

LEGISLATIVE COUNCIL

221

Name of Constituency		Class of Constituency.	Number of Members.
Naini Tal	do	do	1
Almora	do	do	1
Garhwal	do	do	1
Lucknow	do	do	1
Unao	do	do	1
Rae Bareli	do	do	1
Sitapur	do	do	1
Hardoi	do	do	1
Kheri	do	do	1
Fyzabad	do	do	1
Gonda	do	do	1
Bahraich	do	do	1
Sultanpur	do	do	1
Partabgarh	do	do	1
Bara Banki	do	do	1
Allahabad cum Benares		Muhammadian Urban	1
Lucknow cum Cawnpore		do	1
Agra and Meerut cum Aligarh		do	1
Bareilly and Shahjahanpur cum Moradabad.		do	1
Dehra Dun District (Muhammadian)		do	1
Saharanpur	do	do	1
Meerut	do	do	1
Muzaffarnagar	do	do	1
Bijnor	do	do	1
Bulandshahr	do	do	1
Aligarh, Muttra and Agra	do	do	1
Mainpuri, Etah and Farrukhabad	do	do	
Etawah, Cawnpore and Fatehpur	do	do	1
Jhansi Division	do	do	1
Ailabad, Jaunpur and Mirzapur	do	do	1
Benares, Gazipur, Ballia and Azamgarh	do	do	1
Goorkhpur	do	do	1
Basti District (Muhammadian)		Muhammadian Rural	1
North Moradabad	do	do	1
South Moradabad	do	do	1
Budaun	do	do	1
Shahjahanpur	do	do	1
Bareilly	do	do	1
Kumaun Division cum Pilibhit	do	do	1
Gonda and Bahraich	do	do	1
Kheri and Sitapur Dist.	do	do	1
Hardoi, Lucknow and Unao	do	Muhammadian Rural	1
Fyzabad and Bara-Banki	do	do	1

Name of Constituency.	Class of Constituency.	Number of Members.
Sultanpur, Partabgarh and Rae Bareilly District	Muhammadan Rural	
European	do	1
Agra Landholders (North)	European	1
Agra Landholders (South)	Landholders	1
Taluqdars	do	1
Upper India Chamber of Commerce.	do	1
United Provinces chamber of Commerce.	Commerce and Industry	2
Allahabad University	do	1
	University	1

SCHEDULE II.

Qualifications of Electors.

Definitions.

I. In this Schedule—

(a) "a European"—[See p. 214, (b).]

(b) "municipal tax" means a tax imposed under the provisions of the United Provinces Municipalities Act, 1916, the United Provinces Town Areas Act, 1914, or the Cantonments Act, 1910 ;

(c) "owner" does not include a mortgagee, a trustee, or a lessee ; [See p. 214 1 (c).]

(e) "urban area" means a Municipality or notified area as defined in the United Provinces Municipalities Act, 1916, or a town area as defined in the United Provinces Town Areas Act, 1914, or a cantonment as defined in the Cantonments Act, 1910.

Joint families.

II. (1) Where property is held or payments are made jointly by the members of a joint family, the family shall be adopted as a unit for deciding whether under this Schedule the requisite qualification exists; and, if it does exist, the person qualified shall be, in the case of a Hindu joint family, the manager thereof or the member nominated in that behalf by a majority of the family, and in other cases the member nominated in that behalf by the family concerned.

(2) A person may be qualified either in his personal capacity or in the capacity of a representative of a joint family, but not in both capacities.

Occupation of house.

III. A person who occupies a house, other than a house in any military or police lines, by virtue of any office, service employment

shall, if the house is not inhabited by the person in whose service or employment he is, be deemed to occupy the house as a tenant.

IV. For the purpose of determining any claim to a qualification under this Schedule, the entries contained in land revenue and municipal records shall be conclusive evidence of the facts stated therein.

V. A person shall be qualified as an elector—

(a) for a non-Muhammadan constituency who is neither a European nor a Muhammadan,

(b) for a Muhammadan constituency who is a Muhammadan,

(c) for the European constituency who is a European :

Provided that such person possesses the further qualifications hereinafter prescribed for an elector of the particular constituency.

VI. Subject to the provisions of paragraph 5 of this Schedule, a person shall be qualified as an elector for an urban constituency who—(1) has a place of residence in the constituency or within two miles of the boundary thereof, and

(a) is, in any place in the area aforesaid in which a house or building tax is in force, the owner or tenant of a house or building of which the rental value is not less than Rs. 36 per annum, or

(b) was, in any area in the constituency in which no house or building tax is in force, assessed in the previous year to municipal tax on an income of not less than Rs. 200 per annum, or

(c) is, in any area in the constituency in which neither a house or building tax nor a municipal tax based on income is in force, the owner or tenant of a house or building of which the rental value is not less than Rs. 36 per annum, or

(d) has within the constituency any of the qualifications based on the holding of land hereinafter prescribed for an elector of a rural constituency; or

(2) has a place of residence in the constituency and—

(a) was in the previous year assessed to income-tax; or

(b) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces.

Rural constituencies.

VII. Subject to the provisions of paragraph 5 of this Schedule, a person shall be qualified as an elector for a rural constituency who has a place of residence in the constituency and—

(a) is, in an urban area included in the constituency in which a house or building-tax is in force, the owner or tenant of a house or building of which the rental value is not less than Rs. 36 per annum; or

(b) was, in an urban area included in the constituency in which

no house or building-tax is in force, assessed in the previous year to a municipal tax on an income of not less than Rs. 200 per annum ; or

(c) is, in an urban area included in the constituency where neither a house or building-tax nor a municipal-tax based on income is in force, the owner or tenant of a house or building of which the rental value is not less than Rs. 36 : or

(d) is the owner of land in the constituency in respect of which land revenue amounting to not less than Rs 25 per annum is payable ; or

(e) is the owner of land in the constituency free of land revenue, if the land revenue, nominally assessed on such land in order to determine the amount of rates payable in respect of the same, either alone or together with any land revenue payable by him as owner in respect of other land in the constituency, amounts to not less than Rs. 25 per annum ; or

(f) being a resident in the hill pattis of Kumaun, is the owner of a free simple estate or is assessed to the payment of land revenue or cessess of any amount, or is a Kbaikar ; or

(g) being in the constituency a permanent tenure-holder or a fixed rate tenant as defined in the Agra Tenancy Act, 1901, or an under proprietor or occupancy tenant as defined in the Oudh Rent Act, 1886, is liable to pay rent as such of not less than Rs. 25 per annum ; or

(h) (i) being in the constituency a tenant as defined in the Agra Tenancy Act, 1901, or the Oudh Rent Act, 1886, other than a sub-tenant, holds land as such in respect of which rent of not less than Rs. 50 per annum or its equivalent in kind is payable, or

(ii) in areas in the United Provinces in which the Agra Tenancy Act, 1901, or the Oudh Rent Act, 1886, is not in force, holds land as a tenant in respect of which rent of not less than Rs. 50 per annum or its equivalent in kind is payable ; or

(i) was in the previous year assessed to income-tax ; or

(j) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces.

The European constituency.

VIII. Subject to the provisions of paragraph 5 of this Schedule, a person shall be qualified as an elector for the European constituency who has a place of residence in the United Provinces of Agra and Oudh and has any of the qualifications prescribed for an elector of any urban or rural constituency.

Special Constituencies—The Taluqdars' constituency.

IX. A person shall be qualified as an elector for the Taluqdars

constituency who is an ordinary member of the British Indian Association of Oudh.

Agra Landholders' constituencies.

X. A person shall be qualified as an elector for an Agra Landholders' constituency who has a place of residence in the constituency and—

(a) is the owner of land in the constituency in respect of which land revenue amounting to not less than Rs. 5, 000 is payable ; or

(b) is the owner of land in the constituency free of land revenue, if the land revenue nominally assessed on such land in order to determine the amount of rates payable in respect of the same, either alone or together with any land revenue payable by him as owner in respect of other land in the constituency, amounts to not less than Rs. 5, 000 per annum :

Provided that, in determining the eligibility of a landholder as an elector, only land revenue payable or nominally assessed in respect of such land or share in land as he may hold in his own personal right and not in a fiduciary capacity shall be taken into account.

Commerce and industry constituencies

XI. A person shall be qualified as an elector—

(a) for the Upper India Chamber of Commerce constituency who—

(i) is a member, other than an honorary or affiliated member, of the Upper India Chamber of Commerce and has a place of business within the United Provinces of Agra and Oudh ; or

(ii) is entitled to exercise the rights and privileges of membership of the said Chamber on behalf of and in the name of any firm, company or other corporation which has a place of business within the United Provinces of Agra and Oudh ; and

(b) for the United Provinces Chamber of Commerce constituency, who—

(i) is a member, other than an honorary member, of the United Provinces Chamber of Commerce and has a place of business or residence in the United Provinces of Agra and Oudh ; or

(ii) is entitled to exercise the rights and privileges of membership of the said Chamber on behalf and in the name of any firm, company or other corporation which has a place of business in the United Provinces of Agra and Oudh.

The University constituency

XII. A person shall be qualified as elector for the Allahabad University constituency, who—

(a) resides in India and is a member of the Senate or an Honorary Fellow of the University of Allahabad ; or

(b) resides in the United Provinces of Agra and Oudh and is—

(i) a Doctor or Master, or

(ii) a graduate of not less than seven years' standing, in any Faculty of the University of Allahabad :

Provided that, no elector shall have more than one vote in the constituency though he may have more than one of the afore-said qualifications.

Punjab Legislative Council

I. The Legislative Council of the Governor of the Punjab shall consist of—

(1) two members of the Executive Council *ex-officio* ;

(2) sixty-five elected members ;

(3) twenty members nominated by the Governor, of whom—

(a) not more than fourteen may be officials, and

(b) four shall be persons nominated to represent the classes hereinafter specified according to the following distribution, namely :—

(i) the European and Anglo-Indian communities ... 2

(ii) the Indian Christian community ... 1

(iii) the Punjabi officers and soldiers of His Majesty's Indian Forces ... 1

II. The elected members shall be elected by the constituencies specified in Schedule I to these rules, and the number of members to be elected by each constituency shall be as stated therein against that constituency.

[Rule III same as before (pp. 185-6)]

IV. (1) A person shall not be eligible for election as a Member of the Council to represent any general or special constituency unless his name is registered on the electoral roll of the constituency.

(2) For the purpose of these rules—

(a) "general constituency" means a non-Muhammadan, Muhammadan, or Sikh constituency ; and

(b) "special constituency" means a Landholders', University, Commerce or Industry constituency.

For the rest of the Rules see pp. 187-193, subject to the following alterations, etc.

For "Fort St. George Gazette" read "Punjab Gazette.

For VI (1) (iii) read the following :

(iii) (a) ownership or tenancy of immoveable property, or

(b) assessment to municipal or cantonment taxes, or

(c) assessment to income tax, or

(d) receipt of a military pension, as are specified in Schedule—

In X (1), (7) omit the provisos,

And add Sec. XXI as follows :—

XXI. Until a Governor is appointed for the Punjab, reference in these rules to the Governor shall be deemed to be references to the Lieutenant-Governor.

SCHEDULE I.

List of Constituencies.

Name of Constituency.	Class of Constituency.	Number of Members.
South-East Towns (Non-Muhammadan)	Non-Muhammadan Urban	1
North-East do do	do	1
West-Central do do	do	1
East-Central do do	do	1
North-West do do	do	1
West Punjab do do	do	4
Hissar do do	Non-Muhammadan Rural	1
South East Rohtak do do	do	1
North West Rohtak do do	do	1
Gurgaon do do	do	1
Karnal do do	do	1
Ambala cum Simla do do	do	1
Kangra do do	do	1
Hoshiarpur do do	do	1
Jullundur cum Ludhiana do do	do	1
Lahore and Ferozepur cum do do	do	1
Sheikhupura do do	do	1
Amritsar cum Gurdaspur do do	do	1
Rawalpindi Division and do do	do	1
Lahore Division (North) do do	do	1
Multan Division do do	do	1
West Punjab Towns (Muhammadan)	Muhammadan Urban	1
West Central Towns do do	do	1
East Central do do	do	1
South East do do	do	1
Gurgaon cum Hissar do do	Muhammadan Rural	1
Ambala Division (North do do	do	1
East) do do	do	1
Hoshiarpur cum Ludhiana do do	do	1
Ferozepore do do	do	1
Jullundur do do	do	1
Kangra cum Gurdaspur do do	do	1
Lahore do do	do	1
Amritsar do do	do	1
Sialkot do do	do	1
Gujranwala do do	do	1

Name of Constituency.	Class of Constituency.	No. of members.
Sheikhupura	do	1
Gujrat	do	1
Shahpur	do	1
Mianwali cum Khushab	do	1
Attock	do	1
Rawal Pindi	do	1
Jhelum	do	1
Lyallpur North	do	1
Lyallpur South	do	1
Montgomery	do	1
Multan East	do	1
Multan West	do	1
Jhang	do	1
Muzaffargarh	do	1
Dera Ghazi Khan	do	1
Amala Division with Hoshiarpur and Kangra (Sikh)	Mubammadan Rural	1
Jullundur	Sikh	1
Ludhiana	do	1
Ferozepore	do	1
Lahore	do	1
Amritsar	do	1
Sialkot cum Gurdaspur (Sikh)	do	1
Lyallpur (Sikh)	do	1
Multan Division and Sheikhupura (Sikh)	do	1
Rawal Pindi Division and Gujranwala (Sikh)	do	1
Punjab Landholders (General)	Landholders	1
Muhammadan Landholders	do	1
Sikh Landholders	do	1
Baloch Tumandars	do	1
Punjab University	University	1
Punjab Chamber of Commerce and Trades Association	Commerce and Industry	1
Punjab Industries	do	1

II. The definition in this Schedule of the extent of a rural constituency by reference to a Division or District or part of a District shall not have the effect of including in that constituency any area which is included in urban constituency of the same communal description.

