of New York, a big economic crash was brought about and that enveloped the whole of the world in a disastrous economic depression from which our country also suffered so much between 1930 and 1935. The queerest thing was even though the whole world was suffering, those industrial countries, especially America and England, suffered much less than agricultural countries like ours, because they were able to sell their industrial products and commodities at cheaper prices but certainly they could charge for them comparatively higher prices than for the agricultural products which they were purchasing, with the result that England was able to get her food at a very much lower cost and she was able to export smaller quantities of her own manufactured goods and pay for her food. In that way, England suffered the least. Again there are these booms and during booms there is inflation. Inflation hurts especially the poorer classes, as we are witnessing it in our own country. It brings about an uneven redistribution of wealth from poorer classes to the richer classes and the banks are mostly responsible for these booms and depressions. I do not mean to say that they alone are responsible. The capitalistic system creates certain conditions which make it absolutely inevitable for these booms and depressions to infect the masses from time to time. One of the most important instruments of the capitalist system is the banking system.

It is through banks that credit is multiplied through their issue of cheques, drafts and other means. The banks are either able to increase the total amount of credit at the disposal of the country or to decrease it. Suddenly one big bank fails because of a run on it. The whole banking industry of that particular country gets into a panic. Each particular bank goes to its own customers, the industrialists, the traders and merchants for help and these people are immediately obliged to cut short their productive activities, throw out of employment thousands of their workers and a regular economic crash takes place. Depression and unemployment follow in its wake. This is so far as the industrial countries are concerned but when it comes to the agricultural countries like ours, there are no markets for our agricultural produce, because of the depression created in the industrial countries by their bankers and so our economy is also completely upset. We are unable to sell our goods and pay for the consumer goods that we are obliged to import into our country and we are also enveloped in that economic depression. For all these things, it is the banks that have the key. When the banks realise the credit, money flows again into the sinews of industry and agricultural activity. The mills begin to work. The agriculturists find it more paying to cultivate their lands. They do it on a larger scale and more intensively. Economic activity begins anew. This is the way in which the banks can play a key rôle in reconstructing the economic structure of the world.

Can these banks act by themselves? They can to the extent they are allowed to by the Central Bank. The Central Bank has to decide upon the policy whether there should be a boom or a depression or whether there should be more credit in circulation or less. This is a very responsible function. It ought not to be entrusted to any private bank. As long ago as 1928, the great writer in England Wedgehut pleaded for a greater control over the Bank of England. The Bank of England Act was supposed to have been passed later on in the light of the remarks and the criticisms that he had made. Even now the Bank of England does not happen to be a State bank and that is why Mr. Churchill, when he was the Chancellor of the Exchequer for England, adopted the disastrous policy on the advice of that very powerful Governor of the Bank of England, Sir Montagu Norman, on a return to boom and England suffered terribly right up to 1931. It was only when England took her courage in both her hands and gave up the gold standard and depended entirely upon the pound sterling that she began to recover from the bad effects of that disastrous policy pursued on the advice of the Bank of England. This could not have happened if the Bank of England had been a national bank. This could not have happened if the British bankers and the British capitalists did not have such a hold over the Bank of England. We do not want the repetition of these things in this country. We have suffered, in fact, from such an anarchical condition in our own banking world.

Our Reserve Bank of India is the handmaid of this Government and the Government, again in its own turn, is the handmaid of the British Government and the Lambert Street. Again and again, the Government as well as the Reserve Bank of India now and the Imperial Bank of India previously had been pursuing such anti-national and anti-Indian policies that they enveloped this country more than once in economic crisis and particularly in a prolonged economic depression. It was at the time, even when you had been elected as the President of this Assembly, that we were trying to persuade Sir James Grigg again and again to pursue an expansionist policy, for which suddenly the Finance Member, who has just now retired, was also pleading, but at the far-end of his career as the Finance Member. Sir James Grigg said he would not allow any monkeying with their currency or with their exchange rate. He would not allow any sort of inflationary policy at all; he was pursuing a deflationary policy. So much so that our goods were made to cost more to foreigners and so our exports were depressed. The imports were made cheaper to us and thus imports were encouraged. India which is a country which has enjoyed a traditional favourable balance of trade was forced to have the balance of trade against it. Therefore, India had no other option but to export her gold to

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England so that the pound sterling of England could be maintained vis-a-vis the dollar. If it were not for the exports of our own distressed gold to England, the pound sterling would have gone to dogs and the English credit would have been at the bottom of the English channel. But this gold could be sent up to England only by this very clever manipulation not only of our exchange but also of our currency policy in this country. And whenever we wanted to tackle Sir James Grigg upon this matter, he was able to come here and say: 'The Reserve Bank of India is an autonomous body and I have no control over the issue and the distribution of paper money and the currency and all the rest of it'. That is why we are anxious that the Reserve Bank of India should be brought directly under the control of the Government of India, so that this House and this country may know where they are. They should know how to control this Government, and to censure it, advise it and direct it in regard to the currency policy of this country.

I now come to the administration side of the Reserve Bank of India. They want to give more powers to it as a result of this Bill. Already it has its powers. It is to be empowered, according to this Bill, to send one of its inspectors to any one of our scheduled banks to inspect their accounts; he may interview their managers also; form his own impressions upon it and keep these impressions entirely secret and keep the people of the bank completely in the dark. He may communicate the impressions that he has formed to the Governor or the Deputy Governor or some other functionary in the Government of India and they may also keep that information as secret and they may on one fine morning reduce the status of this bank from the rank of the scheduled bank to that of a non-scheduled bank. The scheduled bank is supposed to have a sort of appeal against it, but how is it to appeal? Is it not necessary that it should have some definite information about which it should appeal? Is it not necessary for it to know what reply it has got to give and under what charges? But this information is not vouchsafed to the scheduled banks at all. To vest such an amount of power in any one of these Inspectors of the Reserve Bank of India is likely to cause great harm to this country and particularly to the banking companies. Then, it may be said that there are the Governor, the Deputy Governor and all these other people who can be expected to look into all these things. They are not interested against any bank and they can be expected to be really impartial. If the affairs of any bank disclose the fact that that particular bank is not being managed satisfactorily, it must be possible for them to pull up that bank. I see the strength of that point. But my answer is this: In how many cases is it possible for the Governor or the Deputy Governor to go into every one of these cases which are brought to their notice by their Inspectors? They have so many other things to do. The gentlemen on the other side are having administrative experience. Some of us also have some experience of the management of these institutions. We know as directors how much attention we are able to give to most of the problems that are being brought up before us for decision. It is not humanly possible to expect a Governor or a Deputy Governor to go into every one of these details in regard to every one of these banks. Therefore, I make a suggestion and it is this.

In order to guide the Reserve Bank of India in regard to these very important details, there must be a scrutiny or an inspection advisory Council. You may have a small one if you like or you can make it as big as you like, but it must be an organisation which should have some of the representatives of the banking world. It must be the duty of this Council to go into all these reports that are being made about the scheduled banks and other banks also which must be brought and will be brought under the Reserve Bank of India and then submit their reports. It is only when the Inspectors and this Council disagree that the Governor or the Deputy Governor may have to take special trouble to examine all the details. Otherwise, as now happens, they must accept them for whatever they are worth, because they are the unanimous decisions and they may



allow in the natural course of things any action that may be found necessary to be taken.

Then, Sir, in addition to that, how can we control the Reserve Bank of India? Yesterday I was saying that we must have more control; this House must gain more control over the Reserve Bank of India and the Government of India should have more public control over the Reserve Bank of India. Today they have a secret control over the Reserve Bank of India. We want it to have this control in a public fashion, so that they would be entitled to control the Reserve Bank of India in their own rights. At the same time, we would know in what respects they are controlling the Reserve Bank of India. But that is not enough. The country too must have sufficient control over the Reserve Bank of India. There are various matters of the Reserve Bank of India, and the country must be given a certain amount of control over them. I do not want the present Directors Board at all. They are elected by the shareholders. You get rid of this system. I do not mean to say that you must confiscate the shares. We are not at that stage yet. Buy up the shares and compensate the shareholders. Then if it comes under your own control, yet we do not want to trust this Government to that extent. Therefore this Government must be advised at every stage. So, I suggest that there must be an Advisory Board, if you so choose to call it, which must consist or which must include representatives of the scheduled banks who are expected to keep their reserves in the Reserve Bank, representatives of Agricultural Banks that are to be brought into existence in future, to which I will very soon refer, the necessity for an organisation of such a character has already been stressed by the Leader of the Opposition. Then, there are these exchange banks. They too must have adequate representation on it. Then there are these various classes of people who draw their support from the Reserve Bank of India, that is the agriculturists, the industrialists, the merchants, all these people. This House too must be represented on it. The Government too must be represented on it. Now, Sir, with all these representations, if an Advisory Board is brought into existence, what are to be its functions? It is not to take any executive decisions at all. It will be the task of the Governor and the Deputy Governor who are to be appointed by responsible Ministries, if and when they come into existence in this country, in co-operation with the Legislative Assembly that should carry out the advice of the Advisory Board. So long as the present nominated Government exists, it should be advised by an Advisory Board, on all important matters. Information should be supplied to this Advisory Board on all important topics and discussion must be allowed to be initiated and carried on. It will be the duty of the Governor and the Deputy Governor to suggest agenda, initiate discussion and bring to the notice of the Advisory Board various subjects that may be considered necessary from time to time. It would be the task of this Advisory Board to make periodical reports to the Government of India, also such extracts from these reports as it deems fit should be sent to this Legislative Assembly. Then, it will be possible for this House to have a more instructive, more useful and more intelligent discussion than is at present possible because we know very little about the activities of the Reserve Bank at present. Very little information is supplied to us today. The sort of technical tables in which information is supplied to us by the Reserve Bank today are so complicated that most of us are not able to understand the significance of those figures that are supplied. Naturally it is not possible for us to control this Government properly and censure it when necessary. It is always possible for the Honourable the Finance Member to run away with it somehow or other interpreting these things that are not so easily intelligible. Once you have an Advisory Board at the Centre, it necessarily becomes inevitable that similar Boards should be constituted at the provincial centres also.

Now, I come to the further development of banking industry in this country. What do we find today? In our country, banking is still in a very primitive condition. We have something like 2,074 banks and they have 25 crores capital.

[Prof. N. G. Ranga.]

There are 25 banks having a capital of 12½ crores and these 25 banks all belong to my Honourable friends on that side of the House.

**Mr. President** (The Honourable Sir Abdur Rahim): This is a motion for referring the Bill to the Select Committee. All the points which the Honourable Member is raising can be raised in the Select Committee.

**Prof. N. G. Ranga:** I am not a member of the Select Committee, Sir. It is for the consideration as well as the benefit of members of the Select Committee that I am making these suggestions, to the best of my knowledge that I find it possible to make. I may say, Sir, for the information of the House that banking was one of my special subjects for my Reader's course, I used to teach Honours students, in the College, public finance and banking and currency all these years. I have been taking a deep interest in this subject. I have often found that these gentlemen have always been able to confuse not only the ordinary public, but also Honours students and also Professors with their mistaken notions that they give. Ever since this Reserve Bank has been brought into existence, we find that discussions in this House on currency problems have become really very stale. In old days of this Assembly, it was indeed a treat even for those who were outside to read in the newspapers interesting discussions on currency and exchange problems in which such giants like Mr. Jajnadass Mehta and the late Mr. Rangaswami Ayyangar took part. After this Reserve Bank has been brought into existence, the House has been given no real chance to discuss these problems and to expose this Government in its true colours.

I was saying, Sir, that these 25 European banks among themselves monopolise as much as 12½ crores of capital, that is half the total capital which the banking industry has in this country. No wonder my Honourable friend Mr. Avinashilingam Chettiar was complaining the other day that our European friends have succeeded in getting all that they want through this Bill. This Bill is going to throttle our smaller banks, it is going to strengthen the bigger banks. The trouble is that even among the bigger banks, it is not that the Indian bigger banks that are going to be helped so much as the bigger banks belonging to my Honourable friends of the European Group. The exchange banks do not have their headquarters here in this country. They have their headquarters in England, and only branches here. One of them used to have its headquarters in Hong Kong, but now I suppose it is Hong Kong *cum* London. If these bigger banks are helped, they will be only European banks. That is why there is so much suspicion with regard to the intentions of this Bill. If you want to help the bigger banks, then state the reasons why you want the bigger banks to become bigger still. Is it with a view to nationalise them? If that is so, then why don't you come forward with your proposals for nationalising them. The biggest bank in this country, the most powerful bank in this country that has played the greatest possible mischief and which has ruined this country financially and economically is the Imperial Bank. Why don't you nationalise it? The experimental stage has long past. Formerly, it consisted of three separate banks, the Madras Bank, the Bombay Bank and the Bengal Bank and by amalgamating all of them you have brought into existence the Imperial Bank. Even then it was ripe for nationalisation. At least when you created the biggest quasi-State Bank, the Reserve Bank, you should have nationalised the Imperial Bank. Instead of doing that you allowed the Imperial Bank to create more vested interests in the Reserve Bank and to have first priority over the shares of the Reserve Bank. You allowed all these privileges to the Imperial Bank. Now, I say it is high time that you should nationalise the Imperial Bank and if you do not do so, you will stand exposed.

Now, Sir, when compared to America we find that our banking is in a very primitive stage. In America there are 14,397 operating commercial banks; in India we have only 2,000. And if you take into consideration their capital, their deposits, their total resources, their contribution to their industry, you will find that India is very backward indeed in regard to banking. Therefore

there is every reason why we should try our best to stimulate the banking industry in this country. Not that you should throttle the small banks under some pretext or other, not that you should throttle these moneylenders and hundiwalas or Nidhis or those various other people; but you should give them every possible encouragement pending nationalisation of this public utility service,—every possible encouragement to all these banks and help them to build themselves up into bigger and bigger banks, not merely for the benefit of their depositors or their shareholders but mostly and primarily for the benefit of the general public. Our banks are not in a position to induce our people to divert their savings into their coffers. Whose fault is it? It is the fault of Government because it does not encourage banking. Instead of banking it develops all these various tricks of its own,—national savings and so on. Even in these days you find that banks are not able to draw the savings of the people. And if you introduce such piecemeal banking Bills, necessarily you arouse the people's suspicion in regard to the solvency of the banks.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member should bear in mind that this is an amending Bill.

**Prof. N. G. Ranga**: It is an amending Bill only as far as the Companies Act is concerned because it is expected to supplement that Act. It is a consolidating Bill and therefore it is even more important as an original Bill.

Sir, they have restricted the definition of banking. I already made that point when it came up for the first time before it was sent for circulation. And they have not stated that in the light of the opinions that they have received, in the light of the discussions that had taken place in this House previously they have not already made up their mind to alter some of the important provisions of the Bill and therefore they want to seek the assistance of the Select Committee. So it is most necessary—anyhow at least I think it is necessary—that we should raise our voice in regard to the very restricted scope of this Bill and in regard also to the mischievous possibilities of certain of the provisions of this Bill. We have in India five very big banks and much of our banking resources are concentrated in them. All these banks are expected to keep their resources with the Reserve Bank of India which again keeps its resources with the Bank of England. In this way we are tied to the apron-strings of Lombard Street. We want these ties to be broken. Our banks have not yet realised it to be their duty to encourage industry in this country. What is happening is that 50 per cent. of their investments are in Government securities; and Government till now has not yet recognised it to be its duty to actively encourage and stimulate our industries and also themselves to take up and run our industries. And what Government does with all these resources we do not know, except that they place these resources at the disposal of England in one way or another. Only 40 per cent. of the deposits that are being placed with our banks are being advanced as loans. This is a very unsatisfactory state of things. We do not see any reason why as much as 50 per cent. shall be invested in Government securities. I do recognise one reason, and that is this. When our Government becomes a national Government, when it takes upon itself the responsibility of stimulating and developing our trade and industry in this country and financing our industries, I can understand Government calling upon the banks simply to serve as a sort of suppliers of all the savings that the nation makes and place their capital and deposits at the disposal of Government, so that it will be possible for Government to finance our industries. But our Government has not yet taken that responsibility, and under such circumstances it is absolutely meaningless for Government to so manipulate things that our banks are obliged to place 50 per cent. of their deposits at their disposal as investments in Government securities, and so on. We had 626 non-scheduled banks in our country in 1938. They had 3 crores of current deposits and 11 crores as fixed deposits. What is the position, and what is the significance of these figures? It shows that while the scheduled banks are made to place all their money at the disposal of Government these non-scheduled

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banks were able to serve our public to a much greater extent because they were able to place easily three times as much as they were keeping as current deposits at the disposal of our traders, merchants and industrialists, etc. So to this extent comparatively the non-scheduled banks were serving our industrial economy much better than the scheduled banks. I do not say it is the fault of the scheduled banks that they have not been able to serve our industry so well. It was the fault of Government and the Reserve Bank of India that they did not allow the scheduled banks to serve our industry as well as they could.

We have not even one Indian exchange bank; and why is it we have not been able to develop it? The reason is that these European exchange banks that we have in this country have won such a monopoly in this country that they will not allow an Indian exchange bank to come into existence and function successfully. I think there were certain attempts made by Indians but they were not successful. One can easily understand it. Before a giant like this, a dwarf that has not yet found its feet to move about cannot possibly function and exist. Then, Sir, it would be the duty of Government to have started exchange banks on its own. Why did they not do it? They say, "You want Government to go out even in that risky field?". What is happening in England? Although she has had one of the most ancient monetary systems in this regard, Government found it necessary to come to the rescue of their own banking industry in its exchange section, and started what is known as the exchange equalisation fund, and also certain other funds, for helping the bank for international settlements, and so on. All these England found it necessary to establish and our Government too could have done it. If they wanted, they could have gone further. There was Soviet Russia; there was their own erstwhile friend the Reich and the Reichbank. The State was controlling the whole of the exchange policy and currency policy and exchange banking policy. You could have taken charge of all these exchange banks; there are only a few and they are not even Indian. You could have nationalised this industry and taken charge of it, controlled our exchange banking industry so well that all these lucrative profits that these gentlemen have been able to make through exchange banks could have been reserved for India, either through Indian exchange banks or through the Government of India.

Now, I come to the question of my own people—the rural public. My Leader has already made it clear that the first duty of banks is not so much to serve the depositors or the shareholders as to serve the public as a whole, and amongst that public the one class of people who deserve the best attention of the banking industry are the peasants, the agriculturists, the rural people, and therefore my Leader has already stated that it is necessary for the Government to establish a State Agricultural Bank with provincial branches and with district branches, and so on. We should not have any private money-lending for this. We should not give any scope for profiteering to anybody. This idea is not new: it has been placed before the Government of India by so many people in the past. Even the Central Banking Enquiry Committee has made suggestions in this respect, but the Government of India would not do anything. They came forward with a sop: Here is the Reserve Bank of India; it is being entrusted with the task of stimulating rural credit. But what has it done? I said yesterday that it has done practically nothing except issuing a few reports. We are not satisfied with this position. We want the Government to come forward with definite proposals as to what it is going to do. Are they going to say that it is all provincial matter and we have nothing to do with it? The Government of India must feel its responsibility in this matter and they should take steps to establish an Agricultural Bank with branches all over India. If they ask, 'is it to be an independent body: entirely independent of the Reserve Bank?', my answer is no. It must be a bank which will be associated with the Reserve Bank of India as is the case with the Bank of France in Paris, as was the case with the Reich Bank in Germany before the war, as has been the case

with the New Deal. You must make it one of the duties of the Reserve Bank of India to place funds, as it is found necessary, at the disposal of the Agricultural Bank and to see that the Agricultural Banks cater to the needs of agricultural masses. Therefore, I agree with my Honourable friend, Mr. Ananthasayanam Ayyangar, when he said that private money-lending to peasants must be stopped. The business of private money-lenders must be stopped. We are not anxious to throw them into the unemployment market. If you take them on,—they are very experienced people—as managers of local banks. You will say that, 'why do you want to take on such old hands who have been deceiving the rural public for years together'. But I say, if you associate them with the local Advisory Committees and Councils, consisting only of peasants, then it will be possible for us to provide employment for them in that way. Then introduce what is known as 'controlled credit for agriculturists'. Don't allow any peasant to borrow money for un-productive purposes. If he wants to borrow money, let him give specific reasons for it, and when he borrows money do not pay him in currency notes, but let him get from your own co-operative stores whatever he wants. If he wants to purchase iron ploughs, or even tractors in a co-operative manner, or manures, or seeds, or clothing, even eatables, let him purchase all these things through co-operative stores, so that he will not have much loose money in his hands to waste as he likes. In that way you will have to control him. Even while controlling him, you should try to educate him. I do not want to go into those details, but you should not be content with this negative policy. Do adopt a positive policy in order to raise the morale of our people, their cultural level, and their general outlook upon life so that they may not waste their money. In this way you should advance money to our agriculturists. Only two years ago, the ex-Chief Judge of Punjab said that it was the British Government which has been keeping up the money-lending system in the villages. These money-lenders go by various names—banyas, shahukars, seths and so on. You have them among Muslims, Hindus, and other communities; they do not belong to a particular community. They are a race by themselves; it is an international race rising up to Victor Sassoon and the Imperial Bank of India. These people have to be tackled carefully. You have not yet begun to tackle them; the Reserve Bank has not begun to tackle them. I do not want to see these people at large to exploit our rural masses, and rural masses, even according to your own admission, are illiterate, ignorant, and incapable of protecting themselves, especially in financial matters, and they are not able to put up a fight against either the money-lenders or the purchasers. Therefore, it is most necessary that we should tackle this problem as soon as possible, and your Bill does not propose to do anything in this respect.

There are these international monetary funds now going on, and the Government of India is a party to them. They say they are going to draw some benefit from them. What sort of benefit can they draw? They admit that we are a backward country. Backward countries must be helped by advanced countries. So far we know how the backward countries have been exploited by the advanced countries.

**Sir Cowasjee Jehangir** (Bombay City: Non-Muhammadan Urban): Sir, I rise to a point of order. May I know in what clause of the Bill is this subject dealt with? Not that I want to stop my Honourable Member's eloquence, but I only want to know to which particular clause it relates.

**Mr. President** (The Honourable Sir Abdur Rahim): I have been trying to find out myself. The speech of the Honourable Member must relate to some clause or other.

**Prof. N. G. Ranga**: There are a number of clauses, but my Honourable friend must know that merely because he happens to be a director of a number of banks, he cannot claim to know all the details about banking.

**Mr. President** (The Honourable Sir Abdur Rahim): All conceivable questions about banking are not before the House.

**Prof. N. G. Ranga**: There is this definition here in regard to 'banking company'.

**Mr. President** (The Honourable Sir Abdur Rahim): Just because there is a definition of 'banking company', it does not mean that the Honourable Member can wander all over the subject of banking.

**Prof. N. G. Ranga:** Sir, they want to draw some help from the International Banks that have been created, but what is to be the relationship that must subsist between the Indian banking system and the International Banking system . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That question does not arise out of this Bill.

**Prof. N. G. Ranga:** Sir, I do not want to waste the time of the House . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): I do not say that the Honourable Member has been wasting the time of the House, but he has spoken now for one hour, I think.

**Prof. N. G. Ranga:** Sir, I have as much appreciation of the value of the time of the House as any other Honourable Member including my Honourable Baronet friend.

My point is that in spite of all these Baronets India has been done in by these people; millions of people of this country have been robbed by others. And he does not even want us to help him in spite of himself. My complaint is this. The Government of India are going to join the International monetary funds and all the rest of it, but do you know the idea for which these International Banking Corporations have been brought into existence and whether it is according to the plans of Whites or Lord Keynes? I may tell you that they want to control the whole economic structure of this country; they want to prevent the economic development of this country. How can they prevent your economic development unless they get your banking system? What do you do? You have to expand and contract your credit. You are restricting the powers of your banking industry so much that it will be impossible for you to tell them through the Reserve Bank of India not to indulge in any investments, in cottage industries, or ordinary industries. If you go too far you are likely to endanger your own solvency. You are already going too far, they say. So do not do that!

I want the Government of India to reconsider their position. Let them realise that it is not possible for such a backward country like ourselves to get into these monetary funds and allow our resources to be tapped by them and allow our economic developments to be jeopardised by them. Therefore we should either form a separate monetary organisation for all these backward countries and challenge the other countries to prove their *bona fide* by offering to us as much credit as we want, as much accommodation as we want: If they do not do so, they then stand exposed. If they do so, they would be carrying out their own professions. Mr. Morgenthau said that the prosperity of one . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Where does that appear in this Bill?

**Prof. N. G. Ranga:** Mr. Morgenthau's name does not appear in this Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): I think the Honourable Member has given enough instructions to the Select Committee. It is time now that other Members who want to speak should have a chance.

**Prof. N. G. Ranga:** Therefore, I conclude by saying that this Government has not served this country properly in regard to this and cannot be trusted to give a fair deal either to our cottage industries or to our industries or to agriculturists through this Bill and through the methods it wishes to pursue and that this Government must in all fairness co-operate and assist with the Select Committee in such a manner that it would be possible for it to come back again, not with this Bill, but with a very much improved Bill, a Bill that would be comprehensive and cover all the suggestions made from this side of the House and that would certainly pave the way for post-war economic development.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): The need for banking legislation of a comprehensive character has been felt in India

for a long time past and demands have come from all quarters of the country. But the Bill which has been introduced and placed before us is not of a comprehensive character. It is exceedingly limited in its scope and extremely narrow in its outlook.

Sir, my Honourable friend, Sir Jeremy Raisman, when he moved the first reading of this Bill, pointed out that the safety of the depositor was the primary object of this Bill. The safety of the depositor is surely one of the important duties for us to guard but it should not be forgotten that there are other objectives which a banking legislation properly so called should take into consideration.

Now, Sir, this Bill is not only restricted in scope and narrow in its outlook, but the actual provisions of the Bill are defective in many respects. What is the cause of this unsatisfactory character of this Bill? I think this can be traced to the genesis of the Bill. It was in 1939 that the Central Board of the Reserve Bank of India placed certain proposals before the Government and the country and now they have placed practically the same set of proposals with minor amendments before the Government. And what have the Government done? They have not examined these proposals. They have not made any substantial changes in the proposals but have placed them before this Assembly in order that the Reserve Bank may stand out as the framers of the Bill and that this Assembly, this Legislature, may serve as merely a registering body. Is that a satisfactory position? The Government of India may be poor in talent, may be poor in knowledge, may be poor in experience; but the country as a whole is not so poor. There are enough men of knowledge, of intellectual equipment and of experience in this country who might have given the Government necessary advice for bringing forward a proper Bill.