SCHEDULE II.

Qualification of Electors

1. For the purposes of this Schedule—

(a) "annual rental value" in relation to immoveable property means the amount for which such property, together with its appertinances and furniture, if any, is actually let or may reasonably be expected to let from year to year;

(b) "Date of publication of the electoral roll" means the date

on which the electoral roll for the time being under preparation is first published under these rules ;

(c) "land revenue" means land revenue as defined in section 3 (6) of the Punjab Land Revenue Act, 1887, and, in the case of fluctuating land revenue or land revenue assessed on lands subject to river action, the average amount of such land revenue paid during the three years preceding the date of publication of the electoral roll ;

(d) "member," in relation to the Punjab Chamber of Commerce or the Punjab Trades Association, includes any person entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm, company or corporation registered as a member ;

(e) "owner" does not include a mortgagee ;

(f) "tenant" includes any person who is in possession of a house other than a military or police barrack, or of part of such a house, by virtue of any office, service or employment ;

(g) "the land records" means an attested record of rights or on attested annual record of rights maintained under Chapter IV of the Punjab Land Revenue Act, 1887, and includes an order finally sanctioning a motion duly passed under that Chapter ;

(h) "zaildar," "inamdar," "sufedposh" and "lambardar" mean respectively a person appointed as a zaildar, inamdar, sufedposh or lambardar in accordance with rules for the time being in force under the Punjab Land Revenue Act, 1887, and do not include a substitute appointed temporarily for any such person.

2. For the purposes of this Schedule, a person may be presumed to reside in a constituency if he has for the four years preceding the date of publication of the electoral roll continuously owned a residential house, or a share in a residential house, in the constituency, and that house has not during the twelve months preceding such date been let on rent either in whole or in part.

3. For the purpose of determining any claim to a qualification under this Schedule any entry in the land records or in any municipal or cantonment records shall be conclusive evidence of the facts stated therein.

4. Where property is held or payments are made by the members of a Hindu joint family, the family shall be adopted as the unit for deciding whether under this Schedule the requisite qualification exists ; and, if it does exist, the person qualified as an elector shall be the manager of the family or a person appointed by the majority of the family in that behalf.

• *General Constituencies.*

5. A person shall be qualified as an elector—

(a) in a non-Muhammadan constituency who is neither a Muhammadan nor a Sikh,

(b) in Muhammadan constituency who is a Muhammadan,

(c) in a Sikh constituency who is a Sikh :

provided that such person has the further qualifications hereinafter prescribed for an elector of the particular constituency.

6. Subject to the provisions of paragraph 5 of this Schedule, a person shall be qualified as an elector for an urban constituency who resides in the constituency and who—

(a) has owned in the constituency for the twelve months preceding the date of publication of the electoral roll, immoveable property, not being land assessed to land revenue but including any building erected on such land, of the value of not less than Rs. 4,000 or of an annual rental value of not less than Rs. 96 : Provided that a person shall be deemed to have owned such property for any period during which it was owned by any person through whom he derives title by inheritance ; or

(b) has, for the twelve months aforesaid, occupied as a tenant in the constituency immoveable property, not being land assessed to land revenue but including any building erected on such land, of an annual rental value of not less than Rs. 96 ; or

(c) was, during the twelve months aforesaid, assessed in respect of any direct municipal or cantonment tax to an amount of not less than Rs. 50 ; or

(d) was, during the financial year preceding the date of publication of the electoral roll, assessed to income-tax ; or

(e) is a retired and pensioned officer (whether commissioned or non commissioned) of His Majesty's regular forces ; or

(f) has in the constituency any of the qualifications hereinafter prescribed for an elector of a rural constituency.

7. Subject to the provisions of paragraph 5 of this Schedule, a person shall be qualified as an elector for a rural constituency who resides in the constituency, and who—

(a) is a zaildar, inamdar, sufedposh or lambardar in the constituency ; or

(b) is the owner of land in the constituency assessed to land revenue of not less than Rs. 25 per annum ; or

(c) is an assignee of land revenue amounting to not less than Rs. 50 per annum ; or

(d) is a tenant or lessee, under the terms of a lease for a period of not less than three years, of Crown land in the constituency for which rent of not less than Rs. 25 per annum is payable : provided that, when the amount payable is assessed from harvest to harvest, the annual rent payable by such person shall be deemed to be the

annual average amount payable by him in the three years preceding the date aforesaid ; or

(e) is a tenant with a right of occupancy as defined in Chapter II of the Punjab Tenancy Act, 1887, in respect of land in the constituency assessed to land revenue of not less than Rs. 25 per annum ; or

(f) was, during the financial year preceding the date of publication of the electoral roll, assessed to income-tax ; or

(g) is a retired and pensioned officer (whether commissioned or non-commissioned) of his Majesty's regular forces ; or

(h) has in the constituency any of the qualifications prescribed for an elector of an urban constituency.

Special Constituencies.

8. (1) A person shall be qualified as an elector for a Landholders' constituency (other than the Baloch Tumandars' constituency) who resides in the Punjab and who is—

(b) the owner of land assessed to land revenue of not less than Rs. 500 per annum ; or

(a) an assignee of land revenue amounting to not less than Rs. 500 per annum :

Provided that, no person shall be qualified as an elector for the Muhammadan Landholders' constituency who is not a Muhammadan or for the Sikh Landholders' constituency who is not a Sikh, and no Muhammadan or Sikh shall be qualified as an elector for the Punjab Landholders' (General) constituency.

(2) A person shall be qualified as an elector for the Baloch Tumandar's constituency who is a Tumandar recognised by the Government or a person performing the duties of a Tumandar with the sanction of the Government.

9. A person shall be qualified as an elector for the Punjab University constituency who has resided in the Punjab during the twelve months preceding the date of publication of the electoral roll and is a Fellow or Honorary Fellow of the Punjab University or a graduate of the University of not less than seven years' standing.

10. A person shall be qualified as an elector for the Commerce constituency who has a place of business, or works for gain, in the Punjab Trades Association.

11. A person shall be qualified as an elector for the Industry constituency who—

(a) is the owner of a factory which is situated in the Punjab and is subject to the provisions of the Indian Factories Act, 1921, and in which work has been carried on during the twelve months preceding the date of the publication of the electoral, or

(b) is a partner in a firm owning such a factory and has been nominated by the firm for the purpose of voting in its behalf, or

(c) is a member of a company having a place of business in the Punjab and having a paid up capital of not less than Rs. 25,000, has been nominated by the company for the purpose of voting in its behalf.

Rules for the B. & O. Legislative Council

1. The Legislative Council of the Governor of Bihar and Orissa shall consist of—

(1) two Members of the Executive Council *ex-officio* ;

(2) seventy-six elected members;

(3) twenty-five members nominated by the Governor, of whom—

(a) not more than eighteen may be officials, and

(b) nine shall be persons nominated to represent the classes or interests hereinafter specified according to the following distribution, namely:—

[i]	aborigines	...	...	...	...	2
[ii]	classes which are, in the opinion of the Governor, depressed classes	...	...	...	...	2
[iii]	industrial interests other than planting and mining					1
[iv]	the Bengali community domiciled in the province					1
[v]	the Anglo-Indian community			...	...	1
[vi]	the Indian Christian community			...	...	1
[vii]	the labouring classes	...	...	...	...	1

II. & III—*same as before* (p. 227)

IV. A person shall not be eligible for election as a member of the Council to represent—

(a) a non-Muhammadan or Muhammadan or the European constituency (which constituencies are hereinafter in these rules referred to as general constituencies) unless his name is registered on the electoral roll of the constituency or of another general constituency ;

(b) a Landlords', University, Planting, or Mining constituency (which constituencies are hereinafter in these rules referred to as special constituencies) unless his name is registered on the electoral roll of the constituency,

For the rest of the Rules see pp. 187-193, subject to the following alterations, etc.—

For "Fort St. George Gazette" read "B. & O. Gazette."

For VI (I) iii read the following:—

(iii) (a) assessment to municipal or cantonment rates or taxes, or

(b) assessment to income-tax, or

(c) receipt of a military pension or

(d) the holding of land, or

(e) assessment under section 118C of the Bengal Local Self-Government Act, 1885.

In X (1), (7) omit the provisos,

And add Sec XXI Similar to XXI p. 229

SCHEDULE I.

List of Constituencies.

Name of Constituency.	Class of Constituency.	No. of Members.
Patna	Non-Muhammadan Urban	1
Patna Division	do	1
Tirhut Division	do	1
Bhagalpur Division	do	1
Orissa Division	do	1
Chota Nagpur Division	do	1
West Patna	Non-Muhammadan Rural	1
East Patna	do	1
West Gaya	do	1
Central Gaya	do	1
East Gaya	do	1
Arrah	do	1
Central Shahabad	do	1
South Shahabad	do	1
North Saran	do	1
South Saran	do	1
North Champaran	do	1
South Champaran	do	1
North Muzaffarpur	do	1
East Muzaffarpur	do	1
West Muzaffarpur	do	1
Hajipur	do	1
North-West Darbhanga	do	1
North-East Darbhanga	do	1
South-East Darbhanga	do	1
Samastipur	do	1
North Bhagalpur	do	1
Central Bhagalpur	do	1
South Bhagalpur	do	1
East Monghyr	do	1

Name of Constituency.	Class of Constituency	No of Members.
North-west Monghyr	Non-Muhammadan Rural	1
South-west Monghyr	do	1
Purnea	do	1
Santal Parganas (North)	do	1
Santal Parganas (South)	do	1
North Cuttack	do	1
South Cuttack	do	1
North Balasore	do	1
North Puri	do	1
South Puri	do	1
Sambalpur	do	1
Ranchi	do	1
Hazaribagh	do	1
Palamau	do	1
North Manbhum	do	1
South Manbhum	do	1
Singlibhum	do	1
Patna Division	Muhammadan Urban	1
Tirhut Division	do	1
Bhagalpur Division	do	1
West Patna	Muhammadan Rural	1
East Patna	do	1
Gaya	do	1
Shahabad	do	1
Saran	do	1
Champaran	do	1
Muzaffarpur	do	1
Darbhanga	do	1
Bhagalpur	do	1
Monghyr	do	1
Kishanganj	do	1
Purnea	do	1
Santal parganas	do	1
Orissa Division	do	1
Chota Nagpur Division	do	1
European	European	1
Patna Division Landholders	Landholders	1
Tirhut Division "	do	1
Bhagalpur Division "	do	1
Orissa Division "	do	1
Chota Nagpur "	do	1
Bihar Planters	Planting	1
Indian Mining association	Mining	1
Indian Mining federation	do	1
Patna University	University	1

SCHEDULE II.

Qualifications of Electors.

1. For the purposes of this Schedule—

(a) "a European" means [See p. 214 I (b)]

(b) "member" in relation to a Planting or Mining Association includes any person entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm or company or corporation registered as a member ;

(c) "previous year" means [See p. 214 I (c)]

(d) a person shall be deemed to have a place of residence within the limits of a constituency if he—

(a) ordinarily lives within those limits, or

(b) has his family dwelling house within those limits and occasionally occupies it, or

(c) maintains within those limits a dwelling-house ready for occupation in charge of servants and occasionally occupies it.

Explanation.—A person may be resident within the limits of more than one constituency at the same time.

2. Where property is held or payments are made jointly by the members of a joint family, the family shall be adopted as the unit for deciding whether under this Schedule the requisite qualification exists ; and, if it does exist, the person qualified shall be, in the case of a Hindu joint family, the manager thereof, and in other cases the member authorised in that behalf by the family concerned.