Sir, I have said that this Bill is exceedingly limited in scope. Now, in what respects is this Bill extremely restricted? This Bill does not bring within its purview the provisions of the Reserve Bank of India. Now, how has this Reserve Bank of India functioned? Has it been able to render much service to the country in the field of agriculture, in the field of industry, in the field of trade and commerce? Sir, previous speakers have pointed out that the Reserve Bank of India has done very little. When this Bill was first introduced, the sponsor of the Bill said:

"I am inclined to regard the proposed Reserve Bank as the most important measure of liberalism in finance that has been offered to India."

Then he went on to say:

"When it comes effectively into existence, the Reserve Bank of India will add enormously to the importance and influence of India's position in the financial councils of the world—when the Reserve Bank takes its place side by side with other great Central Banks of the Empire, of the United States and elsewhere."

Now what is the position of the Reserve Bank? Does it stand side by side with the other great national banks of the world? Nothing of the sort. It is a mere handmaid of the Bank of England.

Further, Sir, Sir Basil Blackett said:

"Once these two institutions (i.e., the Reserve Bank of India and the Imperial Bank of India) are strongly established side by side, India will move forward towards the financial and economic development with the granting of additional financial and banking facilities for Indian agriculture Indian commerce and Indian industry which has been the theme and object of the Commissions and Committees which had been appointed from time to time."

Further on he says:

"Opportunity will at last arise for giving greater effect to some of the recommendations of the Industrial Commission and of the External Capital Committee, in fact a new chapter will open in the financial history of India."

That was what was said by Sir Basil Blackett in 1927. The Bill which was introduced by Sir Basil Blackett in 1927 was greatly modified in the Select Committee and instead of a shareholders' bank the Select Committee desired the bank to be a State Bank. Fundamental changes were introduced, with the result that the Government thought that they could not proceed with the Bill. Another Bill was brought before the Legislative Assembly after consultation with the British Government, but the President of the Assembly at that time refused

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to allow the introduction of the Bill, when the first Bill was already before the Assembly. Then, Sir, an important event happened. The largest party in the Assembly, the Congress Party, left the Assembly and the Government had the opportunity to enact this measure. This Bill was passed in 1934 in an unrepresentative House. There was also another reason. This Bill was passed, because it was pointed out that no constitutional development would be made in India until the Reserve Bank Bill was passed. It was because of that threat that this Bill was passed.

I have pointed out that the Reserve Bank has failed to render substantial assistance to agriculture, to trade and to industry in this country. When this Bill was in its last stage, Sir George Schuster, the then Finance Member, said:

"This Bill will make the country realise that we are taking a real practical step towards giving India financial autonomy and by so doing we are giving to India a guarantee of the honesty of the intentions of the British Government in this whole programme of constitutional reforms."

I wish Sir George Schuster had not raised the question of honesty, because there is a great deal of difference of opinion in this House as well as outside on this point. But Sir George Schuster said that this Bill would give financial autonomy to India and let us judge this Bill by that test.

What has happened during the last six or seven years in India? Has the Reserve Bank functioned as an independent bank? Has it not been subservient entirely to the Government of India, which is itself a subordinate branch of the British Administration? Sir, the activities of this Bank have been disastrous to this country during the last few years. A policy of inflation, starvation, famine, and high prices throughout the country stand to the credit or discredit of this Bank. My Honourable friend Mr. Joshi reminds me that it is a **shareholders' bank**. The Legislature wanted it to be a State bank but the Government decided that it should be a shareholders' bank and what is the implication of that? It means that it is to be conducted not for the benefit of the country but for the benefit of a few individuals and that is what accounts for what has occurred during the last ten years of its existence. It has not served the best interests of this country. And what are the reasons for this? In the first place, the constitution of the Bank is so defective that a large measure of control has been left in the hands of the Government. The Government of India, —the Governor General in Council,—can remove any member of the Central Board and can remove the whole Board of the Reserve Bank. That is one of the great powers which is enjoyed by the Government. At the same time, this Legislature has nothing to do with the Reserve Bank. Men who are interested in the affairs of the country have no right to enquire as to how the bank is working. It is provided in this Act that no Member of the Legislative can be elected as a director. The object of this is to prevent political influence to bear upon the decisions of the bank. Now what do you understand by the words "political influence"? If it means merely influence of party politics, I agree that it is not desirable that party politics should interfere with the policy of the bank. But if by political influence is meant influence of the general public of the country, I think this provision is abominable. If the Legislature had been represented on this body, I am perfectly sure the disastrous consequences of the last six or seven years would not have happened.

This is a private bank, but it enjoys a very large share of Government business. It does a great deal of work on behalf of Government and can effectively control the financial policy of the Government of India. That is most undesirable. Therefore I suggest that steps should now be taken, so that the constitution of the bank may be changed. Further, I would urge that even in regard to the details of the functioning of this bank it has failed. It has not been able to give much credit to the agriculturists. It has not been able to help the scheduled banks to any great extent, as has been pointed out by the Government in the course of answers to questions which have been asked in this House.

There is another defect as was pointed out by my Honourable friend Mr. Geoffrey Tyson, the other day. There is tendency for the shares of this bank



being concentrated in certain provinces and also the shares of the bank being concentrated in the hands of certain individual capitalists. That is a very wrong tendency,—a dangerous tendency,—which should be checked.

As regards the scheduled banks the Reserve Bank gets their money: certain proportions of deposits have to be kept with the Reserve Bank; but is there any quid pro quo? The Reserve Bank does not pay any interest on the deposits which are made by the scheduled banks; there is no quid pro quo except some advice contained in certain leaflets issued by the Reserve Bank from time to time. That is no assistance. That is no real help given to these scheduled banks. Therefore I suggest the whole constitution and functions of this Reserve Bank should be changed.

Another omission is the failure to deal with the Imperial Bank of India. The Imperial Bank of India, true to its name, is a bank which serves the interests of the British Empire. It does not serve the interests of the people of this country. It is shareholders' bank but enjoys certain special privileges as against the Indian banks of this country. The Imperial Bank is the custodian to a large extent of the funds of the Central Government, the Provincial Governments, the district boards, the local boards, and of the Railway Board. It does not help the trade, industry or commerce of the people of this country. This position is enjoyed without giving the general public any advantage. It is true that it keeps deposits of the people, but at very low rates of interest; and how does it employ these deposits? For helping the trade, commerce and industry of foreigners in this country. Now, this leads me to the consideration of the exchange banks.

These exchange banks are mostly branches of banks incorporated in other countries including the United Kingdom. These non-Indian bankers have never raised their little fingers to help the people of India in their trade and industrial activities. Their exclusive concern is with regard to the interests of their own countries, not to the economic interests of this country. Therefore it is desirable that the non-Indian exchange banks—there are no Indian exchange banks; it is a great pity,—should be brought within the purview of this legislation.

Then, indigenous bankers are not brought within the scope of this Bill. I know that there are many difficulties in this matter; but I cannot forget the fact that the indigenous bankers play an important part in the economic life of this country; these indigenous bankers have existed from time immemorial. They existed even two thousand years before the birth of Christ; and they enjoyed a very important position, till the beginning of British rule in this country. In this connection I may point out that when the battle of Plassey was fought these indigenous bankers helped Clive . . . .

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Shame!

**Dr. P. N. Banerjee**: . . . . to our shame indeed, with the result that the house of Jagat Seth, known as world bankers, incurred the displeasure of the Indian rulers so much so that Mir Kasim, when he became Nawab, threw some members of this family into the Ganges from the ramparts of the fort at Monghyr . . . .

**Mr. Sri Prakasa**: That was how the Defence of India Act was worked then.

**Dr. P. N. Banerjee**: These indigenous bankers helped the British Government, and what did they get in return from the British Government and from the British people? Nothing at all . . . .

**Mr. Sri Prakasa**: They got the Reserve Bank!

**Dr. P. N. Banerjee**: In 1773 a general bank was established under the administration of Warren Hastings and the management of this general bank, which was to be a compromise between the Indian indigenous system of banking and the European system of banking, was vested in two Indians, one of whom was Babu Hazari Mul and the other was Babu Dayal Chand. This bank did good work for a period of 20 months; but sanction was not given by the Court

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of Directors of the East India Company for its continuance, and it died an unnatural death. This is the amount of assistance which has been given to indigenous bankers in this country by the British Government. Even in spite of this handicap, even in spite of the various difficulties which have been placed in the way of their development, the indigenous bankers have continued their existence and have played an important role in the economic life of this country. Now, is it not desirable that they should be linked up with the whole banking system of the country? That is most desirable; and efforts should be made—not efforts of the nature which were made a few years ago of sending out a circular to the indigenous bankers asking “Are you prepared to come in and be subservient?”—not that way, but by proceeding in a more careful and scientific spirit.

Then, Sir, co-operative banking is not included. Co-operative banks, it may be argued, are governed by provincial Acts and they are under the control of the provinces. That is true; but so far co-operative banks have not touched even the fringe of the problem. They have been in existence since 1911, but have they made much impression on the economic life of the country? No. The time has come when they will have to be placed on a proper basis, so that they may render great services to this country.

In this connection I would refer to the establishment of an agricultural bank which was suggested by my Honourable friend the Leader of the Opposition day before yesterday. It is a very good suggestion and it should be kept in mind by the Government and the Select Committee should do its best to consider how far an agricultural bank may be brought within the purview of this banking legislation. Sir, the bulk of the people of India live on agriculture and there-

fore the improvement and expansion of agriculture are the greatest needs of the country. There is a Rural Department of the Reserve Bank of India but this has done practically nothing for the improvement and expansion of agriculture in this country. It is absolutely necessary that something should be done in this direction. A State Agricultural Bank may be established at the Centre with its branches in the provinces and in all the larger villages of this country. These are the deficiencies of the present Bill.

Now, I come to the actual provisions of the Bill. It is pointed out in the Statement of Objects and Reasons that the primary object of this Bill is to protect the interests of the depositor. That is, I agree, an important duty, although it should not be the only duty. It also tries to regulate the joint stock banks. Now, with regard to regulation my view is that there should be some amount of regulation,—regulation to a reasonable and desirable extent,—but too much of regulation would not be good for the banks or for the country. In this connection I should like to refer to the opinion of the foreign experts who were in India to give their evidence before the Central Banking Inquiry Committee. They gave their definite opinion against the regulation of banking, because they thought that regulation would lead to excessive regulation and excessive regulation would hamper the growth of banking in this country, which is one of the greatest needs of India at the present moment.

With these preliminary observations, I will examine some of the details of this Bill. I will not discuss all the provisions of the Bill but I will refer to some of the important provisions. The first provision on which I should like to say a few words is the definition of a bank. The definition that has been adopted here is a very simple one, but it appears to be a little too simple. In defining the word ‘bank’ we should carefully consider what it includes and what it does not include. I wish to ask in this connection whether industrial banks would be included within the scope of this Bill. In the industrial banks it is not the practice to keep only demand deposits. The greater practice is to have time deposits. If this definition is accepted, industrial banks would be excluded. Then come to the Land Mortgage Banks. In these also not demand deposits, but time deposits, are accepted. Will they be excluded from the purview of this Bill? At the present moment, it is true, the Land Mortgage Banks come within the scope of the Co-operative Societies Act, but in order to make the

land mortgage system an affective system, a system more conducive to the welfare of the agricultural community, it will have to be brought within the scope of a comprehensive Bill. So much in regard to definition.

Then I pass on to clause 8 which deals with the prohibition of trading. This is a very salutary provision. If the trading functions of an institution are not separated from its banking functions, various irregularities are likely to arise and every bank would be led into difficulties from which it may be difficult for it to extricate itself. Then coming to clause 10, which prohibits the employment of managing agents, I agree with the principle that managing agents should not be employed. But there is a proviso to the effect that when there is a contract for a period of five years this may be renewed for another period of five years and again for a third period of five years and so on. This is most undesirable. Even when there is a contract, it should be provided that no contract should be renewed after the first renewal for a period of five years.

Now, we come to the most important and the most controversial clause of this Bill, namely, restrictions on capital. I am strongly of opinion that the capital structure of the banks should be as strong as possible but we cannot ignore the circumstances of the country. This country, if it is to make any real progress in the economic field in the near future, must develop small banks, and we should not do anything which will hamper the growth of such banks. We should not send into liquidation the existing small banks, nor should we prevent the coming into existence of small banks in future. I therefore think that although some restrictions may be placed on the capital structure of the bank, these restrictions should not be such as would affect adversely the small banks. I may say that this clause has not been framed with much attention and forethought. One of the provisions of this clause is that no bank will be allowed to have its branches in a province different from the province in which its headquarters are located unless it has a capital of 20 lakhs. Now, to open a branch at Ghaziabad which is fast becoming a suburb of Delhi. What I will give an instance. A bank is established in the city of Delhi but what will be the result? This bank can be established in Delhi with a capital of two lakhs only, but as soon as it wants to open a branch at Ghaziabad, a suburb of Delhi, it will have to raise its capital to 20 lakhs. Can absurdity go further? Then, again, small banks should not be penalised because they are small. The small banks possess great advantages as the small bankers know the conditions of the people of the locality. They are intimately acquainted with the circumstances of the locality and there is personal acquaintance between the depositors and the managers and officers of the banks. These are great advantages which should not be lost sight of. Therefore, I suggest that while some restrictions are needed, let not these restrictions be of a prohibitive character. I should suggest, therefore, that the whole of this clause should be re-drafted so that the minimum should not be placed at a very high figure. As regards the branches, it may be provided that whenever branches are sought to be established in a province other than the headquarters of the province in which the original bank has been established, an additional capital of, say Rs. 50,000 or a lakh, would be demanded. That would be reasonable.

Coming to clause 16, I consider the underlying principle of it to be very sound, but difficulties may arise, as has been pointed out by some Members of this House. I am glad that Sir Jeremy Raisman agreed that clean accommodation may be given in cases where a demand is made. There should not be absolute prohibition. I may also refer to Sir Jeremy Raisman's assurance with regard to the capital of the small banks. He practically assured the House that the existing banks would be given a period of five years instead of two years, in order that they might raise their capital structure to the required standard. In connection with the capital structure of the small banks, I may point out that the Government has placed certain restrictions on capital issues. Government rigidly control the issue of capital. Now, on the one hand they say that the existing banks must raise their capital, but on the other hand, they strictly control capital issues. Some method will have to be found by which it will be made possible for the small banks to raise their capital to the

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required standard without undergoing any great difficulty. We all know that whenever the examiner of Capital Issues examines the cases he raises so many difficulties that it becomes impossible for the promoters of small banks to overcome them. This matter, I hope, will require the serious consideration of the Government . . . . . 6

**Mr. President** (The Honourable Sir Abdur Rahim): It is now quarter past one . . . . .

**Dr. P. N. Banerjea:** Sir, I shall take 10 minutes more.

**Mr. President** (The Honourable Sir Abdur Rahim): If the house desires to sit on, I have no objection.

**Several Honourable Members:** No, Sir.

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

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

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

**Dr. P. N. Banerjea:** Sir, before the House rose for lunch, I was discussing some of the principal provisions of this Bill. I pointed out that the underlying principle of clause 16 of the Bill was a sound one. But difficulties might arise in certain cases. I referred to the assurance which had been given by the former Finance Member, Sir Jeremy Raisman, to the effect that clean accommodation might be given in suitable cases.

I come next to clause 17 of the Bill which deals with licensing of foreign banks and Indian State banks. I do not object to licensing of foreign banks or even Indian State banks, but what surprises me is the fact that Indian State banks have been bracketed with foreign banks, while British banks have been placed in a different category. This, Sir, is preposterous proposal. If there is to be licensing, let there be a system of licensing for all, including Indian banks and branches of British banks working in this country as well as Indian State banks and foreign banks. There is no reason why Indian State banks should be classified as foreign banks. There are no racial, linguistic, cultural or economic barriers between British India and Indian States. The only barrier that at present separates the two categories of territories is the administrative barrier, and it is our earnest desire to remove this administrative barrier. Sir, it is a most undesirable thing to regard the Indian State banks as foreign banks. They are not foreign in any sense of the term. The people of the Indian States are our own kith and kin. In many cases, they are related to us and they are as dear to us as the population of British India. There are also no economic barriers, no geographical barriers either. The proposal in this Bill, therefore, appears to be a most preposterous one. I hope the Government will see their way to remove this distinction when the Bill will be considered in the Select Committee.

Sir, my European colleagues are always anxious to avoid discrimination. But here is a case of discrimination against a section of the Indian people. There is no discrimination against British people. As regards British banks which work in this country, we are told, to quote the words of Sir N. N. Sircar, that "white must be deemed as black". The British banks must be regarded as Indian banks because there are certain provisions in the Government of India Act which lay down that principle. Sir, how long will you continue this discrimination? The other day this House carried a Resolution demanding the abolition of sections 111 to 121 of the Government of India Act. I am glad that Members of the Government of India and the whole bloc that sits behind them refrained from voting against the Resolution. If that is a gesture, I welcome it. It is a very good gesture. Let us hope and trust that in future there will be no discrimination in favour of the British banks and against Indian State banks and all traces of discrimination would be obliterated. Sir, although we are against discrimination, we are in favour of

protection for Indian banks. The European banks in India give very little assistance to those aspects of the trade, commerce and industry and agriculture which are in the hands of Indian people. The European banks confine their activities to the interests of people of their own countries, their own nationals. India is as yet undeveloped in respect of its banking system. Therefore it is desirable that some protection should be given to Indian banking and some conditions should be laid down regarding the working of all non-Indian banks, whether British or non-British. It is not my intention to create any discrimination, but let not Indian banks suffer in an unfair competition between the British banks and themselves. Protection to infant industries has been regarded as legitimate everywhere in the world, and I want that protection at the hands of my European friends. India is far too civilised to adopt a policy of retaliation and discrimination against anybody, but India, when she comes into her own must safeguard the interests of the country, and one of the most important interests in this country is that of banking.

Sir, I come next to clause 18 which insists on the maintenance of 25 per cent of the liabilities of a bank as a cover. I agree to the principle, but I think we should make a distinction between demand liabilities and time liabilities. While we should fix a higher percentage for demand liabilities we need not fix a very high percentage for time liabilities. Therefore, I suggest that 10 per cent. of time liabilities and 20 to 25 per cent of demand liabilities might be fixed for the purpose of this clause.

Clause 19 embodies a welcome provision and I need not deal with it.

Then I come to clause 23 which relates to audit. A proper system of audit is absolutely essential for sound banking in this country; but the qualifications of auditors should be such as may not adversely affect the small banks. My Honourable friend Mr. Krishnamachari, while he stressed the need for proper and independent audit, suggested that a panel might be formed by the Reserve Bank of India out of which the auditors may be appointed by the small bankers. But I think a better solution of the difficulty would be to lay down general qualifications after considering the number of banks, the number of auditors whose services would be available and the fees which would be charged by the auditors. The essential thing is that, while we should insist on a proper system of audit, we should not make it very difficult for the small banks to employ auditors who may comply with the qualifications laid down by the Reserve Bank of India or by the Government of India.

Coming to clause 28 of the Bill dealing with inspection, I find that it is one of the controversial clauses of the Bill. I do think it necessary that there should be inspection not only of the small banks but also of the large banks,—not only of the Indian joint stock banks but also of the exchange banks and even the Imperial Bank. Inspection is necessary, but not the sort of inspection which is provided for in this Bill. This sort of inspection is open to very serious objection because it may create suspicion in the minds of the people. It may give rise to rumours, it may create nervousness among the depositors and may even lead to the ruin of the banks. Therefore what is needed is regular and periodical inspection. If that is provided for, no bank can complain and there will be suspicion as to the solvency of any bank. Sir, I am sorry to find that the role which has been assigned to the Reserve Bank of India in this connection is not an honourable one. It is the role of the policeman and the hangman. I should like to give the Reserve Bank a more honourable function, *viz.*, that of a friend, philosopher and guide. Let the Reserve Bank of India constantly watch the proceedings of all banks and help them not only with advice but with financial assistance.

Sir, I spoke at some length this morning about the failure of the Reserve Bank of India in performing some of its statutory obligations, and I will not refer to that subject again. But I will say only this that if the Reserve Bank is to play the part of a national bank of India it should fully equip itself for that purpose and should regard its responsibilities with that amount of seriousness which is expected of it.

[Dr. P. N. Banerjea.]

Sir, these are the important provisions of the Bill to which I have referred. Before concluding my observations, I should like to emphasize three points: In the first place, the Government or the Reserve Bank of India do not seem to attach that amount of importance to credit which is necessary in this country. As was observed many years ago by the famous jurist-statesman, "credit has done a thousand times more to enrich nations than all the mines of the world". That is a fact which should be remembered by my Honourable friends on the Treasury Benches. Without credit India will not make any progress at all. It will be on the basis of a large expansion of the credit system that the future progress of India in prosperity and wealth will depend. In regard to this question, I should like to point out that the existing large credit institutions do not afford any facilities for credit to Indian agriculture, to Indian trade and to Indian industry. That system will have to go and a new system will have to be brought into existence when all the banking institutions will regard the interests of Indian industry, Indian agriculture and Indian trade as supreme.

The next point which I wish to emphasize is the effect of legislation. If a piece of legislation is rightly conceived and rightly carried out, then it will lead to great good for this country, but if it is badly conceived, as this Bill has been, and if it is carried out in the spirit of its conception, it will lead to great harm for this country. Good laws are necessary for the economic advancement of the country and bad laws are sure to prove disastrous. But I must frankly say that good laws alone are not enough for establishing good banking in this country. Something more will be needed, even if the legislation is conceived and carried out in the proper manner. For establishing good banking, we require good bankers, and there will be no good banking in this country unless and until the patriotic men of this country come forward and take their place in the banking enterprises of this country. Not only patriotic men, but able men, intellectual men, men whose only purpose is to serve the country, should come forward and place the banking system on a satisfactory footing.

Lastly, I think it is absolutely important for the successful working of a true banking system to train Indians for the higher offices in the banking services of the country. So far very little has been done in this respect and I urge that all the banking institutions of this country, form the Reserve Bank and the Imperial Bank downwards, should be compelled to give training for the officers' ranks in the bank services. It should be made obligatory on all the exchange banks to give adequate training to Indians for discharging their functions as administrators in the banks. Therefore, I suggest that not merely legislation but also the administration of banks should be carefully considered, and if that is done then and then only will there be a good banking system in this country. Sir, there are Faculties of Commerce and Economics attached to all the Universities in India, and it would not be difficult to find good material for training purposes. The young men who take good degrees at the Indian Universities may be selected for training and if that is done, in the course of a few years we shall find that there is no paucity of men for the administrative posts in the banks.

Sir, I have made these suggestions, and I hope that the Select Committee will not take a narrow view of its functions. Let the scope of the Bill be expanded, let the members of the Select Committee take a wide view of their duties so that they may place this banking Bill on a satisfactory basis and thus render invaluable service to this country.

**Mr. E. L. C. Gwillt** (Bombay: European): In rising to support the motion before the House, and I propose to confine myself to the provisions of the Bill, I do so subject to what I have to say at this stage and in the Select Committee. Any legislation that is designed to build an efficient banking system, which is essential to the economic structure of the country, must

be worthy of support. But, Sir, I submit that in some respects the provisions of the Bill defeat that object, for, if passed, the smooth running of banking business will be hampered. On the other hand, mere legislation will not prevent malpractices unless it is reinforced by severe penal provisions. The House will no doubt not have forgotten the name of Mr. Clarence Hatry. Some fifteen years ago, Mr. Hatry was a financier in the City of London. He had an international reputation and about that time I recall and I met a man who had just arrived from South America where he had bought land and when he had reason to believe he had, literally, struck oil. He came to London and saw in succession all the big five banks. He wanted finance of course.

3 P. M. Without exception the banks referred him to Mr. Hatry. Such was Mr. Hatry's reputation. That episode took place just a week before Mr. Hatry was arrested for the misappropriation of large sums of public money, and though the trust that was reposed in him as a financier by the City of London did not deter him from his misdeeds, because he had betrayed that trust he was sentenced to fourteen years penal servitude. It was a sentence which surprised a good many people in financial circles but the Judge in sentencing him said that he considered his greatest crime to be the injury that he had done to the reputation of the City of London as a financial centre. I quote this, Sir, because I am perhaps not the only Member of the House who has been struck by the fact—and not only does this apply to this piece of legislation—that Government appear to be making an attempt to make man honest in business by legislation: and though I am sympathetic with many of the motives implicit in the Bill, and more particularly in view of the large number of banks that have come into being in recent years, nevertheless I feel that some of its provisions are unnecessary and likely to defeat the objects for which they were framed. If penalties for criminally mishandling or deliberately misappropriating other people's monies were as severe in this country as they are in others, I submit, Sir, that some of the clauses in this Bill which will have the effect of slowing down the machinery of good banking would be unnecessary, and I hope, Sir, that the Select Committee will suitably amend the Bill when they deal with it.

Now, Sir, there are one or two points on which I seek clarification. One of the provisions of the Bill is that no banking company, whether incorporated in or outside British India, shall engage in any form of business other than those referred to in clause 6 (2). Presumably this only applies to banks whether incorporated in or outside British India in so far as their operations lie within British India, for I take it that a bank's branches that are outside British India would be subject to the legislation of the countries in which they are established.

Moreover, three terms are given by which a bank shall, after the expiration of two years from the commencement of the Act, be defined. Those terms are—bank, banker and banking: and whilst I suggest that the second shall also be in the plural, I take it that the use of these words, obligatory though they be, may be used descriptively and not essentially as part of the registered name of a bank. The name of Baring Brothers and Rothschilds and Banking are synonymous, and surely if either of these two great banking-houses were to start a branch in this country they would not be called upon to incorporate the name "bank" in their registered name, but would be permitted to do so descriptively.