General Constituencies

3. A person shall be qualified as an elector for a non-Muhammadan or Muhammadan urban constituency who has a place of residence in the constituency or within two miles of the boundary thereof, and—

(a) was in the previous year assessed in respect of any municipal or cantonment rates or taxes to an aggregate amount of not less than Rs. 3, or

(b) was in the previous year assessed to income-tax, or

(c) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces, or

(d) holds within the constituency any of the qualifications hereinafter prescribed for an elector of a rural constituency :

Provided that—

(a) no person who is not a Muhammadan shall be qualified as an elector for a Muhammadan constituency, and

(b) no Muhammadan or European shall be qualified as an elector for a non-Muhammadan constituency.

4. A person shall be qualified as an elector for a non-Muhammadan or Muhammadan rural constituency who has a place of residence in the constituency, and—

(a) holds an estate or estates or portion of an estate or portions of estates for which a separate account or accounts (including a residuary account) has or have been opened for which land, whether revenue-paying or revenue-free or rent-free land, an aggregate amount of not less than Rs. 12 per annum is payable direct to the Treasury as local cess ; or

(b) holds a tenure or tenures and is assessed for the purpose of local cess at an aggregate amount of not less than Rs. 100 per annum ; or

(c) holds land as a raiyat and is liable to pay an annual aggregate rent or local cess amounting respectively—

(i) to Rs. 16 and to 8 annas in constituencies in the Orissa and Chota Nagpur Divisions,

(ii) to Rs. 64 and to Rs. 2 in constituencies in the Patna Division and the Munghyr District,

(iii) to Rs 24 and to 12 annas in constituencies in the Sonthal Parganas, and

(iv) to Rs. 48 and to Rs. 1-8-0 elsewhere ; or

(d) was in the previous year assessed to not less than Rs. 1-8-0 under section 118C of the Bengal Local Self-Government Act, 1885, or

(e) was in the previous year assessed to income-tax ; or

(f) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces ; or

(g) being a Muhammadan resident in the Orissa or Chota-Nagpur Divisions, was in the previous year assessed in respect of any municipal or cantonment rates or taxes to an aggregate amount of not less than Rs. 3 :

Provided that—

(i) no person who is not a Muhammadan shall be qualified as an elector for a Muhammadan constituency, and

(ii) no Muhammadan or European shall be qualified as an elector for a non-Muhammadan constituency.

5. A person shall be qualified as an elector for the European constituency who is a European and has a place of residence in the province of Bihar and Orissa, and has any of the qualifications prescribed for an elector of any urban or rural constituency.

Special Constituencies. Landholder's constituencies

6. (1) Every landholder shall be qualified as an elector for a Landholders' constituency who has a place of residence in the consti-

tuency and is liable to pay not less than Rs. 4,000 land revenue or Rs. 1,000 local cess in the case of the Patna Division Landholders', the Tirhut Division Landholders', and the Bhagalpur Division Landholders' constituencies or Rs. 6,000 land revenue or Rs. 500 local cess in the case of the Orissa Division Landholders' and Chota Nagpur Division Landholders' constituencies.

(2) In determining the qualification of a landholder as an elector for any constituency—

(a) only such estates and shares of estates as are held by him as proprietor in his own right and not in a fiduciary capacity and are registered in his own name in registers maintained under the Land Registration Act, 1876, whether such estates or shares are situated in one or more constituencies, shall be taken into account ;

(b) if the amount paid by the landholder in respect of any such share of an estate is not definitely known, the District Officer of the district in which such estate is situated shall estimate the amount so paid in respect of such shares, and his decision shall be final ; and

(c) if a landholder pays land-revenue or cesses in respect of estates, or shares in estates, situated in two or more constituencies and if his payments in any one constituency do not qualify him as an elector, his payments within all the constituencies shall be aggregated, and, if such aggregate equals or exceeds the amount prescribed for the constituency in which he makes the largest payment, he shall be qualified as an elector for that constituency.

7. A person shall be qualified as an elector for the Patna University constituency who is a graduate of more than seven year's standing, registered under Regulation 2, Chapter XII of the Regulations of the Patna University.

8. A person shall be qualified as an elector for the Bihar Planters' constituency who is a member of the Bihar Planters' Association, Limited, and qualified to vote as such and for the time being resident in India.

9. A person shall be qualified as an elector for the Indian Mining Association constituency who is a member of the Indian Mining Association, and a person shall be qualified as an elector for the Indian Mining Federation constituency who is a member of the Indian Mining Federation : provided that, any person who is a member both of the Association and of the Federation shall be qualified as an elector for such one only of the constituencies as he may elect.

Rules for the C. P. Legislative Council

1. The Legislative Council of the Governor of the Central Provinces shall consist of—

- (1) two members of the Executive Council *ex-officio* ;
- (2) thirty-seven elected members ;
- (3) thirty-one members nominated by the Governor, of whom—
 - (a) not more than eight may be officials,
 - (b) seventeen shall be persons nominated as the result of elections held in Berar, and
 - (c) five shall be persons nominated to represent the classes hereinafter specified according to the following distribution, namely:—

(i) the inhabitants of the Mandla district excluding Mandla town,	...	...	...	...	1
(ii) the inhabitants of zamindari and jagirdari estates declared to be backward tracts,	...	...	...	...	1
(iii) the European and Anglo-Indian communities,	...	...	...	...	1
(iv) classes which, in the opinion of the Governor, are depressed classes,	...	...	...	...	2

Provided that, until the reconstitution of the Council next following the date on which a University is established at Nagpur, the number of elected members shall be thirty-six and number of persons nominated by the Governor shall be thirty-two, of whom one shall be nominated to represent University graduates in the Central Provinces.

II. (See p. 186) with following proviso,

5. Provided that, the provisions of this rule shall, in respect of the University constituency referred to in the said Schedule, first have effect for the purpose of the general election next following the date on which a university is constituted at Nagpur.

III. (See p. 186-7)

IV. (1) A person shall not be eligible for election as a Member of the council to represent any general or special constituency unless his name is registered on the electoral roll of the constituency.

(2) For the purpose of these rules—

(a) "general constituency" means a non-Muhammadan or Muhammadan constituency ; and

(b) "special constituency" means a Landholders', University, Mining, or Commerce and Industry constituency.
(Rest as before)

SCHEDULE I.

I.—List of Constituencies.

Name of Constituency.	Class of Constituency.	No. of Members.
Jubbulpore City	Non-Muhammadian Urban	1
Jubbulpore Division (Urban)	do	1
Chattisgarh do do	do	1
Nerbudda do do	do	1
Nagpur City cum Kamptee	do	2
Nagpur Division	do	1
Jubbulpore District South	do	1
Jubbulpore do North	do	1
Damoh do	do	1
Saugor do	do	1
Seoni do	do	1
Raipur do North	do	1
" do South	do	1
Bilaspur do	do	1
Drug do	do	1
Hoshangabad do	do	1
Nimar do	Non-Muhammadian Rural	1
Narsinghpur do	do	1
Chhindwara do	do	1
Betul do	do	1
Nagpur do (East)	do	1
Nagpur do (West)	do	1
Wardha Tahsil	do	1
Wardha do	do	1
Chanda do	do	1
Bhandara do	do	1
Balaghat do	do	1
Jubbulpore Division	Muhammadian Rural	1
Chattisgarh Division	do	1
Narbudda Division	do	1
Nagpur Division	do	1
Jubbulpore and Narbudda	Landholders	1
Nagpur and Chattisgarh	do	1
Nagpur University	University	1
Central Provinces and Berar Mining Association.	Mining	1
Central Provinces	Commerce and Industry	1

II. The definition in this Schedule of a non-Muhammadian rural constituency by reference to a District or part of a District shall not have the effect of including in that constituency any area included in a non-Muhammadian urban constituency.

SCHEDULE II.

Qualification of Electors

1. For the purposes of this Schedule—

(a) 'member' in relation to the Central Provinces and Berar Mining Association includes any person entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm, company or corporation registered as a member ;

(b) 'previous year' means the financial year preceding that in which the electoral roll for the time being under preparation is first published under these rules ;

(c) 'urban area' means a municipality, notified area, cantonment, or railway settlement.

(d) a person shall be deemed to have a place of residence in a constituency if he—

(i) has actually dwelt in a house, or part of a house, within the constituency for an aggregate period of not less than 180 days during the calendar year preceding that in which the electoral roll for the time being under preparation is first published under these rules ; or

(ii) has maintained within the constituency for an aggregate period of not less than 180 days during that year a house, or part of a house, as a dwelling for himself in charge of his dependants or servants, and has visited such house during that year.

2. For the purpose of determining any claim to qualification under this Schedule any entry in the land records or in any municipal records shall be conclusive evidence of the facts stated therein.

3. Where an estate or mahal, or a share of an estate or mahal, or land is held or where income-tax or local cesses are paid jointly by the members of a joint family, the family shall be adopted as the unit for deciding whether under this Schedule the requisite qualification exists ; and if it does exist, the manager of the family shall be qualified as an elector :

Provided that, the entry on an electoral roll of a person in his capacity as the manager of a joint family shall not disqualify him as an elector in his individual capacity.

4. For the purposes of this Schedule a person who occupies a house or building, other than a house or building in any military or police lines, or part of such a house or building by virtue of any office, service or employment shall, if the house or building is not inhabited by the person in whose service or employ he is, be deemed to occupy the house or building as a tenant.

General Constituencies. Urban Constituencies.

A person shall be qualified as an elector of an urban constituency or within two miles of the boundary thereof, and who—

(a) is, in the constituency, the owner or tenant of a house or building, or part of a house or building, of which the annual rental value is not less than Rs. 36 : provided that, where a house or building or part of a house or building is held by two or more persons in shares, no person shall be qualified in respect of a share the annual rental value of which is less than Rs. 36 : or

(b) in constituencies where the rental value of a house or building is not the basis of municipal taxation, was in the previous year assessed to a municipal tax on an income of not less than Rs. 200 ; or

(c) was in the previous year assessed to income-tax ; or

(d) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces ; or

(e) has, in respect of land in the constituency, any of the qualifications prescribed for an elector of a rural constituency :

Provided that—

(i) no person other than a Muhammadan shall be qualified as an elector for a Muhammadan constituency ; and

(ii) no Muhammadan shall be qualified as an elector for a non-Muhammadan constituency.

6. A person shall be qualified as an elector for a rural constituency who has a place of residence in the constituency and who—

(a) is, in urban area in the constituency, the owner or tenant of a house or building, or part of a house or building, of which the annual rental value is not less than Rs. 36 or

(b) was, in an urban area in the constituency where the rental value of a house or building is not the basis of municipal taxation, assessed in the previous year to a municipal tax on an income of not less than Rs. 200 ; or

(c) is a lambardar of a mahal, or

(d) is a proprietor or thekadar of an estate or mahal in the constituency, the land revenue or kamijama of which is not less than Rs. 100 ; or

(e) holds in the constituency, as a proprietor or thekadar in proprietary right, *sir* land or khudkasht, or is a malik-makbuza, rayat or tenant of agricultural land in the constituency, the assessed or assessable revenue or rent of which is not less—

(i) in the case of land in the Raipur, Bilaspur, Drug, Chanda and Betul Districts, than Rs. 30, or

(ii) in the case of land in the Bhandara, Balaghat, Nimar, Chhindwara and Seoni Districts, than Rs. 40, or

(iii) in the case of land in any other District, than Rs. 50, or

(f) was in the previous year assessed to in-come tax, or

(g) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces :

Provided that—

(i) no person other than a Muhammadan shall be qualified as an elector for a Muhammadan constituency ; and

(ii) no Muhammadan shall be qualified as an elector for a non-Muhammadian constituency.

*Explanation :—*For the purpose of clause (e) "tenant" shall not include a sub-tenant or ordinary tenant of *sir* land.

Special Constituencies. Landholders constituencies.

7. A person shall be qualified as an elector for a Landholders' constituency who has a place of residence in the constituency and holds in the constituency agricultural land in proprietary right and who—

(a) is the holder of a hereditary title recognised by Govt. ; or

(b) is the owner of an estate as defined in section 2 (3) of the Central Provinces and Revenue Act, 1917 ; or

(c) is liable to pay on the land which he holds in proprietary right land-revenue or Kamil-jama not less than Rs. 3,000 per annum.

The University constituency.

8. A person shall be qualified as an elector for the Nagpur University constituency who is—

(a) a graduate of seven years' standing of the Nagpur University, or if he has graduated before the establishment of the Nagpur University and is resident in the Central Provinces, a graduate of seven years' standing of the Allahabad University, or

(b) a Fellow or Honorary Fellow of the Nagpur University, or, if he was appointed a Fellow of the Allahabad University before the constitution of the Nagpur University and is resident in the Central Provinces, Fellow or Honorary Fellow of the Allahabad University.

9. A person shall be qualified as an elector for the Central Provinces and Berar Mining Association constituency who is a member of the Central Provinces and Berar Mining Association.