The Bill imposes certain prohibitions on trading and amongst other restrictions prevents a bank from dealing, directly or indirectly, in the buying or selling or bartering of goods. It explains that the expression "goods" does not include stocks and shares, but as the term stocks does not include Government promissory notes, this should also be included, likewise bullion and specie. But I submit that it is a common and accepted practice amongst the most reputable of banks to dispose of goods which are in their control as collecting agents, and in this respect a bank may be of very great service to its customer. The provisions for the disposal of non-banking assets, I suggest, also requires

[Mr. E. L. C. Gwilt.]

amendment, for during the time that it is provided by the Bill, a bank may well come into the possession of a valuable building as a result of a mortgage foreclosing and the interest on the invested capital of which may prove a highly profitable investment

The remarks I made in opening my speech have particular relevancy to the restrictions in the Bill of unsecured loans and advances by a bank to a firm or company in which one of its own directors is interested. It is to this point to which I would draw particular attention. Whilst I have no doubt that malpractices have occurred in the country in this direction, and which this clause seeks to prevent, the fact remains that its provisions are in my opinion, Sir, drastic and likely to hamper a perfectly sound risk on the part of a bank. There must be, and there are men of the highest integrity in this country who are directors of banking companies and at the same time directors of financially sound commercial undertakings, the financial structure of which latter would be well known to the director concerned. In such circumstances, he may well and with prudence advise the bank of which he is also a director, to make an advance—possibly a short-term one—to the commercial undertaking. But if the provisions of the Bill are followed he would be prohibited from doing this. Indeed in its day to day business, a bank would be prohibited from making purely sound unsecured loans to a commercial company if it has a common director, and the legal hazards such a director will now have to run are of an order as may well deter him from continuing his directorship with the bank. Thus the bank would lose the services of a sound and efficient administrator and I would commend to the Honourable Member the suggestion that instead of including the provisions of this clause in the Bill, powers be given to the Reserve Bank under section 20(2) permitting the Governor or Deputy Governor should they see fit, to call for particulars of the debt due to the bank by the commercial undertaking with which the bank has a common director.

In regard, Sir, to the restrictions of capital, I would submit, as I believe that my Honourable friend, Sir Cowasjee Jehangir, has done,—and I hope, Sir, that my friends on my right will not misunderstand me—that some of the figures laid down are too low. There is much to be said for the small man in business but banking is hardly the venue for business of extremely small financial proportions, and I submit, Sir, that they are likely to be a danger to their depositors and a weakness to the whole banking structure of the country. I think it is fair to say that if a group of men have the experience and the ability to manage a bank they will raise, within the country, money of greater proportions than some of those laid down as a minimum for this purpose. In regard to the restrictions, or rather the prohibitions, upon the holding of shares by a banking company, whilst I am in sympathy with the objects of this provision, I submit, Sir, that the restrictions are too rigid. Likewise I would draw attention to the restrictions of those loans and advances, which it would appear a bank is prohibited from negotiating or discounting, known as “house paper”, that is to say, clean finance bills drawn at usance by a firm in India, say on its London house and discountable on the London market. I think, Sir, that this is obviously an oversight and that “house paper” will be excluded from the provisions of the Bill. I hope too, Sir, that the Select Committee will examine carefully the provisions of the maintenance of a percentage of assets, which if faithfully observed may immobilise deposits, which may at times impose a heavy strain on the resources of the smaller banks.

In the next clause, the clause dealing with assets in British India, it is stated that the object of the clause is to avoid repetition of an instance of where a bank, incorporated in a native State but in which the bulk of deposits were from British India, failed. The Select Committee will, I hope, Sir, amend this clause appropriately to prevent its provisions hampering India's overseas trade some day in the future, for as it is now framed and if it is put on the Statute Book in this way it may well do this. For at times such large



assets in India might be detrimental, in this respect, and cause unnecessary fluctuations in exchange rates.

And lastly I would deal with the schedules and particularly the first. Whilst the evident objects of items (vi) and (vii) cannot be disapproved of, as they are intended to prevent directors from taking loans during any financial year, but avoiding disclosure by repaying this before the balance sheet date and then re-borrowing the money; the effect of this provision is obscure. If the meaning is that the maximum amount advanced on any day on all accounts under these respective heads is to be disclosed, this is impracticable in the case of a bank with numerous branches and numerous accounts. It would be necessary for each branch—and there may be fifty branches—to prepare a list of all accounts under (vi) for each day in the year and another list for all accounts under (vii). The daily totals of these branch lists and the head office lists would have to be amalgamated in order to find the dates on which the maximum balances were respectively shown. A few years ago a prominent Bombay businessman was reported to be on the board of nearly one hundred companies and the amount of work involved in such a case, even if he were a director of ten companies, in compiling the lists can be imagined. If, on the other hand, the total of the maximum balances on each account is required, though such maximum balances will not be on the same day, the resulting total may be out of all proportion to the amount of the total advances to all customers of the bank, as well as to the total due by directors, etc., on any one day. I suggest, therefore, in the case of advances which fall either under (vi) or (vii) and which are against the personal security alone of one or more debtors, the Reserve Bank be notified monthly of the terms and limit, and that the Reserve Bank should have power to compel the bank to demand repayment of any such advances, and if necessary, to take legal steps for recovery. I suggest that if this procedure is adopted, there is no need for items (vi) and (vii) as the proposed safeguards would be effective, whereas the disclosure of totals, with no indication of the names of the directors, etc., or the circumstances of the advance would not, I submit that there is no need for disclosure of secured advances where the security is other than personal security, for ex-hypothesi, the bank is covered.

It must not be forgotten that where qualifications for a directorship between two men are equal, the bank would very naturally choose the one capable of placing profitable business with itself, and if the conditions of advancing money are such that no director could take an advance, the bank would either be deprived of the business of the services of the director.

**Mr. Hoeseinbhoj A. Lalljee** (Bombay Central Division: Muhammadan Rural): Sir, I do not wish to speak at length on the subject, because I had the privilege of giving evidence before the Banking Enquiry Committee in 1936 on behalf of the city of Bombay businessmen and bankers, as their President. I only want to draw the attention of the House to the great powers that the House is called upon to bestow on the Reserve Bank of India. These powers will virtually be vested in the Board of Directors of that great institution and, as I pointed out, the other day, when the question of securities and dealing with securities was to be handed over to the Reserve Bank, that it is very very risky that we should give such powers, in fact hand over the whole banking system of India to directors who could get themselves elected as they have been able to do all throughout for so many years. Not only that, but there is a still more important question and that is this. Whilst in this very Bill the Government have pointed out that the Bill is confined to the companies carrying on the business of banking, it would be impracticable within its scope to distinguish between such institutions and those dealing in credit, in view of the complex credit structure of the country and the fact that money-lending is an item of the Provincial Legislature. As a businessman I must admit that I fail to make any distinction between money-lending and banking,—as if they are different things altogether. My submission has been and will be that banking means nothing else but money-lending and in fact we are now handing over all the Provincial Government's

[Mr. Hooseinbhoj A. Lalljee.]

business as well as provincial activities with regard to money-lending and money-borrowing to one institution in India and that is to the Directors of the Reserve Bank of India. I would like the House to consider very seriously the position that we are creating for them and the position that we are creating for ourselves. I should also like to point out that so far as the Reserve Bank is concerned you have very little voice except to give your consent to the appointment of the Governor and the Deputy-Governor. But there again we can visualise that we have perforce to appoint or nominate or sanction the appointment which the Board of Directors in their wisdom would like to have. That is the constitutional position. This is also a question in which one has got to consider that not only securities but all the banking, the money-lending and the business of all the provinces will be in the hands of a few gentlemen who can get themselves elected under the present circumstances. And if you scrutinise very carefully the Board of Directors, you will find that they belong to only one class of businessmen and there is none to represent the agriculturists or any other class of persons. It has nothing whatsoever to do with anything but money-borrowing and money-lending connected with certain banks and connected with certain industrial concerns pure and simple. As my friend Mr. Gwilt has just pointed out (and for me it was worth listening to him), the business of the banks ought to be more to lend to the persons who can bring business to them. In fact that has been the practice going on so far as the foreign banks and foreign concerns are interested in this country—it is part of their business and for the development of their business; and not only on securities but even house bills, as they call it, money is advanced. My friend rightly is in that position and he wants to maintain that position. It may be that those who are fortunate in becoming directors of the Reserve Bank will like to have the same principle adopted, and the great advantage they will have would be that all the banking concerns will be under their thumb: they will be entirely dictating, if they choose, the commercial and industrial and other development, including, as my friend Mr. Gwilt pointed out, even the building and land properties; if they lend money and the poor man is unable to pay the debt, they take up the land, foreclose it, because the interest they have got is much more. It is not money-lending there: it becomes an investment, and an investment which will carry on for years together, for their own benefit. These are very very serious things which one has to consider.

Another thing which has got to be considered very seriously is this: that the Reserve Bank has got very few branches: it has to rely on its agents the Imperial Bank of India. Sure enough, we know the Imperial Bank of India; and if you will scrutinise the board of directors of that bank and compare it with that of the gentlemen who are on the board of the Reserve Bank and of one or two other important banks—we may not have the five great banks as in England, but we have almost that number in Bombay—you will find that before the Reserve Bank came into existence, the Imperial Bank had one or the other agent of a European firm or an Indian firm either as a director in Calcutta or in Bombay or Madras. If you were to scrutinise for the last thirty years, you will find 'A' firm's representative being a director in the Imperial Bank in Calcutta—'A' firm's director in Bombay becoming a Director of the Bombay Bank in the next year and in the third year the same firm's managing director becomes a director at Madras. In fact it has been worked out very nicely and very cleverly with certain firms holding all the business and industries; and they have made this their business to get all sorts of capital all over India under their control that you will find that invariably the constitution allows them to bring in their partners. Therefore, so far as the Reserve Bank is concerned, I feel it is not immune from that danger. It is exactly in that line. These gentlemen by forming into groups—I will not say cliques or coteries—can wholly control the Reserve Bank and I do not wish at the present moment when our country has been having banking, big and small, that our smaller banks should be entirely at the mercy of one class of

persons who have been fortunate enough to hold in their hands the reins of the capital of most of the banks already existing in this country. I should very much like that so far as the directors are concerned, as my friend Mr. Gwilt pointed out, that not only the directors should not be of any bank but his partner or cousin or his brother, who are directly or indirectly interested in him, should not be a director of one or the other bank; because what after all is the scheduled bank? What are all the banks? They are all depending on the inspection and report, on the consideration of the monthly or yearly or weekly reports of the officers of the Reserve Bank.

Then, see the position of auditing. So far as Indian banks are concerned, they will be audited by the auditors recognised by Government. Very good. So far as the foreign banks are concerned, there is no such clause that the regular recognised auditors will audit their accounts; furthermore it is not laid down anywhere that they shall not do any other business, as the Indian banks are bound not to do. My friend Mr. Gwilt pointed out very rightly that there was strict punishment, but that will only be applicable to my countrymen and my banks, because in the audited reports it is required that three directors at least will sign. In the case of the foreign banks it is required that the manager will sign; and we have seen in the year 1935, when the Italian banks had managers and when they went to war with Abyssinia, they put in a third class clerk to be their manager for the time being. I want to know from my Honourable friend the Finance Member why is the foreign bank not required to sent in an audited report signed by the recognised auditors so far as this country is concerned and I also want to know why the great men who have got much more honourable feelings of honesty—why their directors should not sign and why the manager should sign so far as these foreign banks are concerned. We must see to this.

We have also to see that all these restrictions will apply to the foreign banks that are already there and not merely to those that will come hereafter. It has been pointed out that they can do such business as they were doing before this Act comes into force. New foreign banks will certainly carry this out, but the old banks are not bound to do so. I also wish to point out that banks are required to do no other business but banking, but in another way it has been provided that they can carry on business for seven years, or in the extreme ten years in business or companies or industries or commerce of whatever nature, if that business comes under their influence by the mere fact that they have advanced money. If, for instance, I want to be interested in a commercial business or in grain or in cloth business I have only to lend it to the party and then I become interested. I have gone there to take my interest. All this law is nothing. If the investment is more than 3 or 4 per cent, as Mr. Gwilt said, why should I not keep that property? If the business—grain or cloth or spinning mill or insurance company—is paying to him, he advances the money and sits down to carry on the business. This is a thing which we have very carefully to consider. Seven or ten years is sufficient life for anybody to carry on a good successful business.

Sir, this is a very important Bill and I see the House is impatient. I will only say that my friends opposite must be very careful to see to whom they are going to give power. All these clauses can be set aside and the directors can do anything they like and the restriction is made only on the small people. With these remarks, I resume my seat.

**Mr. Ram Nath** (Government of India: Nominated Official): The debate in the House on the motion for reference of the Banking Bill to a Select Committee . . . . .

**Dr. P. N. Banerjee:** On a point of information. I wish to know in what capacity my Honourable friend Mr. Ram Nath replies to this debate. Is he replying on behalf of Government: (*Some Honourable Members* "Yes.") Is he a Government servant or a servant of the Reserve Bank of India?

**Mr. Ram Nath:** May I explain. I am now an official of the Government of India and a Member of this House in that capacity. I am speaking as an official Member of this House.

**Dr. P. N. Banerjea:** Any Member is not an official.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** I shall deal with that point of order . . . . .

**Dr. P. N. Banerjea:** I did not raise a point of order. I asked on a point of information.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Mr. Ram Nath is a Member of this House and as a matter of right, he is entitled to speak. As to whether it is a reply or not, that is a matter for the Honourable Mover of the motion to decide.

**Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural):** The Mover is not here.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** If the Mover is satisfied with his reply as a reply on behalf of the Government, then it is a matter for him to decide.

**Mr. Ram Nath:** Sir, the debate on the motion for reference of the Bill to a Select Committee, covering as it did the entire gamut of the Bill has served a very useful purpose and has been of great value. The views expressed by Honourable Members and the criticisms and suggestions made by them will be of the greatest assistance to the Select Committee and will receive their earnest consideration, when the Committee meets to consider and report on the provisions of the Bill. A special merit of the debate has been that it has served to bring into relief those provisions where Honourable Members appear to feel that there is need for modification, more so than in the case of others. As the motion is for reference of the Bill to a Select Committee, it does not appear necessary for me to deal at length with all the points that have been raised or deal with complicated constitutional questions which will no doubt receive full consideration at the proper time. Nor does it appear necessary for me to traverse again the ground which has already been covered by the Honourable Mover in the course of his speech and I therefore propose to deal with the more important issues and questions of general principle.

Before I come to the provisions of the Bill, I should like to deal with the criticism made of the working of the Reserve Bank. Reference has been made by a number of speakers, by Dr. Banerjea, my Honourable friend Mr. Manu Subedar and others, to the statutory provisions of sections 54 and 55 of the Reserve Bank of India Act, and to the alleged failure of the Reserve Bank in complying with those provisions. As the House is aware, in accordance with section 54 of the Act, the Reserve Bank at its inception created a department of agricultural credit which studies and deals with problems of such credit and advises Provincial Governments and co-operative banks with regard thereto. In accordance with the requirements of sub-section (1) of section 55, the Reserve Bank in 1935 published a preliminary report and in 1937 the statutory report with regard to the problems mentioned in that sub-section. As regards the provisions of section 55(2), namely, the making of proposals in regard to a permanent basis for the Indian monetary system, the conditions necessary before that requirement can be fulfilled have not yet materialised. In so far as the criticism has been made that the Reserve Bank has not played its proper part in financing trade and agriculture in the country, I should like, Sir, to deal with this question in some detail. There are three agencies which function in the provision of credit—firstly, joint stock banks organised on modern lines, secondly, co-operative banks and thirdly, indigenous bankers. In dealing with these agencies, the aim of the Reserve Bank in each case would be to make them more credit worthy so that they may become more effective and efficient instruments for making finance available for the promotion of agriculture, industry and trade in the

country. So far as the agency in the first category, joint stock banks, are concerned, it has been our aim to lay down in the Banking Companies Bill, which is before the House, sound banking principles and helpful guidance to banks in conducting their operations. Provision has also been made in the Bill for inspections of banks but in the present circumstances it does not appear practicable to introduce a system of regular inspections, such as that suggested by a number of speakers in the course of the debate, as the creation of an adequate staff for carrying out this function would involve too large a drain on the available trained banking personnel in the country. Such trained personnel, we think, can perform a more useful function as a leavening of experienced men amongst the staffs of the commercial banks. I should further like to emphasize that the object of this provision for inspection, as of the other provisions contained in this Bill, is to provide help and beneficent guidance for banking companies, under the aegis of the central institution, in order that banks may conduct their operations on sound lines and in order that healthy banking traditions may be built up which alone can make for stability.

As regards the agency in the second category, namely, the co-operative banks, the Reserve Bank has been assisting the movement by giving constant advice and guidance to Provincial Governments and co-operative banks on the problems of co-operative credit. In order to assist the co-operative movement, the Reserve Bank has gone a step further and has recently introduced a scheme of advances to co-operative banks at concession rates of interest, namely, 2 per cent., the benefit of which is to be passed on to the ultimate borrowers for financing seasonal agricultural operations as well as marketing. In this connection, I should like to refer to a suggestion that was made by my Honourable friend Mr. T. T. Krishnamachari and also by my Honourable friend, Mr. Manu Subedar, who is not in the House today, that the scope of section 17 of the Reserve Bank of India Act should be enlarged so as to enable the Reserve Bank to render greater assistance to scheduled banks and co-operative banks. I should like to mention that the problem of increasing the usefulness of the provisions of the Reserve Bank of India Act has been receiving the constant attention of the Reserve Bank and recently the Reserve Bank has circulated to Provincial Governments proposals for establishing warehousing companies. With the setting up of warehousing companies on properly constituted lines it would be possible for documents of title to be created, against which the Reserve Bank would be able to render assistance under section 17(4)(d) of its Act. I may, however, add that there are other provisions of the Act under which assistance can be rendered by the Reserve Bank with equal facility and these provisions have in fact been availed of by banks from time to time.

Now, I come to the agency in the third category, that is, indigenous bankers. The question of their regulation was referred to by a number of speakers such as Mr. Manu Subedar, Mr. Yusuf Abdoola Haroon and others. Now, it appears to us that the question of their regulation is really a matter which should follow their linking with the Reserve Bank. The Honourable Mover has already explained in his speech the position regarding the efforts made by the Reserve Bank to establish a link between itself and the indigenous bankers and it does not appear necessary for me to go over that ground again. However, I should like to mention that there are two conditions on which emphasis is laid by us in the establishment of such a link. The first is that the indigenous bankers should be prepared to furnish returns and to have their books and accounts inspected; and the second is that they should be prepared to separate their non-banking business from their banking business. The first requirement, that is, inspection and the furnishing of returns, is obviously desirable and we are prescribing it for Joint Stock Banks in the present Bill. The second requirement, namely, the separation of banking from non-banking business, is equally or even more important in view of the complications inherent in partnership firms and the joint Hindu family system. I may mention that there is already a tendency on the part of indigenous bankers to convert themselves into limited liability

[Mr. Ram Nath.]

companies and to the extent that they do so, they will come in the ordinary manner under the purview of the Reserve Bank of India Act and the scope of this Bill. I should like to add that the Reserve Bank is continuing in its efforts in this direction and is reviewing the problem from time to time as to the best means of establishing such a link. It appears to us that such a link can best be secured through the provisions of the Reserve Bank of India Act and not through a regulatory measure such as the present Bill. My Honourable friends Mr. Manu Subedar and Mr. Yusuf Abdoola Haroon, who raised this point, will be in the Select Committee and they will have the opportunity of making suggestions designed for achieving this object.

**Sir Cowasjee Jehangir:** That will be outside the scope of the Bill.

**Mr. Ram Nath:** They want to do it through this measure. I am trying to meet them on their own ground.

I will now take up the provisions of the Bill itself. The first provision that I will take up is the definition of "banking" given in clause 5. In that clause "banking" has been defined as the business of accepting deposits repayable on demand. The Honourable the Leader of the Opposition in a speech, which made a valuable contribution to the debate, expressed the opinion that the present definition in clause 5 is insufficient. He suggested that the scope of the definition should be enlarged by defining a banking company as a company which does the various kinds of business specified in clause 6 and in addition receives deposits, the greater part of which is repayable on demand. A definition such as this would leave out of account those institutions which accept deposits repayable on demand and also carry on other operations of a trading character not covered by the provisions of clause 6. This brings us to the basic difficulty, as the principle on which we have proceeded is that if a company accepts deposits from the public repayable on demand it should have restrictions placed on it as to the use it makes of those monies. This illustrates the difficulty of evolving a satisfactory definition of "banking" to which reference was made by the Honourable Mover in his speech. Such a definition has proved intractable to the efforts of legislators, lawyers and bankers. As an example of the difficulty, I would give the House the definition suggested by Dr. Walter Leaf, a great authority on the subject. He defined a bank as a person or corporation which holds itself out to receive deposits from the public repayable on demand by cheque. Now, if any Member tries to ascertain what a cheque is and looks up the Negotiable Instruments Act, he will find a cheque defined as a Bill of exchange drawn on a bank, so that you have the position that while, on the one hand, you define a bank as an institution which issues cheques, on the other hand, you define a cheque as a document on a bank. Here you have a complete parallel to the case of a dog trying to chase its own tail. A further point is that having regard to the conditions prevailing in India any definition of banking based on a reference to cheques would not be suitable. There are a number of institutions in this country which carry on the business of accepting deposits repayable on demand and other banking business, but which do not issue cheques. In order that such institutions may be brought within the scope of this Bill, it was considered desirable to omit any reference to cheques from the definition. In our opinion the present definition, that is, the definition proposed in Bill is the most suitable having regard to the conditions prevailing here and the different types of institutions which carry on the business of banking. I have no doubt, however, that the matter will receive careful consideration at the hands of the Select Committee.

I will now come to clause 6. This clause lays down the various kinds of business in which it will be lawful for a banking company to engage. Provision has been made in sub-clause (r) of this clause for the Central Government to notify in the official gazette any other kinds of business which banking companies will be permitted to undertake. The point was made by the Honourable Member for East Punjab that this provision may be abused and that it might lead

to discrimination in favour of particular banks. I should like to make it clear that it is not the intention that the powers conferred by this sub-clause should be exercised with reference to any particular banking company, but that they should be exercised with reference to banking companies in general. As however it seems that the clause is liable to a different interpretation, I have no doubt that the matter will be considered in the Select Committee whether any drafting improvement could be made to remove any possible ambiguity in the provision.

The next provision which I would like to refer to is clause 11 which prescribes minimum capital requirements and lays down restrictions on the commencement of business. The point has been made that the basis of population adopted in this clause is not scientific and that a more correct method would be to link capital to deposits. In framing the provisions of the Bill in regard to capital requirements, we have been guided by the corresponding provisions in the legislation of the U. S. A. In that country the population of the town or the city where the bank is established generally forms the basis of the capital standard prescribed for banks. For example, under the National Bank Act of the U. S. A., banks established in towns with a population of under 6,000 inhabitants are required to have a capital standard of 50,000 dollars, banks established in towns with a population between 6,000 and 50,000 inhabitants are required to have a capital of 100,000 dollars, and banks established in towns where the population is more than 50,000 are required to have a capital of 200,000 dollars. It appeared to us that having regard to the conditions prevailing here, the provision in this behalf in the legislation of the U. S. A. was the safest model for us to follow.

I will now take up the suggestion that capital should be linked to deposits. I should like to mention that there are certain practical difficulties in adopting any such course. In the first instance, the linking of capital to deposits is likely to lead to frequent changes of share capital. Another and perhaps more serious objection is that having regard to the quantum of bank deposits at the present time and the expanding economy that is contemplated for the post-war period, the linking of capital to deposits is likely to result in banks being burdened with large amounts of share capital. It would be difficult for banks to maintain any reasonable rate of dividend on such share capital without having resort to unsafe, speculative lines of business.

As regards the amounts prescribed in clause 11, I should like to mention that on a preliminary consideration of the opinions received on the circulation of the Bill, Government are impressed with the difficulties that will be experienced by the smaller banks operating in the smaller towns and rural areas, in complying with these requirements. Our aim in framing the provisions of this Bill has been to help and strengthen the smaller institutions and in this connection, I must take exception to the implication inherent in the remarks made by the Honourable Member for East Punjab that the intention of this Bill is to create hardship for the smaller institutions. The special position occupied by the smaller banks in the national economy and the part played by them in financing trade and agriculture are fully recognised and I may safely say that it may be possible to arrive at some compromise in the deliberations of the Select Committee that will pay due regard to the difficulties of these institutions.

I now come to clause 18 of the Bill. This clause requires banks to maintain in cash, gold or unencumbered approved securities liquid resources to the extent of not less than 25 per cent of the total of their time and demand liabilities. The suggestion has been made by more than one speaker that this clause is likely to affect the smaller banks. This provision merely embodies a principle of sound banking which is already being followed by sound banks, both in India and elsewhere and in fact some of the bigger banks are already maintaining a much larger percentage than 25 of liquid resources. I am sure, however, that the difficulty to which attention has been drawn will receive careful consideration in the Select Committee.

I now come to clause 28 which provides that in certain circumstances, the Central Government may direct the Reserve Bank to carry out inspections of

[Mr. Ran Nath.]

banking companies. This provision was the subject of great deal of criticism from Honourable Members. Fears were expressed that the powers conferred by this clause may be exercised in an arbitrary manner and in a manner detrimental to the interests of banks. I should like to emphasise what I said earlier in my speech that the powers conferred by this clause, as also the other provisions of the Bill, are intended to be exercised in a manner calculated to promote the interests of banks. As regards the suggestion that there should be a system of continuous and regular inspections, a practical difficulty is encountered to which I have already referred, namely the shortage of staff. As far as can be seen, this shortage of trained banking personnel is likely to continue for some years to come, as it will be some considerable time before an adequate staff can be built up.

The suggestion has been made that the provision for inspection in the Bill may affect the credit of a bank chosen for inspection. In this matter we can only go upon the experience that has been gathered so far in regard to inspections. The Reserve Bank has so far inspected about 40 to 45 banks in connection with the admission or retention of banks in the Second Schedule, and in no case have any adverse results followed from such inspections. I may mention that in a case where a bank was expelled from the Second Schedule nothing untoward happened. Even when that institution was expelled from the clearing-house no unfavourable repercussions occurred. I have no doubt, however, that the matter will be given careful consideration in the Select Committee.

The debate in general showed that a great deal of concern is felt in regard to the possible effect of the provisions of this Bill on the position of the smaller banks and fears were expressed which appear to us to be out of all proportion to the actual provisions of the Bill. I should like to assure the House on behalf of Government that these fears are groundless and that there is no intention behind this measure of creating difficulties or hardship for the smaller institutions. On the contrary, we are fully persuaded having regard to the size and stage of economic development of the country, that the smaller banks have an important and a vital part to play in providing credit in the smaller towns and rural areas of our backward economy. And I should like to take this opportunity of putting it on record that many of the smaller banks are rendering useful services to the public in spreading the banking habit among the masses of the people in areas which are largely untouched by the bigger institutions. The present proposals are designed not with the object of hindering and hampering the smaller banks but with the precisely opposite object of helping and guiding them in the conduct of their operations on sound lines in order that they may be able to take their proper place in the industrial and agricultural reconstruction and development of the country in the post-war period. In that context I hope Honourable Members will regard this Bill as an essential part of the blue-print for the economic regeneration of the country which is in course of preparation for the period following the cessation of hostilities.