The Commerce and Industry constituency.

10. A person shall be qualified as an elector for the Central Provinces Commerce and Industry constituency who—

(a) is either the owner of a factory situated in the Central Provinces and which is subject to the provisions of the Indian Factories Act, 1911, or a person appointed by the owner of such a factory for the purpose of voting on his behalf ; or

(b) has been appointed for the purpose of voting by any company having a place of business in the Central Provinces and having a paid-up capital of not less than Rs. 25,000.

Rules for the Assam Legislative Council

Composition of Legislative Council.

1. The Legislative Council of the Governor of Assam shall consist of—

1. two members of the Executive Council ex-officio ;
2. thirty-nine elected members ; and
3. twelve members nominated by the Governor, of whom—
 - (a) not more than seven may be officials, and
 - (b) two shall be non-official persons nominated to represent respectively the following classes, namely—
 - (i) the labouring classes ; and
 - (ii) the inhabitants of backward tracts.

II and III as before.

Special qualifications for election in case of certain constituencies.

IV. A person shall not be eligible for election as a member of the Council to represent—

(a) the Shillong constituency or non-Muhammadan or Muhammadan rural constituency (which constituencies are hereinafter in these rules referred to as general constituencies), unless his name is registered on the electoral roll of the constituencies or of another general constituency ; or

(b) a Planting, or Commerce and Industry constituency (which constituencies are hereinafter in these rules referred to as special constituencies), unless his name is registered on the electoral roll of the constituency.

SCHEDULE I.

List of Constituencies.

Name of Constituency.	Class of Constituency.	No. of members.
Shillong	General Urban	1
Silchar	Non-Muhammadan Rural	1
Hailakandi	do	1
Sylhet Sadr	do	1
Sunamganj	do	1
Habiganj (North)	do	1
Habiganj (South)	do	1
South Sylhet	do	1

Name of Constituency.	Class of Constituency.	No of members.
Karimganj	Non-Muhammadan Rural	1
Dhubri	do	1
Goalpara	do	1
Gauhati	do	1
Berpeta	do	1
Tezpur	do	1
Mangaldai	do	1
Nowgong	do	1
Sibsagar	do	1
Jorhat	do	1
Golaghat	do	1
Dibrugarh	do	1
North Lakhimpur	do	1
Cachar	Muhammadan Rural	1
Sylhet Sadr (North)	do	1
Sylhet Sadr (South)	do	1
Sunamganj	do	1
Habiganj (North)	do	1
Habiganj (South)	do	1
South Sylhet	do	1
Carimganj	do	1
Dhubri	do	1
Goalpara cum South Salmava	do	1
Kamrup and Darrang cum Nowgong	do	1
Sibsagar cum Lakhimpur	do	1
Assam Valley	Planting	3
Surma Valley	do	2
Commerce and Industry	Commerce and Industry	1

SCHEDULE II

Qualification of Electors

Definitions.

1. In this Schedule—

(a) "estate" means an estate as defined in section 2 of the Assam Labour and Emigration Act, 1901.

(b) "manager" in relation to a tea estate includes an assistant manager in separate charge thereof;

(c) "previous year" means the financial year preceding that in which the electoral roll for the time being under preparation is first published under these rules.

General Constituencies. Shillong urban constituency.

2. A person shall be qualified as an elector for the Shillong constituency who has during the previous year resided within the constituency and who—

(a) was in the previous year assessed in respect of municipal or cantonment rates or taxes to an aggregate amount of not less than Rs. 3 ; or

(b) was in the previous year assessed to income-tax ; or

(c) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces or of the Assam Rifles.

3. A person shall be qualified as an elector for a rural constituency who has during the previous year resided within the constituency and who—

(a) was in the previous year assessed in respect of municipal or cantonment rates or taxes to an aggregate amount of not less than Rs. 3, or, in the case of an assessment in the Nowgong Municipality, of not less than Rs. 2, or in the case of an assessment in the Sylhet Municipality of not less than Rs. 1-8-0 ; or

(b) was in the previous year assessed to a tax of not less than Re. 1 in a union under Chapter III of the Bengal Municipal Act, 1876 ; or

(c) in the case of constituencies in the Sylhet, Cachar and Goalpara District was in the previous year assessed to a chaukidari tax of not less than Re. 1 under the Village-Chaukidari Act, 1870 ; or

(d) in the case of any constituency other than those referred to in clause (c)—

(i) owned land, the land revenue upon which has been assessed or is assessable at not less than Re. 1 per annum ; or

(ii) is liable to pay a local rate of not less than Re. 1 per annum ; or

(e) was in the previous year assessed to income-tax ; or

(f) is a retired and pensioned officer (whether commissioned or non-commissioned) of His Majesty's regular forces or of the Assam Rifles :

Provided that—

(i) no person other than a Muhammadan shall be qualified as an elector for a Muhammadan constituency, and

(ii) no Muhammadan shall be qualified as an elector for a non-Muhammadan constituency.

Joint families.

4. Where property is held or payments are made jointly by the members of a joint family, the family shall be adopted as the unit for deciding whether under this Schedule the requisite qualification exists ; and, if it does exist, the person qualified shall be,

RULES FOR THE ASSAM

in the case of a Hindu joint family, the manager thereof and in other cases the member authorised in that behalf by the family concerned.

Special Constituencies. Planting constituencies.

5. A person shall be qualified as an elector for the Assam Valley Planting constituency who is the Superintendent or manager of a tea estate in the Assam Valley, and a person shall be qualified as an elector in the Surma Valley Planting constituency who is the superintendent or manager of a tea estate in the Surma Valley.

Commerce and Industry constituencies.

6. A person shall be qualified as an elector for the Commerce and Industry constituency who—

(a) is the owner of a factory, other than a tea factory, situated in Assam and which is subject to the provisions of the Indian Factories Act, 1911, or is a person appointed by the owner of such a factory for the purpose of voting on his behalf ; or

(b) has been appointed for the purpose of voting by any company, other than a company principally engaged in the tea industry, having a place of business in Assam and having a paid-up capital of not less than Rs. 25,000.

Imperial Bank of India

Despatch of the Govt. of India to the Sec. of State

Simla, 25th. June 1919. (Published in India on February 10th, 1920)

We have the honour to place before you a proposal for the amalgamation of the three Presidency Banks of Bengal, Bombay, and Madras. We were originally approached informally in this matter by the Secretaries of the three Banks, and you have already cordially approved the idea of amalgamation contemplating as it did such increase of capital as may be necessary, a scheme for increasing the number of banks and improvements in the future management of the rupee debt in India. You have also informed us that, in order to assist the movement, you would agree to the transfer to the amalgamated bank, under such safeguards as we may see fit to recommend, of the balances now held in the reserve treasuries in India. Subsequently, you agreed in principle that the amalgamated bank shall be allowed to open an office in London, but reserved, until you received the detailed scheme, your decision as to the restriction to be imposed on the business to be conducted by the Bank in London. We have since received from the Directors of the three Banks a joint Memorandum (enclosure 1) embodying the scheme which, with your approval, they propose to lay before their share-holders. The details of the scheme have been informally discussed in conversations between our Finance Department and the representatives of the three Banks with the purpose of ascertaining precisely what the Banks propose and in particular what they expect from the Government. We have now examined the draft scheme, and it has our general approval. The Memorandum is, to a large extent, self-explanatory, and we need not, therefore, recapitulate its item, but proceeded to express our views upon some of its more important aspects in so far as these affect the interests of ourselves and of the general public.

Before doing so, however, we consider it important to emphasise that the present movement is purely spontaneous, that it is the natural growth of banking evolution, and that, though it would be unwise to attempt to foresee the process, what is now happening will be a more valuable foundation for any later movement which may eventuate in the direction of a State Bank. You will observe that a large part of the proposals which have been placed before us

represents merely a measure of consolidation, which is merely the domestic concern of the three Presidency Banks. As pointed out in paragraph 2 of the Directors' Memorandum, the interest of the Banks themselves render it highly desirable, if not imperative, to effect some sort of consolidation and to make a supreme effort to overcome the obstacle of local interests and to avoid the inter-provincial jealousies and mutual suspicions which had a large share in wrecking previous attempts at amalgamation to a scheme of that character, conceived, as is the present, in a spirit of mutual co-operation and forbearance. There could, we imagine, be no possible objection on the part of the State unless it could be shown, which, in this instance, is clearly not the case, that it was in some way detrimental to National interests. If then the Banks' proposals were limited to mere consolidation of interests and a pooling of resources, we should, while welcoming the unification and strengthening of these important public institutions and the consequent simplification of our own relations with them, find it necessary to say little in support of the scheme. It is because the present purposes go considerably further than a mere banking amalgamation and contain the germ of large developments which, as we believe, can not fail to result in much benefit to this country, that we attach to them the highest importance and make no apology for examining at some length their bearing upon certain current problems.

The main direction in which we look for National gain for commending them to you strongly lies in the promise they hold of helping appreciably to further the development of banking in India. As you are, doubtless, aware, public opinion in this country is rapidly growing more articulate as to the necessity for a wide-spread increase in banking facilities, if India's industrial development is not to be hampered and if the people are to be weaned from their present predilection for holding their savings in the form of hoarded cash or bullion. The subject has been ventilated on more than one occasion recently in our Legislative Council. It was brought prominently to the notice of the recent Industries Commission by many witnesses, and our currency difficulties of the last few years have forced it more and more upon our attention while the success of the propaganda associated with the two War Loans has thrown an instructive light upon the amount of money in this country which is at present diverted into fruitful employment, but it would not, we think, be altogether correct to ascribe this state of affairs solely to the ingrained habits of the people, their ignorance, their conservatism and their suspicion, which can only be removed by the process of education. That the spread of education will work a steady and substantial change in the mental attitude of the

people on this matter we have no doubt, but it is useless to educate people into a willingness to follow civilized habits as regards keeping a hand in banking facilities. For them to do so, progress in these two respects must go hand in hand. Even, however, in the present stage of educational development, there is undoubted room for a much larger supply of banking facilities as witnessed by the temporary success of certain banks in the richer agricultural districts of Northern India, unsoundness of which, followed by their failure in 1913, had an unfortunate effect in retarding in those parts of the country the development of the banking habit.

It is true that during the past two decades there has been, on the whole, a large increase in the number of banks operating in India and in the volume of their deposits, and there has similarly been very large and steady growth in the amount of cheques passed through the Clearing Houses at Calcutta, Bombay, Madras, Karachi and Rangoon. It would, however, be incorrect to infer that an increase in banking deposits or in the number of cheques drawn on banks indicates anything like a corresponding increase in banking habits or indeed very much more than that the volume and turn-over of money in the principal money markets have enormously increased in bank deposits and in the amount of cheques cleared has accrued at the principal seaports, and taking India as a whole, we think that no competent observer would deny that banking development in India is far behind the country's necessities.

In our opinion an indispensable preliminary to any widespread growth in banking is the establishment of a strong, unified bank in intimate relations with Government and with a large number of branches throughout the country. At the present time there are more than 200 districts in India and Burma in which there is no branch of the Presidency Bank and only in a very few of these is there a branch of a joint stock bank of any importance (such as the Alliance Bank of Simla and of the Allahabad Bank) doing banking business on modern lines. We doubt, if in the present constitution in which there are three separate banks working independently, any further substantial increase in the number of branches is to be looked for owing mainly to the considerations of territorial limits and of profit and loss. The Presidency Banks have now undertaken as part of the present amalgamation scheme to establish 100 new branches within 5 years, and we have every reason to hope that the progressive policy thus initiated will be continued until at least in every district and eventually in every town of importance a branch of the Imperial Bank is established. We do not claim that the wide-spread extension of branches will work a sudden miracle or will immediately prove itself the long-sought talisman to charm

the wealth of India from its hoards. We do not look for rapid or dramatic results, but a beginning must be made, and we think that mere appearance in a district of a bank which conducts Government's treasury and public business, as to whose stability there can be no question and from which local traders and dealers in produce can obtain advances on reasonable terms, must, in due course, inevitably have an appreciable effect upon the local mental attitude towards banking in general, and in the course of time we shall expect to see the new branches of the Imperial Bank attract a large amount of deposit from the general public in such localities.