Sir, I commend the motion to the support of the House. Before I sit down I should like to mention that in order to consult the convenience of members of the Select Committee in regard to a suitable time and place for holding meetings of the Committee and other matters of procedure, it is proposed to hold a short meeting of the Committee on Saturday the 14th instant at 10-30 A.M. Members of the Committee will receive notice in due course.

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muhammadan Rural): Sir, may I ask one or two questions for the purpose of eliciting information? My first question is this. The Honourable Member was complaining of the shortage of trained personnel in the inspectorate of the Reserve Bank, and he told the House that for a long time to come a sufficient number of trained personnel would not be forthcoming to undertake the task of inspection. If



that has not been possible in the course of the last ten years, I should like to know how would it be possible in the future if the Reserve Bank has not any facilities by which a special body of personnel can be trained.

My second question is this. The Honourable Member said that the Reserve Bank had been functioning through three agencies, and that the Reserve Bank had been giving accommodation wherever necessary for the benefit of industry. I want to know what has been the volume or extent of accommodation granted by the Reserve Bank so far for the purpose of fostering industries. I want to have a very rough idea.

Thirdly, the Honourable Member said that recently there had been a departure and that to the co-operative banks the Reserve Bank has been advancing money at the nominal rate of interest at 2 per cent. I want to know what is the specific way in which the Reserve Bank has been fostering the development of industry in this country. What is its past record? The Honourable Member has not said one word about it although there has been such a volume of criticism of the Reserve Bank about this.

**Mr. Ram Nath:** The first point is with regard to the shortage of trained personnel. I can only say that bankers cannot be trained in a day.

**Pandit Lakshmi Kanta Maitra:** You had ten years to do it.

**Mr. Hooseinbhoy A. Laljee:** If you have not got the staff why do you want the Bill now?

**Mr. Ram Nath:** It takes time to build up an adequate force that will be able to cope with the duties of inspection. And, as I said, we think that having regard to the present situation the trained men that are available in the country at present can serve a more useful purpose by functioning as a leavening of experienced men among the staffs of the commercial banks.

**Pandit Lakshmi Kanta Maitra:** What are the training facilities in your bank?

**Dr. Sir Zia Uddin Ahmad:** You refuse to train them.

**Mr. Ram Nath:** With regard to the second and third points, surely the Honourable Member does not expect me on this occasion to supply figures of advances made by the Bank. I have no figures here.

**Pandit Lakshmi Kanta Maitra:** But can we not have a rough idea of the volume of credit accommodation, how many crores roughly?

**Mr. Ram Nath:** Sir, I have nothing more to say.

**The Honourable Sir Sultan Ahmed (Leader of the House):** Sir, as the Mover of the Motion is not here, I suggest that in the motion instead of the Mover you might mention the name of Sir Archibald Rowlands who *ex-officio* will be a member of the Committee.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** I will put it with the leave of the House.

**Pandit Lakshmi Kanta Maitra:** Sir, my question has not been answered at all. I wanted to know how the co-operative banks have been helped and what is the specific way in which the Reserve Bank has supported agriculture and industry in this country.

**Mr. Ram Nath:** Sir, I have replied to the debate. I have endeavoured to reply to all the points raised in the course of the debate, except those points which are of an unimportant character.

**Pandit Lakshmi Kanta Maitra:** You say this is an unimportant matter. You have misled the House by telling it that the Reserve Bank of India has been helping the agriculture of this country. That is a misrepresentation; it is a sheer misrepresentation. Can you support it by facts?

**Mr. Deputy President (Mr. Akhil Chandra Datta):** I have to put the question. If the Honourable Member does not want to reply, I cannot compel him to do so.

**Mr. Ram Nath:** I have indicated in a general way in the course of my speech.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): I only want to know if you have anything more to add to the remarks which you have already made.  
(Mr. Ram Nath did not rise to speak.)

**Prof. N. G. Ranga:** The Government is bankrupt.

**Dr. P. N. Banerjea:** Is the Reserve Bank also bankrupt?

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Order, order. Pandit Lakshmi Kanta Maitra raised a point of order and I am afraid I have deprived him of the answer to his question. If he insists and if the gentleman concerned wants to answer, he can.

(Mr. Ram Nath did not rise to speak.)

The question is:

"That the Bill to consolidate and amend the law relating to banking companies be referred to a Select Committee consisting of Mr. Bhulabhai J. Desai, Mr. Abdul Qaiyum, Mr. Manu Subedar, Mr. T. S. Avinashilingam Chettiar, Mr. H. A. Sathar H. Essak Sait, Seth Yusuf Abdoola Haroon, Syed Ghulam Bhik Nairang, Mr. T. T. Krishnamachari, Mr. Akhil Chandra Datta, Mr. G. W. Tyson, Mr. E. L. C. Gwilt, Sir Cowasjee Jehangir, Rai Bahadur Sir Seth Bhagchand Soni, Sir Vithal N. Chandavarkar, Mr. Ram Nath and the Honourable Sir Archibald Rowlands....."

**Mr. Sri Prakasa:** Sir, I rise on a point of order. Sir, the rule is definite and clear that the mover must be in the Select Committee; and if the mover of this motion has left the shores of India then I think it is his lookout. I do not think we can agree to it.

**Dr. P. N. Banerjea:** He will have to come back!

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The consent of the House can upset a rule.

For obvious reasons this change has been suggested by the Honourable the Leader of the House. He has done it on behalf of the Honourable the Mover of the motion. I will proceed with the motion:

".....that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five, and that the Committee be authorised to meet at Simla."

The motion was adopted.

#### THE MINES MATERNITY BENEFIT (AMENDMENT) BILL.

**The Honourable Dr. B. E. Ambedkar** (Labour Member): Sir, I move:

"That the Bill further to amend the Mines Maternity Benefit Act, 1941, as reported by the Select Committee, be taken into consideration."

Sir, the Bill, I must admit, has been considerably modified by the Select Committee. In view of that it is only proper that I should call the attention of the House to some of the important changes in the Bill which have been made by the Select Committee.

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

The first change which the Select Committee has made is with regard to the period of prohibition of pregnant women on women working underground. The original Bill had provided that the prohibition should operate for ten weeks before confinement and for four weeks after confinement. The Select Committee has made no change in the period originally proposed, for prohibition before confinement. But with regard to the period of prohibition after confinement, the changes they have made are somewhat extensive. In the first place, the period of prohibition is extended from four weeks to thirty-six weeks. This period of thirty-six weeks is broken up into two parts: There is a period of complete prohibition which is followed by a period of partial prohibition. The period of complete prohibition, is extended by the Select Committee from four weeks to twenty-six weeks. The period of partial prohibition covers ten weeks. The period of partial prohibition is again made subject to two different prescriptions dependent upon the existence or non-existence of a creche. During the period of partial prohibition, a woman is not to work underground for more than four hours if there is no creche, and, secondly, she is not to work underground for more than four hours at any time even if there is a creche. These are the changes made by the Select Committee with regard to the period of prohibition on work underground.

Coming to the question of maternity benefits to be paid to a woman working underground, the Select Committee has made the following changes: Originally the Bill had laid down two conditions which a woman working underground was required to satisfy before she became entitled to maternity benefit. Those conditions were, firstly, a minimum period of work extending to six months in a mine before confinement, and the second condition was minimum of 90 days work underground during such period of six months. The Select Committee has removed the first condition, namely the requisite period of six months of service in a mine, so that under the amended Bill all that a woman need do is to satisfy the condition of having worked for ninety days underground within the period of six months prior to delivery and she becomes entitled to maternity benefit.

The Select Committee has also made certain amendments with regard to the period of benefit. In the original Bill, the period of benefit was ten weeks before confinement and four weeks after confinement. The Select Committee has changed the period of benefit after confinement from four weeks to six weeks. Similarly changes have been made in the amount of benefit. Originally the amount of benefit was eight annas per day. The Select Committee has changed it to six rupees a week, which is a little less than fourteen annas a day. Then the whole of the period of benefit is now declared to be a period of authorised leave, so that during this period an employer is not entitled to dismiss a woman who comes under the present Bill.

Another important provision made by the Select Committee is to require that the medical examination of a woman entitled to benefit shall be by a woman doctor if the woman demands it, a provision which did not exist in the original Bill. I might also draw the attention of the House to the fact that during this period of thirty-six weeks of prohibition on work underground, a woman is free to work otherwise than on work underground during a period of thirty-two weeks and supplement her earnings, which was not provided in the original Bill. The only period during which she will not be free to work is four weeks after delivery. So that under the Amendment Bill, a woman is not only entitled to get the maternity benefit as given by the Bill, but she is also free to earn otherwise than underground for thirty-two weeks and supplement her earning. I might mention that incidentally the Select Committee also has augmented the maternity benefit of a woman working on the surface from eight to twelve annas. That is to say, she has also got an increase of fifty per cent over the previous benefit, admissible to her under the original Act.

These are some of the important changes which the Select Committee has made. As I have said the Bill has been very considerably altered by the Select Committee. All the same, Government do not propose to raise any difficulty with regard to the amendments and having regard to the peculiar circumstances of the case they are quite prepared to accept the Bill as amended by the Select Committee.

Sir, I move:

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

"That the Bill further to amend the Mines Maternity Benefit Act, 1941, as reported by the Select Committee, be taken into consideration."

**Shrimati K. Radha Bai Subbarayan** (Madras and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, the wealthy banking community has enjoyed the attention of this House for nearly four days and I trust, Sir, that the poor humble women miners and their children, who, our rulers admit without any sense of guilt and shame, are still in a semi-aboriginal state will receive their due share of the time of this House.

Sir, I support this motion but with a certain amount of reluctance because I regret the reason that necessitates this Bill—I mean the withdrawal of the ban against the employment of women underground in mines. The object of a measure of this kind is not only to prevent hardship, suffering and mortality, but also to promote healthy motherhood and childhood. I am convinced that

[Shrimati K. Radha Bai Subbarayan.]

work underground in mines is most injurious to the health of women, particularly in the conditions which exist in the mines in India today, and therefore the women miners will not be able to receive the fullest benefit under this Bill. However, I support this Bill, Sir, because it mitigates to some extent the harm that is done to these women by the arbitrary action of the Government in withdrawing the ban against their employment underground in mines.

Sir, in the Statement of Objects and Reasons of this Bill, it is mentioned that the withdrawal of this ban is a temporary measure and if I remember right my Honourable friend, the Labour Member, referred to it in his speech while moving that this Bill be referred to a Select Committee. I pointed out the other day that this so-called temporary measure is already over eighteen months old and I fear that this Bill implies that it will go on for an indefinite period. The Government took this retrograde step without consulting this Honourable House or any responsible trade union organisation or even their own creation—the Tripartite Conference. It has continued to carry on this retrograde policy against the declared verdict of this Honourable House and of the Trade Union Congress. The Government have also refused to have the matter examined as demanded by the public and by questions and speeches on the floor of this Honourable House.

I think, Sir, that it is the height of autocracy and absurdity for the Government to ignore responsible public opinion and argue that such a serious question as the increase of coal production in this country can be solved by driving about 10,000 to 15,000 poor humble women to work underground in mines. Some friends have been chaffing me that I should be pleased that the Government are paying so much importance to the work of women. Well, I can assure my Honourable friends opposite that we do not feel flattered by this kind of compliment to women. In a country like ours, which is not lacking in manpower and where people have even died for want of work and food, it can not be difficult to secure such labour as is necessary to increase the production of coal without employing women for underground work. The real reason for the withdrawal of the ban, Sir, is that the Government have weakly surrendered to the pressure brought to bear upon them by the wealthy capitalist owners of coal-mines, and this was evident from the speech made in this House by my Honourable friend, the Leader of the European Group, in February, 1944. The coal-mine owners wanted to have facilities to engage cheap labour as women are paid lower wages. It also helps the owners of coal-mines to carry on their exploitation with greater ease if they have miners and their families in their grip. I think, Sir, the Government are trying to hide their partiality for these owners by exaggerating the difficulties of securing sufficient labour for coal production and by making misleading statements and giving evasive answers to questions asked on the floor of this House. I am reminded of two important questions which I asked my Honourable friend. . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot revive discussion on matters already dealt with.

**Shrimati K. Radha Bai Subbarayan**: Sir, this Bill is a corollary to the lifting of the ban. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must confine herself to the motion before the House.

**Shrimati K. Radha Bai Subbarayan**: Sir, I would like to point out that this Bill would not be necessary if this ban were re-imposed.

**Mr. President** (The Honourable Sir Abdur Rahim): It is there. The motion now is that the Bill be taken into consideration.

**Shrimati K. Radha Bai Subbarayan**: I would like to emphasise Sir, that if Government give their immediate attention to the need for improving labour conditions in the mines so as to attract labour, it will not be necessary to send women underground to work in mines. . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That is a larger question and it does not arise out of this motion.

**Shrimati K. Radha Bai Subbarayan**: I would like to ask, Sir, that they should at least adopt measures to prevent the sale of liquor in mining areas, because it affects the health and efficiency of the miners.