There are, moreover, other results which may reasonably be looked for from the large increase in the number of branches now contemplated. In those places in which they are already established, the Presidency Banks usually act as bankers of the other local banks. They keep most of the latter's cash, and it is to the Presidency Bank that a local bank turns when it is in difficulties or when in a period of tight money it desires to pledge Government or other gilt-edged securities. The position of the Presidency Bank, as bankers, has noticeably grown during the recent years, and on many occasions have the Presidency Banks rendered valuable assistance in quelling an incipient panic or in coming to the relief of a local bank which, through no fault of its own, was in temporary difficulties. It cannot, we think, be expected that the number of banks in up-country districts can be largely increased or can be placed on a satisfactory footing unless there is at their door a powerful bank to which a sound institution can turn in time of trouble and to which it can look for guidance in its general financial policy. Many of such banks would, of course, engage in business from which a Presidency Bank or its successor must necessarily be debarred, but it is, we think, of great importance that they should have behind them an institution on which they can rely for assistance and which will form the solid background necessary for the healthy development of the various forms of banking, agricultural, industrial and ordinary joint stock, of which this country is admittedly in need. For such development, moreover, an equal necessity is a sufficient supply of men trained in modern methods of book-keeping. The mere staffing of a large number of new branches of the amalgamated bank will necessarily involve training, the employment of Indian agency to a very much greater extent than at the present time, and a demand for and training of such men by the Imperial Bank should have a variable influence in stimulating their supply for other banking institutes, just as the requirements of our Public Works Department have undoubtedly stimulated the growth of the engineering profession in India. A further and almost equally important result, which

we anticipate will follow from the establishment of the new Bank and from the multiplication of its branches, is a substantial increase in the assistance given by it to the internal trade of the country through its relations with the indigenous banking system. The extent to which the Presidency Banks already help to finance the internal trade of India by their purchases and rediscounting of internal bills of exchange known generally as hundis at their Head-offices and branches, is not perhaps always realised. The shroffs, mahajans, chettis and others, who, either directly or by their relations with smaller "bankers" of the same kind, largely finance the movement of produce and of important articles of commerce such as piece-goods in the up-country markets, rely to a very great extent upon assistance from the Presidency Banks, when in a season of active trade, their own capital is fully employed on some occasions, for example, when the amount of hundis held by the Banks of Bengal and Bombay has exceeded a third of their total advances, and during the busy season the proportion is really less than a quarter. The connection of the Presidency Banks with up-country trade is thus very close and intimate. By the rates which they charge on the discount of hundis and by their willingness or refusal to extend their commitments in that direction, they profoundly influence the provision of credit and money rates in the up-country bazaars. It is clear that by ratification of its operations through a largely increased number of branches and by its ability to employ more funds in the discount of hundis and similar bills, the amalgamated bank will be able to irrigate the channels of internal trade to a substantially larger extent than is at present possible.

And again, the mere fact of amalgamation will at once facilitate the improvement of the administration of the public debt to which we attach great importance and have recently given much attention and in which the banks have expressed their readiness, after amalgamation, to give us their full co-operation. The law regarding Government securities in India and the rules and procedure relating thereto, which are largely the result of the present law and the system under which the public debt accounts are maintained, were framed at a time when the holders of our securities consisted mainly of substantial people in the principal cities and towns, and when the tenders to our annual loans were confined chiefly to a few banks and financial houses. Even before the War it was manifest that our public debt system required a radical overhauling. The experience gained during the unexpectedly successful operations of the two Indian War Loans has now shown that reforms in this direction are imperative if we are to retain touch with the

enormously increased number of holders of our securities scattered throughout India and are not to alienate the small investor by procedure and rules which, though tolerable perhaps to the business people and large investors, are unsuitable and irritating to the semi-educated holders of a hundred rupee bond in an up-country district. We hope in the near future to be in a position to lay before you our proposals for the recasting of the present Indian Securities Act and of the procedure and rules based thereon. Meanwhile, it is clear that such reforms must be accompanied by an improvement in the administration of the Public Debt Offices, and as we shall show, will be greatly facilitated by the amalgamation of the three Presidency Banks under the arrangements as laid down in the main and subsidiary agreements with the maintenance of the Public Debt books and accounts, including those relating to securities, the interest whereof is payable in the Bombay and Madras Presidencies centralised in the Public Debt Office at Calcutta, the work done by the Public Debt Offices at Bombay and Madras being very much more restricted in character and practically confined to the payment at the presidency town itself. The subsidiary agreements contain, in fact, a provision that the Bank of Bombay and Madras shall not supervise or audit any such transactions occurring at the District Treasuries and their Presidencies. Again, as regards the renewal of securities, which in this country, owing to the form of security in which the Public Debt is largely held, constitutes an important part of the current work. The work of those two Public Debt Offices is in practice confined to the renewal of clean paper owing principally to the fact that, under the subsidiary agreements two-thirds of the renewal fees go to the Bank of Bengal, even though the renewing office may incur the responsibility. Without going into further details it is sufficient to say that, as a result of the present system, every piece of script is borne on the registers of the Calcutta Office and practically every transaction relating thereto has to come to that office for audit account or some other purpose. This excessive centralisation resulted in something approaching a break-down at the Calcutta Office during the issue of the 1917 War Loan, and it was largely for this reason that in the following year we introduced the system of issuing script to the applicants over the counter at certain Government Offices and at the Head Offices and Branches of the Presidency Banks. Even with this relief, however, the work at the Calcutta Office has remained very congested, and with the growth of the public debt the position grows steadily worse. From the point of view of the general public also it is undoubtedly inconvenient and tiresome, whenever they have occasion to renew

their securities, or when any question arises regarding them, to have to deal with a district office.

So long as the three Public Debt Offices are managed by separate institutions, any radical decentralisation of the public debt administration is difficult, if not impossible. Once however, the amalgamation has taken place and pecuniary considerations between the three banks have been eliminated and we have to deal with a singly managed institution, a considerable measure of decentralisation will become possible. As soon as the necessary arrangements can be made for the staff and accommodation at Bombay and Madras, we contemplate the gradual splitting up of the accounts and the registers relating to our various loans and distributing them between the three Presidency Public Debt Offices which will then conduct all businesses connected with the securities held in their respective territories. This measure will, we hope, represent only the first step in the direction of decentralisation. The changes in the law which you have now under your consideration will enable a good deal of the work connected with small holdings of securities to be conducted in the districts in which they are held, and in course of time, as the new Bank establishes in every district, it should be possible for the majority of up-country holders to put through at their district head-quarters all business connected with their securities.

Abolition of the Reserve Treasuries.

Another very important feature of these proposals, which is beyond a mere amalgamation of the three Banks, but which, in our opinion, is not feasible without it, is the abolition of the reserve treasuries. You have already agreed to this proposal, subject to such safeguards as we may recommend. In view of the fact that the new Bank will be entrusted with the greater part and eventually, when branches are established in every district headquarters, with the whole of our Indian balances, the extent to which Government might justifiably leave their funds with the Presidency Banks, thereby releasing money for the use of trade, is a question which has been vigorously canvassed from time to time, particularly since the establishment of the Reserve Treasuries in 1876. We do not think it necessary to encumber the present reference by an examination of the arguments put forward on one side or the other in previous controversies and discussions. The proposal has been accepted by you in principle, and moreover, events have moved with such rapidity in recent years and the pressure of war conditions of the problem have fundamentally changed the banks and ourselves to realise so clearly the practical benefit of a common policy amounting

almost to a pooling and the issues as previously drawn have become obsolete. A consideration of the safeguards which should be taken from the new Banks is, however, so closely connected with the whole question of our future relations with it, that we think it desirable to refer briefly to certain observations which were made regarding this matter by certain high authorities at about the time that the scheme for a Central Bank was under discussion (1899-1901), as those observations may fairly be taken as indicative of the official attitude towards this question both then until fairly recently.

In the course of a speech in the Legislative Council on the 1st September, 1899, when introducing a Bill to relax slightly the restrictions imposed on the business of the Presidency Banks, the finance member, Sir Chinton Dowkins said: "The Presidency Banks depend to a quite exceptional degree for their cash balances on the Government account. As Sir J. Westland showed in the busy season, nearly 80 to 90 per cent of these balances are supplied from the Government, a fact, which added to the fluctuations in the rate of discount, may make us ask seriously how far the Presidency Banks have sufficient capital to allow of the absorption of the resources in their command in enterprises, the securities of which might not be easily realisable. Again, the circumstances of India are peculiar. In England, if the Government were suddenly in need of money and the Bank of England had locked up the Government balances, it would not be of serious consequence. Money could be procured from a dozen other different quarters. In India this would not be possible and indeed we have a historic example in the embarrassment which the inability or reluctance of the Banks to produce the money deposited with them brought upon Government when confronted with the sudden emergency of the Orissa famine,"—and on the same occasion Lord Curzon said: "The Presidency Banks are not like the ordinary banks. No relaxations of restrictions, even if such were possible in an extreme degree, could make them so. They differ because the bulk of their cash balances or what I suppose I may call their loanable capital is supplied by Government and because if we subtract this at any given moment, they are not as a rule in possession of sufficient independent capital to enable them to conduct operations on a large scale. The Government, therefore, is under a peculiar responsibility for these Banks, and we are bound to enforce special regulations for the protection and the security of the balances which we ourselves have provided." The accuracy of the above observations so far as they related to the dependence of the Presidency Banks upon the Government funds, was at once challenged by the Banks, and we have thought it desirable to examine with reference to the present question of safeguards not only the extent

to which the Banks are in the present conditions dependent on Government deposits, but also the extent to which their resources will be augmented and their responsibilities to us increased when they are entrusted with the whole of our Indian balance.

The enclosed statement (enclosure 2) gives the average percentage of Government's deposits in the Presidency Banks to their capital and reserve, to their total working capital (*i.e.*, capital reserve and deposits) and to their cash balances during the last seven quinquennia. It will be seen that until the War the Presidency Banks were dependent to a steadily diminishing extent upon the Government funds left with them, but that during the War, as a result of the policy already referred to and regarding which more will be said hereafter, the percentage of Government deposits to the working capital and to cash was higher than at any time during the previous fifteen years. The diminishing extent to which the Presidency Banks have during the past thirty years depended upon their use of Government funds due to the great increase in their private deposits as shown by the figures in the statement (enclosure 3) giving the Banks' capital, reserve deposits, and cash balances as on the 31st December for a number of years. It will be seen that the private deposits have grown from 8 and half crores in 1880 to 12 and three fourth crores in 1900, 32 and one-third crores in 1910 and 36 and half, 40, 38 and half, 44 and three-fourth, 67 and three-fourth, and 51 and half crores in the six years 1913 to 1918 respectively, and that the Government deposits have not increased in anything like the same degree.

The proportion in which Government funds have been placed with the Banks or retained in the reserve and other Treasuries is also relevant to the present question and can be judged from the figures for the past eight years given in enclosure 4, the figures for each year being an average of the figures for the end of each month. It will be seen that from 1914-15 onwards we have left a much higher proportion of our total cash balances with the Banks, the amount locked up in the reserve treasuries being correspondingly smaller. This policy was deliberately adopted during the war, as much as in our own interests as in those of the banks and of the money market in general, and was rendered possible by the intimate and friendly relations which have in recent years prevailed between the banks and ourselves. It would in any case have been necessary for us to stand behind the Presidency Banks in the event of a serious run on these institutions arising from fancies or war alarms to which the Indian market was peculiarly susceptible, and it was at the same time vital to us to take such steps as were in our power to secure the money market against

the strain to which our war finance must have exposed it. While this policy of entrusting the Presidency Banks with a much larger share of our funds was thus primarily enforced on us by the war conditions, its success have been one of the principal financial lessons of the War, and has convinced us of the desirability and safety of making it a permanent feature of our relations with the banks. It has during the war kept the Indian money market in a state of comparative ease and has removed to a considerable extent the previous large seasoned fluctuation in the Bank rates during the year. It has thereby led to the further result, which was one of the main objects which we had in view, namely that we have been enabled to finance our own war expenditure as well as a very large disbursements on account of the same by means of treasury bills, supplemented by ways and means, advances from the Presidency Banks to an extent which previous to the war would have been regarded as inconceivable. On 31st March, 1918, the amount of Treasury Bills outstanding was Forty three and half crores and on the same date in 1919 was Forty nine and one-fourth.

In August, 1918, our advances from the Banks of Bengal and Bombay amounted to 17 crores. There can be no doubt, moreover, that the successes of the War Loans of 1917 and 1918 were facilitated by the ease of the money markets due in a large measure to the fact that the large sums which our borrowing operations took off from those markets were not locked up in the reserve treasuries, but were kept with the Presidency Banks.

The question naturally arises to what extent an amalgamated bank bearing the responsibility of making Government funds available whenever required could have made use of the reserve treasury funds for ordinary banking purposes. The following figures show that the average amounts retained in that reserve treasuries during the busy seasons (November to April inclusive) of the past eight years was: 1911-12 lakhs 403, 1912-13 lakhs 1024, 1913-14 lakhs 708, 1914-15 lakhs 338, 1915-16 lakhs 375, 1917-18 lakhs 308, 1918-19 lakhs 196. It will be seen that during the busy seasons of 1912-13 and 1913-14 large sums were retained in the Reserve Treasuries, and it can scarcely be said that they were likely to be needed in the near future for Government requirements. As regards more recent years, however, it is clear that the amount of extra resources made available would have been comparatively small. On several occasions during 1918-1919 there were treasury balances in fact under a crore. Now in the present conditions it would be difficult if not impracticable to empty the Reserve Treasuries completely, one reason being that it is always necessary to retain a certain balance to meet the currency trans-

fers granted to the public which involves a payment from the Reserve Treasury into Currency at the issuing centre. So long as the Banks at the issuing and paying centres are separate institutions, the Reserve Treasuries are practically a necessity with an amalgamated bank. However, this would not be necessary as, although the notes would have to be paid into currency by the Bank at, say, Bombay, the currency would pay notes into the Bank at Calcutta, so that the Bank's total cash balance would on the whole be unaffected. On the whole, it is probably safe to say that the abolition of the Reserve Treasuries would in normal times result in an appreciable accretion to the Bank's resources.

It by no means follows, however, that an amalgamated bank entrusted with the custody of Government funds would be able to use the whole of these freely for ordinary banking purposes. As regards the funds kept in those district treasuries where there is at present no branch of the bank, it is now the practice to limit these to the minima necessary to provide for near disbursements, and the new Bank would not be able to count on any substantial usable surplus therefrom, and as regards the Reserve Treasuries themselves the demands on these are apt to be sudden and large, and although they will doubtless be necessary to make at short notice payment into currency on account of some corresponding adjustments elsewhere, such as a withdrawal from the currency reserve in London, at the present time the Reserve Treasuries act as a valuable buffer between sudden and unforeseen Government demands and the Presidency Banks. Each balances the other and although no doubt the former ultimately react on the latter, it is frequently the reserve Treasuries that receive the first shock. In one of the memoranda presented by Sir Lionel Abrahams to the Chamberlain Commission it was assumed that for Government purposes an emergency reserve of one and half crores would have to be maintained. Experience can alone show how much of their resources the banks must keep in the form of additional cash if the reserve Treasuries be abolished. During the War the Controller of Currency has frequently been obliged to run things very fine in order not to withdraw cash from the Presidency Banks at a time when it would have been undesirable to tighten the money markets. There seems little doubt that with no Reserve Treasuries the bank will have to keep a somewhat higher proportion of cash to the liabilities than would otherwise be the case although this consideration will in practice be to some extent counter-balanced by the pooling and consequent economy of the resources of the four parties.

The foregoing examination of this portion of the amalgamation scheme will have given some idea of the extent to which the new

Bank will bear a large aggregate responsibility in the matter of the custody of public funds than is the case with the Presidency banks as at present constituted. It remains to consider what further safe-guards is it necessary to take from the new Bank, over and above those which are contained in the present Act, the general character of which we do not propose to change. It has been shown that during the last few years, if the Reserve Treasuries had not been in existence, the amount of extra funds lying with the Banks would have been comparatively small owing to the fact that money was deliberately not allowed to accumulate in the Reserve Treasuries. We feel, however, that the circumstances of the last few years have been exceptional. They were years of war when it was of vital importance to keep the money markets as easy as possible in order to facilitate the financing of our war disbursements when it would have been justifiable to take some risk, should a risk have been thought likely to follow therefrom, and when, moreover, there was undoubtedly a general feeling on the part of the Directors and executive authorities of the Banks that in war time patriotism demanded their working hand in hand with Government to the greatest possible extent. We were thus enabled to keep intimate touch with the general policy which was being adopted by the banks and to assure ourselves that the exceptionally large balances which we were keeping with them were being used in the best interests of the country. With inevitable changes in the personnel a continuance of this personal touch cannot be guaranteed. Furthermore with the definite abolition of the Reserve Treasuries, we shall lose the inherent power which we at present possess of withdrawing our deposits from the Banks in excess of the guaranteed minimum at any time, which power has placed us in a very strong position to exercise an informal influence over their general policy. We are of opinion, therefore, that it is desirable for us to have a representative, who would naturally be the Controller of Currency, upon the Governing Body of the Bank whose function and duty it would be to keep us in touch with all important developments in the Bank's general policy, and who would possess the statutory power (which we anticipate would rarely if ever require to be exercised) of holding up action on any matter of high importance as affecting the interest of Government or the safety of its balances pending our orders thereon. We should ordinarily be averse to a Government official being concerned in any way in ordinary banking transactions, and we have no desire to repeat the former experiment when Government Directors were attached to the Boards of the Presidency Banks. The functions of the Central Board as defined in paragraph 4 to 6

of the Directors' memorandum will, however, be of such a general nature as to obviate that objection. In the case of an ordinary private institution official representation on the managing body might well be regarded as of very doubtful expediency, owing to the fact that in the eyes of the public there would be laid on Government, rightly or wrongly, the moral responsibility for its stability and good working, but in the case of the proposed Imperial Bank that responsibility cannot in practice possibly be evaded. The mere fact that it will be entrusted with the whole of our funds will make its stability a matter for the State of the gravest concern and we do not see what useful purpose will be served by any attempt to obtain security by less direct methods or to avoid a frank recognition of the interests involved. We understand that the banks themselves are of opinion that the presence of an experienced financial officer of Government on the Central Board will conduce to smooth working and will moreover be of considerable assistance to the bank by ensuring that the latter shall be kept fully and rapidly informed of Government requirements in the matter of funds and of the way in which Government's financial policy will react upon its own.

Branch Office in London.

We now turn to the question of the establishment of an office of the new bank in London, the proposals regarding which are set forth in paragraphs 8 and 9 of the bank's memorandum and which is a feature of the scheme to which they attach very great importance. We have already pointed out that the proposed amalgamation is a measure of consolidation which is not inconsistent with and would indeed be a necessary preparation for further development; it serves no useful purpose therefore to consider whether any particular feature of the amalgamation is or is not absolutely essential at the present stage; if the feature in question is not open to active objection and if the Banks attach importance to it, there seems no reason for making difficulties about it. This we consider is the situation as regards the London office. It is common knowledge that the Banks have long desired access to London and have consistently been refused it. The grounds set forth in the memorandum for renewing the proposal have been largely strengthened by the prospect of amalgamation, and in our opinion so far at any rate as they relate to the business described in paragraph 8 they are irresistible. We feel confident that you will agree that in the case of a national institution like the Imperial Bank of India the denial of a London Office which would be represented as dictated by excessive care for the interests of non-Indian concerns cannot be contemplated.

Bullion Business.

We do not think that any comments from us are needed as regards the items of business mentioned in paragraph 8 of the memorandum other than those dealt with in clauses (7) and (9). As regards the bullion business mentioned in clause (7) we are satisfied that the Banks have no desire to engage in such business as an exchange operation or in any way inconsistent with our general exchange and currency policy. What they have in mind is the buying and selling of bullion in normal times for consumption in the Indian bazars which, until the War, formed an important part of India's foreign trade. The business would be under your control and, subject as it would be to the important qualifications mentioned in the memorandum, we can see no possible reason why the new bank should not be allowed to undertake it.

Competition with Exchange Banks.

As regards clause (9) of paragraph 8 of the memorandum, it will be seen that the banks are willing to confine their exchange operations (other than those for their own constituents which are already permitted) to the rediscounting of Bill of Exchange, that is, in practice to dealings with the Exchange Banks alone and would, therefore, not compete with the latter in their ordinary business with the public. The Presidency Banks have, in the past, strongly resented their exclusion from competition with the ordinary exchange banks, and much might be said in favour of the view that such exclusion is not justified. We think, nevertheless, that on the whole the banks are wise in their decision to abstain from making any request to this effect in view of the vested interests which they would antagonise and of the fact that they are in India the Bankers of the Exchange Banks themselves who could not be expected to continue to remain their funds with and to disclose their position to a competition as restricted in the clause in question. The power to do this business would afford one means for the Bank to move its funds between India and London. We think, moreover, that in this respect the Bank would probably perform a useful function and might at times be of material assistance to the Exchange Banks in relieving them either in London or in India of surplus Bills which they might find it convenient to dispose of.

Disposal of Surplus Balance.

The further developments touched on in paragraph 9 of the memorandum deal with matters of more importance to yourself and ourselves. As regards the disposal of your surplus balances, we think that the new bank would be content to be given the same

facilities as are already given to approved borrowers and in addition to be employed by you, as far as practicable, in lending these out. Experience alone will show how far you would find it possible to employ the bank in this direction consistently with your obligations to other parties. You may possibly, therefore, not wish to commit yourself in this matter beforehand though we trust you will be able to give a general assurance of your willingness to work the London Office of the bank as far as possible. As regards the conduct of your remittance business the bank's remarks admittedly have regard to possible future developments rather than to the produce which can be brought into force more or less at once. We are inclined to think that the use by the bank of its own resources in the business of rediscounting bills of exchange will in due course show the desirability of employing it in the transfer of public funds from India to London and *vice versa*, but here again you will perhaps prefer not to anticipate developments, the natural direction of which it would be difficult at this stage confidently to forecast.

The Paper Currency.

The above remarks applied with still greater force to what is said in paragraph II of the memorandum regarding the eventual making over to the bank of the management of the Paper Currency at a time like the present, when the whole future of our currency policy is wrapped in uncertainty and is about to be the subject of consideration by a body of experts. It would manifestly be impossible for the new Bank to contemplate the undertaking of this responsibility. When, however, a stable policy has been evolved and the currency conditions have settled down and when the management of the paper currency in India will consist of a more or less routine application of authoritatively established principles, then we think that the employment of the Bank as our agent in this matter might well be favourably considered. To more than this we obviously cannot commit ourselves at the present stage. We take this opportunity, however, of remarking that the suggestion made by the banks for the adoption of the system which we understand has proved so successful in the United States of providing for an automatic expansion and contraction of the currency, by basing the issue of new notes to some extent upon commercial bills, is one which, in our opinion, is worth commending to the consideration of the impending Currency Committee. Should it eventually be approved in principle, its adoption in practice will obviously be facilitated if the management of the currency is in the hands of the institution, qualified by the experience gained in its own business to exercise a proper discrimina-

tion in the selection of the mercantile bills against which new notes will be issued and on the maturity of which they will be retired.

Financial Adjustments.

We have very carefully considered what financial adjustment will be necessary between us and the Amalgamated Bank in view of the concession which it is proposed to confer upon it. Under the present agreements the Banks receive a certain lump and all payments (Bengal Rs. 43,600. Bombay Rs. 12,240 and Madras Rs. 12,000) for the conduct of Government business at their Head Offices, but receive no payments for such business done at their branches. They also receive remuneration at the rate of Rs. 2,000 per crore of public debt for the management of the Public Debt Offices. In consultation with the authorities of the three Banks, we have closely examined the question as to the *quid pro quo* which should be given to us in the shape of a share in the profits or otherwise as a return for the use of the whole of our Indian balances. Since 1913 the dividend-cum-bonus of the Bank of Bengal has been increased from 14 to 17 per cent. and that of the Bank of Bombay from 13 to 19, no increase having been made in that of the Bank of Madras. Owing to the general prosperity which India has enjoyed during the war and to the large increase in the volume and circulation of money in the principal markets, the profits of the Banks of Bengal and Bombay would doubtless have increased quite apart from their use of the Government funds entrusted to them. But we think it highly probable that this growth in profits has also been stimulated by the large amounts which you have deliberately retained with the Banks during the last few years. We have shown above that while as compared with recent years the amount of extra resources obtained by the new bank will be comparatively small, as compared with the earlier years the amount will probably be substantial and if these extra funds were to be lent out to the highest bidder there is no doubt that in the busy season we should be able to earn an appreciable amount of interest thereon. It might be argued, therefore, that there is every justification for the participation by the State in the profits of the Bank as, for example, by the payment to the former of interest upon the average amount of Government deposits above some specified sum or by a definite share in the profits after a certain dividend has been realised. There are, however, certain important considerations which weigh in the opposite direction. In the first place, as pointed out in paragraph 12 of the Banks' Memorandum, the undertaking to adopt a progressive policy in the matter of opening new branches will, there is little doubt, for some time result in a loss to the Bank on their

working. Those centres of trade, at which a branch is likely to show a profit in the near future, have to a large extent already been exploited by the three banks and as more branches are established a comparatively longer time must elapse before the opening up of the localities concerned will result in a business profit to the branches of the Bank established therein. If the banks were to remain separate institutions, and as at present constituted, it is highly improbable that in the interests of their share-holders they would be justified in opening more than a very few more branches. Secondly as we have already pointed out the possession of additional funds derived from the Government will entail additional responsibilities and it will be necessary for the new Bank so to arrange its policy as to maintain itself in a position to meet sudden and unforeseen demands which at present fall mainly upon the Reserve Treasuries. Thirdly it will be observed that the banks have refrained from stipulating for any fixed minimum for the total amount of Government's balances and it follows that by this pooling of resources the Bank will at certain times be using its own private funds for Government purposes.