**Mr. President** (The Honourable Sir Abdur Rahim): Even that does not arise.

**Shrimati K. Radha Bai Subbarayan**: Sir, main point is that the removal of the ban and this Bill would not be necessary, if the Government adopted certain measures to attract labour but. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The question is whether this measure ought to be adopted by the House or not. There may be many other measures which could have been adopted by the Government, which would have obviated the necessity for this measure, but that is not the question now.

**Shrimati K. Radha Bai Subbarayan**: I submit to your ruling, Sir.

I agree with my Honourable friend, the Labour Member that the Bill has certainly been improved by the Select Committee but the improvements do not in my opinion go far enough. As my Honourable friend has often stated that he is very unhappy about the withdrawal of the ban, I expect he will derive some comfort from the fact that this Bill has improved after its emergence from the Select Committee.

I think my Honourable friend mentioned that the examination of the women referred to in clause 3 shall be made by women doctors but in the report of the Select Committee it is stated that "if the woman so desires," the examination will be carried out by a woman doctor. I would like to point out to the Government that as these women miners are very timid and ignorant and they would be too shy and nervous to express their wishes to their employers, the Government should issue instructions that this examination should be conducted by a woman doctor, whether the woman miner expressly desires it or not.

With regard to the authorised leave for six weeks after confinement, I wish it had been ten weeks but as my Honourable colleagues have compromised on this matter, I shall not protest much about it.

I would like to point out also with regard to amendment of section 11, clause 9, that the Government should appoint women Inspectors, because as I said before, these women miners are in a very backward state and will feel nervous if men Inspectors try to find out what their difficulties are. I should like in this connection to draw the attention of the Government to what Sir Atul Chatterjee, a distinguished retired official of the Government of India, who had a good deal of experience of labour problems in this country, has stated in his leaflet "Labour Legislation in India". After remarking that the recommendations of the Whitley Commission about the employment of women Inspectors has met with scant response from the Government of India, he points out:

"India is a country where women have always needed special protection and it is well known that they would be particularly reluctant to bring their difficulties and complaints to the notice of men Inspectors. It cannot be said that competent Indian women of the type suggested by the Royal Commission are not available at the present time."

I hope, Sir, that Government will appoint as many women Inspectors as are necessary to make this Bill effective.

Lastly I congratulate my Honourable friend the Labour Member in trying to bring forward progressive legislation in the interests of labour. Only a few days ago he brought forward a Bill for sanctioning an annual holiday with pay—brief though it be,—to factory workers and today he is piloting this generous measure, no matter what the reasons are for bringing it forward. While I appreciate that my Honourable friend is trying to make his influence felt in this Imperialist agency known as the Government of India, I do hope and trust that he will assert himself more strongly and re-impose the ban

[Shrimati K. Radha Bai Subbarayan.]  
against the employment of women underground in mines and also bring forward further legislation in the interests of labour.

Sir, I support this motion but with certain reservations, to which I have referred.

**Mr. N. M. Joshi** (Nominated Non-Official): Sir, the Honourable the Labour Member has explained the changes made by the Select Committee in the original Bill. I shall therefore not take much time of the House in going over that ground again. I feel, Sir, that if the Select Committee had accepted the proposals which I had made in the amendment of which I had given notice, the Bill would have been much better. I had suggested that there should be complete prohibition of the employment of women underground for a year after confinement. The Select Committee has reduced that period from one year to six months. I feel that in the case of the working classes to ask women to go underground so that they will not be able to give a feed to their children once or twice in a day, is a hardship, which is neither in the interest of the women nor in the interest of the children. However, the Select Committee has agreed to the reduction of the period to six months.

Then, Sir, I would have liked maternity benefit to be paid for at least ten weeks after confinement. The Select Committee has agreed to six weeks. However, Sir, as the main parties in the Select Committee came to a compromise, I have no desire to move any amendment to extend the period to ten weeks.

I have suggested in an amendment of which I had given notice that the Government of India should make it obligatory upon the mine-owners to establish creches. The proposal was placed by me again before the Select Committee. The Honourable the Labour Member stated that the Government of India was considering the question of establishing creches in mines and making them obligatory and I did not press for my amendment on account of this declaration by the Government of India. I hope, Sir, that the Government of India will be prompt in considering this proposal and bring forward legislation to give effect to their good intentions.

Sir, the Honourable Member in his speech pointed out that according to the provisions made by the Select Committee a woman who works underground and who on account of confinement is not permitted to work underground after confinement has, according to him, the great facility of working on the surface from four weeks after her confinement. I feel that, if the Honourable Member considers this question sympathetically, he will realise that to work from four weeks immediately after confinement is not a very great opportunity. We would not like our women belonging to our class to begin to work as carriers of coal to wagons from four weeks after confinement; and therefore when the Honourable Member said that the women had a great opportunity to supplement their earnings by working on the surface, he was not really pointing out an advantage conferred upon them. He was really pointing out the smallness of the wages which are paid to women miners. If a woman miner has to work on the surface if not underground in order to supplement her wages and earnings, then certainly there is something wrong with the wages paid to women miners in this country. There should be no need to supplement her earnings if the maternity benefit paid to her has been sufficient, if the wages paid to her had been sufficient to enable her to save something for those days immediately after confinement. I would therefore suggest to the Honourable Member that as he must have been convinced that the maternity benefit paid to the women is not sufficient, and as he may have also seen now by this time that the wages paid to the miners are not sufficient, he should take steps to see that the maternity benefit is increased from what it is proposed in the Bill and also to see that the wages paid to the Indian miners, especially women, are increased.

Then I would like to say a word in support of what my Honourable friend Mrs. Subbarayan has said about the need for employment of women Inspectors. The Government of India has permitted women to work underground;

we do not agree with their action, but if women are permitted to work underground, I think that the Government of India should appoint a few women Inspectors to inspect the conditions underground and to render such protection as they could to the women working underground. I hope the Honourable Member will consider this suggestion sympathetically. I do not wish to say anything more on this occasion: with your indulgence, I may speak a few words more at a later stage.

**Sir Henry Richardson** (Nominated Non-Official): Sir, like my friend Mrs. Subbarayan, I have been waiting for days in a somewhat expectant state, hoping to make delivery of a few words on this maternal matter. The Honourable Member described the Bill as having been considerably modified. I should think that is a considerably moderate statement. I should think that it has been drastically altered in many respects, and my colleague Mr. Stokes, who unfortunately is not able to be here, today, was, I think, justified in claiming in his minute of dissent that these changes can be classed as drastic, and therefore that industry and the consumers were entitled to have a further opportunity of considering the changes. Now, from the purely humanitarian point of view these increased benefits are no doubt to be commended; but there are other considerations to be taken into account. In common with my friend Mr. Joshi and others, we would like to see the ban on the employment of women underground re-imposed, provided alternative labour is available. Mrs. Subbarayan mentioned what I had said in February 1914. I do not quite remember what I did say, but whatever I did say was right, and I do not withdraw. We do not want women workers in the mines, but the inescapable fact is that it has been estimated by experts, by those who really know, that removal of women now would mean a drop in the output of as much as 20 per cent. Whether we like it or not, that is a position we cannot contemplate with equanimity. On all sides it is admitted that the country is in dire need of coal and coal must be secured if the war effort and the economy of the country generally is not to suffer. Compared with government's original proposals, the benefits as amended by the select committee represent an advance of nearly 100 per cent; and women above ground as well as below ground will now receive an increased allowance. The economic factor, therefore, may come into operation; for after all it is the consumer that has to pay in the end. It is all very well, as I have already stated, to legislate from the humanitarian point of view; but I detect a tendency amongst labour representatives to regard war time profits and prices as normal; whereas employers and consumers must look to the future when competitive conditions will again obtain. It is therefore to the mutual benefit of both employers and employees to bear this in mind when considering this type of legislation, in order to avoid hardship which may be brought about by unemployment when normal trading conditions are restored, and the stern law of economy renders impossible benefits bestowed without thought for the future. We shall not oppose the Bill, but having uttered this warning, I feel our position has been made quite clear.

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadian Rural): Sir, some crocodile tears have just been shed on behalf of these poor women miners. But at the same time a warning has been sounded that we must think of the stern law of economy. What is that stern law of economy? Today even according to the admission made by my Honourable friend the Leader of the House, the prices of coal are easily 300 per cent. higher than they were before the war. But the wages are nowhere there at all; and when we asked how they compared with the prices of coal, the Honourable Member was not able to give any reply. So there is much leeway and my Honourable friend and his mine owners have been making huge profits. Therefore today they do not feel the pinch. If after the war they find that these benefits are too high then it is all the more reason why they should give up employing these women. We do not want you to employ them. But he attached one condition there and he said, "Provided there is sufficient supply of labour".

**Sir Henry Richardson**: Now, I said.

**Prof. N. G. Ranga:** At the end of the war, if you do not want women workers at all, so much the better, because we do not want women to be employed underground; but even as it is the mining industry as well as the Government have failed in their duty in training male miners in sufficient numbers for this work. Surely it cannot be contended by them that mining is such a skilled job that males cannot be trained to become skilled workers even over a period of four years, during which this coal shortage has been experienced. But Government has failed in its duty in that direction. I put the question whether Government has been taking any definite steps to train male workers in order to become efficient miners. They said 'Yes'. As to the extent they have succeeded, they have not given us information. Is it their aim to see that all these women are replaced by equally efficient male workers to carry on that work in the place of these women? We have had no information and Government do not seem to be very serious or sincere about this particular aspect of it.

Then, Sir, I am certainly glad to say that the Honourable the Labour Member was very accommodating at the Select Committee stage. He was much more reasonable in the Select Committee than he generally is in the House when he has to answer our questions and I am also happy to say that the Government anticipated many of our amendments and came forward with a number of their own amendments, more reasonable amendments, amendments which certainly improved the character of the Bill. They agreed with us in imposing a partial ban upon women labour underground by making that provision that no woman shall be employed underground for six months after child bearing. That is a very good change which has been made in the interest of women and also in the interest of the child—more in the interest of the woman and I am glad that Government has agreed to it. My Honourable friend Mr. Joshi said that it was because of our compromise with the Government that he was not able to press for ten weeks. That is not quite a correct statement. We did not come to any compromise at all. We found the attitude of the Government reasonable and therefore we did not wish to press for ten weeks in this House and press for a division. That is all. We certainly would have liked to have given the women this privilege of ten weeks leave from work after child birth. But since Government were prepared to go forward in so many other directions, we thought we might accommodate the Government and show our good spirit also. But this does not mean that we abandon our claim at a later stage to press for ten weeks.

In regard to the monetary side of it also, the Government has shown some accommodation to our point of view. I need not say which member of the committee made which suggestion in the Select Committee but the Government themselves came forward and made a proposal to increase this allowance to 12 annas and when we suggested, they accepted our suggestion of one rupee per day so far as women underground are concerned. Therefore although I do not at all agree with the Government in their having removed this ban on women working underground and although I am seriously discontented with the Government's attitude in regard to the women underground, I am happy to be able to support this Bill as it has come from the Select Committee.

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

"That the Bill further to amend the Mines Maternity Benefit Act, 1941, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Clauses 2 to 12 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Dr. B. R. Ambedkar:** Sir, I move:

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

**Mr. N. M. Joshi:** Sir, I do not wish to make a long speech. I would like in the first place to tell the Government of India again that the passing of this measure will not reconcile either the labour movement in this country nor this House to the removal of the ban by the Government of India on the



employment of women underground. There is no section of this country which is not anxious for larger production of coal but we would like the Government of India not to be under the delusion that there is larger production of coal because of the employment of women underground. In the second place, even if the Government of India gets some larger production of coal by the employment of women underground. . .

**Mr. President** (The Honourable Sir Abdur Rahim): This does not arise at the third reading.

**Mr. N. M. Joshi:** . . . the Government of India could secure male labour for that purpose, if the Government had given proper conditions for male labour to work underground. The Government of India does not accept our statements. In this connection, I would like to suggest to the Government of India—let facts be investigated. If there is less production, who is responsible for the smaller production—whether it is the employers or the shortage of labour. That is the first point on which the Government of India should make an investigation. In the second place, if there is shortage of labour, what is the shortage due to. I would like the Government of India to investigate that fact. If the shortage of labour is due to the fact that bad conditions are given to labour, then the remedy is not the employment of women but improvement of the conditions. Then, Sir, I would like the Government of India also to investigate the fact whether by the employment of women production has really been increased. I therefore suggest to the Government of India to appoint a committee of inquiry presided over by an impartial person like a High Court judge, a committee on which both labour and the employers and the general public may be strongly represented, and if the verdict of a committee of this kind is against the Government of India, the Government of India should immediately accept this verdict of the committee and take steps for the imposing of the ban again. I hope, Sir, that the Government of India will accept that suggestion which I am giving to them. Let them investigate the facts by appointing an impartial committee and I have no doubt that if an impartial committee is appointed the conditions in the coal mining industry will be improved and the need which the Government felt regarding removal of the ban will not be felt at all. I hope, Sir, the Government of India will accept my suggestion.

I have no doubt that the Honourable the Labour Member has great sympathy for labour. I have no doubt on that point. What I do say is that he should give practical effect to his sympathy by taking labour welfare measures more promptly, measures which will do larger good than they are doing at present.

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

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

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 12th April, 1945.