For these reasons we feel that it is quite impossible to attempt at this stage to balance the account however roughly, and that the only practical course will be as suggested in the memorandum for no financial adjustment to be made or claimed on either side during the first three years of the Bank's working. At the end of that period it is probably that sufficient experience will have been gained to estimate how far the conduct of Government business has on the whole been profitable to the Bank and, should you approve this conclusion, we propose to review this question again at that time. We would, however, exclude from the above arrangement the public debt work to be performed by the bank for Government. As pointed out in paragraph 13 of the memorandum the cost of this work to the bank is capable of a fairly exact estimation and we propose, therefore, to continue the present remuneration as provided for in the agreement with the Bank of Bengal, subject to revision at the end of the above-mentioned period of three years.

In paragraph 16 above we have given our reasons for desiring to have an official representative on the Central Board of the Bank and we have, therefore, little to add to what is said in paras 4 to 7 of the memorandum regarding the constitution of the Governing Body and its relations with the Local Boards. To a large extent the Banks' proposals on this point are their own domestic concern and have only to add that they have been the result of considerable discussion and in our opinion are calculated to result in efficient

working and in the avoidance of friction between the various local interests concerned.

Proposed Increase of Capital.

As regards the proposed increase of capital we understand that the Bank recognise that there are some advantages from the point of view of prestige of having no uncalled capital. They feel, however, that the circumstances in which the new bank will be inaugurated outweigh this general consideration. There will, certainly for some time to come, be no necessity to the employment for the 750 lakhs of fresh capital power to issue which it is proposed to take and the banks prefer and we agree with them to call up only so much as can profitably be employed at once leaving the Governing Body power similar to that possessed by the Directors under Section 14 of the present Act to make further calls. As new branches are established it will be necessary from time to time to call up new capital and we think it desirable that the new act should contain a sufficient margin for this to be done without special reference to the shareholders on each occasion.

The Modification.

Finally, we have to offer some remarks upon the modifications proposed by the Banks in paragraph 14 of their memorandum on the restrictions at present imposed upon their business. The original restrictions imposed by the Presidency Banks Act 1876, have subsequently been relaxed from time to time in one or two directions though their general character has not been substantially modified. Of the further modifications now proposed, Nos. (6), (8) and (9) are upon the proposals regarding the establishment of a London Office and need not be further discussed here. As regards the remainder it is claimed by the Banks that these do not fundamentally change the character of the present restrictions and subject to certain qualifications we think that this is correct. Our views of the proposed modifications other than the three already mentioned are as follows. Items (1) and (2), we do not see any objection to the Bank being allowed to do business of the kind mentioned, which is, we think, essentially similar in nature to the other kinds of business enumerated in Sec. 26 of the Act. Item (3). We understood that this item was inserted because one of the Presidency Banks felt some doubt as to how far the ways and means of advances given to us from time to time during the past two years were covered by the existing proviso. We shall examine this point further when the new legislation comes to be drafted, but as at present advised we are inclined to think that the expression Secretary of State for

India in Council covers the Indian Governments subordinate thereto. Item (4). If the new clause here proposed were intended to allow the new Bank to embark wholesale upon the business of making advances upon shares, we should be unable to endorse it, as we consider that the present inability of the Presidency Banks to tie up their resources in such business is a most valuable safeguard not only from the point of view of ourselves and of the other Banks and members of the general public who form the Presidency Banks' regular constituents, but also as an indirect means of checking undue speculation in the principal share markets. We understand, however, that the banks themselves have no intention or wish to engage regularly in business of this description but they have pointed out to us that there have been occasions which may possibly secure when it would have been of public advantage if the banks had had this power in reserve and could have been in a position to give assistance to sound concerns which did not happen to possess sufficient securities of a kind upon which the Banks had power to make advances. Such a power, it is urged, would also be useful when, for example, the Bank had given advances on some authorised security such as cotton or jutes and when owing to fall in prices the margins had run off. In such cases it would be desirable that the Bank should have power to accept fully-paid shares and debentures of companies rather than have to force the borrower to repay a sufficient amount of the loan to restore the margin. It is occasions such as these that the Banks have had in mind in suggesting the new clause in question and we admit that a strictly limited power to advance on shares would at times be useful and not open to objection. Nevertheless we consider it of very great importance that there should be no sort of ground for suspicion in the public mind that the bank was being allowed by a side-wind to convert the present important restriction in this matter and no loophole whatever for any officer of the bank to use such a power to advance regularly on shares. We propose therefore when drafting the new legislation to restrict such advances to cases where the shares, debentures, etc, are taken as collateral security. Item (5). The liquid assets here mentioned would be stocks of raw cotton or jute under process of manufacture, of stocks of coal held by a mill, etc. We think that the proposed clause is probably covered by item (2) and by sub-section (5) of the present section 36 and we reserve this point for further consideration in drafting the new Act. Item (7). It would frequently be of advantage in up-country districts where there is no Administrator General or official trustee for the Bank to act as administrator or trustee of estates. This would be purely agency business done on commission and would not, of course, represent a charge on the Banks' resources.

Item (10). Here again we should deprecate any wholesale removal of the present restriction which prohibits the banks from advancing money on the security of immovable property and we understand that this is not the intention. For, the reasons which have already been given under item (4) we think that though such a power might be useful in certain cases, such security should only be accepted as collateral. Item (11). We think that the present limit of Rs. 10,000 is too low and that it is desirable to make the present provision more elastic by the omission of any definite amount in the Act. If you approve of this we propose to impose a limit of Rs. one lakh in the bye laws made with our approval.

Consulting the Share-holders.

We now request your approval to our authorising the Directors of the three Banks to place the scheme before their shareholders and, as soon as the latter's consent has been obtained, to your undertaking the legislation necessary to give effect thereto. We propose that the new Banks Act should follow the general lines of and cover approximately the same ground as the Presidency Banks Act of 1876, that is to say, it will *inter alia* define the constitution of the Bank, of its Governing Body, the Central Board and of the Local Boards subordinate thereto. It will, as at present, define the nature and limitations of the business which may be undertaken by the Bank and will contain provisions wide enough to authorise the Bank to undertake such business in London as you may eventually give it, together with any additional duties such as the management of the Paper Currency as may in due course be entrusted to it in India. We think it only fair to the Bank that the custody of our funds should be guaranteed to it for a reasonably long period such as ten years, and we propose to make statutory provision accordingly as well as for the presence of the official representative on the Central Board during such period, the whole arrangement being subsequently terminable on a year's notice from either side. The exact functions and mutual relations of the Central and Local Boards will be defined in statutory bye-laws to which as at present our sanction will be required, while the remaining matters arising out of the relations between the Bank and Government will be regulated by a formal agreement.

We have the honour to be,
Sir,

Your most obedient and humble servants,

(Sd.) Chelmsford, G. R. Lowndes, C. Sankaran Nair, R. A. Mant,
G. S. Baines, W. H. Vincent, H. F. Howard, C. C. Monro,

Note

The proposals outlined above eventually culminated in the passing in September 1920 of the Act 47 of 1920 "An Act to constitute an Imperial Bank of India and for other purposes". Under this Act (see pp. 234, 300) the three Presidency Banks will be merged in the Imperial Bank of India as from 27th January 1921, the capital of which is to be Rs11,25,00,000 of which half will be paid up at once.

The Bank will be controlled by a Central Board and will have Local Boards in Calcutta, Bombay, and Madras: it will also open an Office in London. The Bank will act as the sole Banker to and be custodian of the Treasury and cash balances of the Government of India and the various local Governments.

The Bank has undertaken to open 100 new branches within 5 years, Government having the right to determine the location of one in every four.

The Public Services Commission

Organisation and Recruitment

Govt. of India Resolution—December 1920.

Organisation :—It has been decided as recommended by the Public Services Commission to maintain the existing organisation of the Civil Services. The division into an Imperial Service and a Provincial Service based on the work for the performance of which the two services are recruited, and not on any artificial distinction. The evidence recorded by the Commission disclosed no desire for any change. In future the Imperial branch will be known as the Indian Civil Service and the Provincial branch will bear the name of the province in which its members are serving, *e. g.*, Bengal Civil Service.

The recruitment of military officers to fill civil service posts in Burma will cease from the date of the present resolution.

A revised list of superior appointments is annexed to the resolution. It has been approved by the Secretary of State, but it has been compiled primarily for the recruitment and does not purport to be final in any way.

Methods of Recruitment :—Recruitment for the Indian Civil Service (including appointments to posts ordinarily held by members of the Indian Civil Service) will in future be effected by the following methods : (1) An open competitive examination in London ; (2) a separate competitive examination in India ; (3) nomination in India ; (4) promotion from the Provincial Civil Service ; (5) appointment from the Bar.

Open Competitive Examination in London :—This examination will be the main channel of entry to the Service, and will be open to all as heretofore, subject to the reservation that in future Indians successful in this examination will not be allotted to Burma nor successful Burmans to India. The exact curriculum of future examination cannot at present be announced, as the details of the syllabus are still under consideration. But the Secretary of State has been in consultation with the Civil Service Commissioners and with the Universities in the United Kingdom with regard to the age of entry and the period of probation, and has arrived at the conclusion that it is in the best interests of India that the age-limits for admission to the examination shall be 21 to 23 (reckoned from 1st August in the year in which the examination is held), and that the period of probation shall be two years. Before arriving at this decision, the Secretary of State in Council carefully considered other possible alternatives, and in particular, (a) the pro-

posal of the Royal Commission on the Public Services in India that the age-limits should be 17 to 19 on the 1st January, followed by three years' probation, (b) the proposal that the age-limits should be 17 to 20 followed by two year's probation. The reasons for and against the various alternatives are succinctly stated in the extract from the Report of the Civil Service Commissioners' which is appended to this resolution. In deciding on the adoption of age-limits of 21-23, followed by two years' probation, the Secretary of State in Council has been influenced by the facts (1) that it is the resolution which was favoured by the Government of India in referring the question for consideration in January 1919, and by a majority of the local Governments in reply to that reference, (2) that it is recommended by the Civil Service Commissioners who are his statutory advisers in such matters and (3) that the Universities in the United Kingdom are practically unanimous in favour of it. Moreover, public opinion in India is decidedly against the adoption of the school-leaving age-limits, which would in practice exclude many Indians from the open competition in England and in favour of the higher limits, as was evident from the discussion in the Imperial Legislative Council on the 24th September 1917, on a resolution deprecating acceptance of the Royal Commission's proposal. The decisive consideration is the paramount necessity of securing for the Indian Civil Service Officers of the highest possible quality. For this, it is necessary to obtain men who have completed their University education and have had, in addition, a thorough special training, such as a well-organised course of probation lasting for two years affords. The details of the course of probation are now under consideration by the Civil Service Commissioners, but it has been decided that Law and Jurisprudence shall form an important part of the training. The study of Indian Languages (vernacular and classical), of Indian History and of Economics, with special reference to Indian conditions, will also be included in the course. Details both of the probationary course and of the syllabus of the open competition will be announced later when they have been finally settled.

Separate Competitive Examination in India: This has been accepted as the main source of Indian recruitment. The institution of such an examination is provided for by Section 97 of the Government of India Act. The conditions under which the examination will be held have not yet been determined by the Secretary of State, who is in consultation on this subject with the Civil Service Commissioners. They will be announced later. But it has been decided that the age-limits will ordinarily be 21 to 23 on the 1st August of the year in which competition is held as in the case of the London examination. The candidates thus selected (as well as any who

may be nominated in India under paragraph 8 of this resolution) will be sent to the United Kingdom to join the candidates selected at the open competition in London in their two years' course of probation. It has been decided, of the recruits selected in India for the Services (exclusive of those promoted from the Provincial Services, or directly appointed from the Bar) at least 67 per cent will be obtained through this examination. Nomination is provided for in Section 97 (b) of (s) of the Government of India Act in order to secure to some extent representation of the various provinces and communities in India. It will not of necessity take place every year, but only when the results of the competitive examination in India fail to give the representation required. The following procedure will be adopted: When the number of vacancies to be filled in India in any year by direct recruitment (i. e. exclusive of promotions from the Provincial Service and appointments from the Bar) have been settled, 67 per cent of these will be announced as open for competition. If the distribution of accesses in the examination turns out to be such as will meet the requirements of the various provinces and communities, resort to nomination will be unnecessary. The vacancies held in reserve will be filled as far as possible by selection from among the candidates who sat for the competitive examination and attained certain qualifying standard. Failing this, they will be filled by nomination. Rules relating to nomination are being framed under Section 97 (6) of the Government of India Act and will be announced as early as possible.

Promotion from the Provincial Service: The Commission recommended some reduction in the number of listed posts, but the Government of India have decided not to reduce the chances of promotion open to officers of the Provincial Service, until they are in a position to appreciate more accurately than is possible at present the effect of the rules now framed regarding direct recruitment to the Indian Civil Service in India. It is probable, indeed, that in some provinces the number of such appointments will actually be increased. Officers promoted from the Provincial Civil Service to hold posts ordinarily held by members of the Indian Civil Service will in future have the same opportunities of promotion as those who have been directly recruited in regard to their status *vis à vis* the regular members of the Indian Civil Service. The Government of India have decided to institute, or where they exist to retain, Provincial Commissions on the lines recommended by the Public Services Commission in paragraph 3 of annexure of their Report, and to include in such Commissions not only all members of the Indian Civil Service however elected, but also promoted members of the Provincial Civil Service and members of the Bar appointed

to hold superior appointments ordinarily held by members of the Indian Civil Service. The two latter classes of officers cannot be admitted to the Civil Service itself, but will, from the date of their appointment, take rank with Civil Service Officers and will be eligible with them on their merits for all posts on the Civil Service grade.

Appointments from the Bar: Local Governments already have power under the rules laid down in the Home Department Notification No 596, dated the 21st June, 1918, to appoint persons who are not members of the Provincial Service up to one-fourth of the total number of listed appointments. This power will be utilised by them as an experimental measure to appoint District Judges direct from the Bar. It is hoped ultimately to fill no less than 40 posts in this way, should qualified men be available. Members of the Bar will, however, be appointed to posts in excess of 25 per cent of the total number of such appointments only as new posts are created and with due regard to the claims of existing members of the Civil Service. Thus the right of these officers will be duly safeguarded as was expressly provided for by Section 36 (2) of the Government of India Act, 1919. At the same time there will be no reduction in the number of posts open to men promoted from Provincial Civil Service. Should the experiment prove a success, (and on this point the opinion of High Courts will be ascertained from time to time) the full number i.e., 40 will eventually be made available for persons from the Bar. For the purposes of these appointments Vakils and Advocates of High Courts and Pleaders of Chief Courts will be eligible as well as Barristers.

Percentage of Indians in the Service: After full consideration with the approval of the Secretary of State, the Government of India have decided to adopt the proportion suggested in paragraph 317 of the Joint Report of the Indian Constitutional Reforms. This proportion of 33 per cent, rising by one and half per cent annually for 10 years to a maximum of 48 per cent. will be taken as an all-round figure to cover the total Indian recruitment from all sources, including promotion from the Provincial Service and appointments from the Bar. The number of Indians to be recruited in India by examination and nomination will be fixed each year after taking into account the number of Indians recruited in other ways, including the open competition in London. The direct recruitment of Indians for 1920 has been already made under the rules issued under the Indian Civil Service (Temporary Provisions Act) and the candidates selected are already undergoing their probation in England, although the candidates under these rules were selected at the end of 1919. The calculation of the number to be appointed was based on the consideration of vacancies that had accumulated from 1915 to 1920 inclusive.

These candidates were selected by nomination. It was intended that any further appointments to be made in India should, so far as possible, be effected by means of a competitive examination as explained in the paragraph above, but the Civil Service Commissioners who are engaged in working out the scheme for this examination have reported that it will not be possible to hold the examination in 1921 in time for candidates selected to commence their probation in England in October, 1921. It has been decided, therefore, that the number of Indians required to be recruited for 1921, accordingly to the percentages approved above, should be obtained by nomination as in 1919. The rules required to effect this are under consideration and will be published as soon as possible. It is hoped that the scheme of examination in India will have been settled and the rules under Section 97 (6) referred to in paragraph 8 above approved in time to enable the first competition in India to be held in the cold weather of 1921-22, and the candidates selected to commence their probation in England in October, 1922.

Training in India:—Subject to the general considerations mentioned below full discretion is left to Local Governments and Administrations in the matter of framing rules for departmental examinations and training. On arrival in India, officers should be trained under the supervision of a suitable District Officer, who should not only have the special qualities required for training junior officers, but also the time to devote to this object. Much valuable assistance can often be given him in this matter by a senior assistant. For the first year too much court work should not be prescribed, and departmental examinations should be more practical. The test of proficiency in law should be more and more limited to an examination of a man's ability, with the Act and Rules at his disposal, readily to find the law governing a particular case and to apply it intelligently. The test in the vernaculars should be stiffened and should be directed chiefly to ensuring that officers are able to converse in them with fluency and to read and write them with accuracy.

Special Training of Officers for the Judicial Branch:—At any stage between five and eight years service as soon as they are so selected, they should undergo a period of training for 18 months in the posts of Munsiff and subordinate Judge or Additional District Judge and thereafter, if the High Court so recommends, they may be granted study leave to the United Kingdom for the purpose of reading in Barristers Chambers and passing the Bar examinations under such rules as may from time to time be prescribed by the Government. Ordinarily, this leave will not be granted to any officer after the 12th year of service.

Govt. of India Despatch on the Burma Reforms Scheme

The following despatch to the Secretary of State relating to a new constitution for Burma was published :—

No. 1-General, dated Delhi, the 15th March 1920.

From—His Excellency the Viceroy and Governor-General of India in Council,

To—The Right Honourable Edwin Montagu, His Majesty's Secretary of State for India.

We have the honour to lay before you our proposals for a new constitution for Burma.

2. In paragraph 198 of the Joint Report the problem of Burma's political evolution was set aside for separate and future consideration. The Authors of the Report took the view that Burma was not India, that its problems were altogether different, and that it was impossible to say how far their proposals would be applicable to Burma till the Government and the people of that province had had an opportunity of considering them. On the publication of the Report the Lieutenant-Governor of Burma took steps, by means of informal conferences, to ascertain the views held in Burma regarding the proposals of His Excellency and the Secretary of State, and subsequently in a resolution, which forms an enclosure to this despatch, he published for discussion and criticism a tentative scheme of reforms. This resolution was issued in December 1918 and in June of the following year, after consideration of the opinions which the scheme had elicited, the Lieutenant-Governor submitted to us his formal proposals for a new constitution.

3. These proposals are fully set out in the local Government's letter of the 2nd June 1919, of which we attach a copy. They included a wide extension of local self-Government, and the establishment of a Legislative Assembly in which the elected element would have a substantial majority. Elections to the Legislative Assembly were to be direct, except in the case of the rural representatives who were to be elected by the District Councils. The power of the Governor to ensure the passing of legislation considered to be of essential importance was to be secured by providing that

measures certificated by the Governor should become law unless opposed by a majority of two-thirds of the Assembly. The resolutions of the Assembly on the budget were to have the effect only of recommendations to the local Government, but it was contemplated that in practice the local Government would not disregard the clearly expressed wishes of the Legislature except on matters regarded as essential for the maintenance of peace and security. The most distinctive feature of the scheme, however, was the proposal for the creation of a system of Boards which were to exercise some of the powers now vested in the local Government. There were to be four such Boards, one for home affairs, one for local self-government, one for development and one for revenue and finance. Each Board was to be presided over by a non-official President chosen, except perhaps in the case of Europeans, from the non-official members of the Legislative Assembly. The other members of the Boards were to consist of Heads of Departments and Secretaries to the local Government. The official members were to exercise without reference to the Presidents the independent powers which they possess under the existing system, but in all matters, which lay beyond the powers appertaining to the Head of the Department, no action was to be taken without the cognizance and participation of the non-official President. The decisions of the Board were to be in accordance with the opinion of the majority, but the non-official President was to be empowered to carry any case to the Lieutenant-Governor and to ask for his permission to over-rule the Board. It was recognized that the Boards contained no element of responsibility to the legislature. It was urged, however, that the Assembly would be able to express their disapproval of the administration of a President by an adverse vote, and that in this way a gradual advance towards responsible government would be secured. As regards its relations with India, separation was declared to be the ultimate goal to which Burma should look forward and, partly as a fitting recognition of this fact and partly with the object of retaining for the provincial legislature and administration the ablest of her people, it was proposed that Burma should not be represented on the Indian Legislative Assembly. On the Council of State the Lieutenant-Governor asked for three seats, one of which was to be held by an officer of the Burman Commission attached to the Government of India to advise on all matters affecting the interests of Burma. It was claimed for this scheme that it was a preliminary advance towards responsible self-government; that it paved the way for further progress with the growth of experience and capacity amongst the people; and that it set the course of development of Burma and its people towards the realization of a separate national entity within the British Empire.

4. We recognized the great care and thought which had been expended on these proposals and, for reasons which we shall explain later, we took no objection to them on the ground that they differed profoundly from the scheme which has been adopted for the Indian provinces. Nevertheless there were features in them which we felt unable to accept. We thought that the system of Boards would prove to be an unwieldy method of Government and further that it was open to the criticism that it made no real advance in the direction of giving Burmans any power over the administration. The powers to be exercised by the Boards would be those which were delegated to them by the Head of the Government and the Head of the Government was to retain authority to withdraw any such powers from the Boards at his direction. We doubted whether Burman opinion would be satisfied without a Governor in Council since any substitute would be regarded as of inferior dignity; and we were inclined to favour the establishment of an Executive Council, both on this ground, and on the ground that it would give the Burmans some measure of administrative control at the outset and that it would pave the way towards a further advance by the conversion, when the time came, of the non-official Councillors into Ministers. As regards the Legislature, we accepted the process of indirect election proposed in the case of the rural members as inevitable in the circumstances; but we thought that the procedure for ensuring the passing of Legislation considered to be essential by the Government should be the same as in the case of the provincial legislative councils in India. We communicated these criticisms to the Lieutenant-Governor and asked for a further expression of his views.

5. The further views of the Lieutenant-Governor were submitted in a letter, dated January 22, 1920, of which a copy is attached to this Despatch. In the interval the Report of the joint Committee had appeared and the Lieutenant-Governor reviewed his scheme in the light both of our criticisms and of the recommendations of the Committee. He considered that the dualistic system adopted for the Indian provinces was quite inapplicable to political conditions in Burma, and he was also opposed to the establishment of an Executive Council. He urged that there were no persons who could be selected to fill the independent position of ministers, and that even greater difficulty must attach to the selection of Executive Councillors to deal with both reserved and transferred subjects. He recognised, however, that the constitution of the Boards proposed by him gave an appearance of the President being always confronted with a majority of officials, and proposed accordingly, while retaining four Boards as an essential and convenient means of

administration, to reduce the membership of each Board to two : a non-official who would be the first Member of the Board and would also be termed Minister, and an official who would be second Member of the Board. He recommended that the Head of the province should be empowered to appoint at the outset any persons, whether elected members of the Legislature or not, but proposed that at least three of the subsequent appointments should be made from the elected members of the Assembly. He claimed for this modified system that it would employ and train in responsible posts a maximum number of non-officials ; that it enabled a gradual transfer of power to be carried out by means of further delegations ; and that when conditions were ripe for this advance, it admitted of easy transformation into a constitution of Ministers or a constitution of Executive Councillors or a constitution which should include both Executive Councillors and Ministers. He adhered to his original proposal that, since Burma was unable to provide a suitable number of representatives in the Legislative Assembly, it should be excluded from this body and suggested an arrangement under which Indian legislation would be extended to Burma after consultation with the Government of Burma and the Burma Legislative Assembly. On the Council of State he again asked that Burma should be given three representatives of whom one should represent Burman Commerce. Finally, he proposed that the title of the Viceroy should be altered to that of "Governor-General of India and Burma.

6. We recognised that these proposals were an improvement on those originally put forward by the Lieutenant-Governor. We could not, however, admit that our objections had been fully met more particularly in regard to the form of executive government suggested. The system of Boards still appeared to us to be open to the criticism that at bottom all real power was restrained in the hands of the Head of the Government. We were not convinced that the establishment of an Executive Council was impracticable and were unable to accept the proposals that Burma should not be represented on the Indian Legislative Assembly. We felt, however, that it would be an advantage if the whole position could be discussed with the Lieutenant-Governor and we therefore invited Sir Reginald Craddock to Delhi so that we might have an opportunity of personal consultation with him before formulating our final proposals. We have now had a full discussion with the Lieutenant-Governor and we are glad to be able to inform you that we have arrived at substantial agreement with him as regards the lines on which the new constitution of Burma should be framed, and that we are now able to lay before you a scheme which

in all its important features commends itself equally to the Head of the Province and to ourselves.

7. We accept in the first place the proposals of the Lieutenant-Governor that the title of the Viceroy should be altered to that of "Governor-General of India and Burma." Historically and geographically, Burma is only by accident a part of the Indian Empire, and we think that this alteration of the title of the Viceroy will be an appropriate means of recognizing its distinctive position. We are opposed, however, to taking any step which would prejudice the question of separation, and cannot therefore approve of the exclusion of Burma from the Indian Legislative Assembly, which measure would in our judgment be tantamount to recognizing that separation was inevitable at no distant date. Burma shares with India common system of taxation for central purposes and its exclusion from the Assembly which controls the allocation of the proceeds of taxation, could be justified only if it were treated as a temporary measure and as the prelude to early and complete separation. Burma is linked at present with India by many ties, foreign, military and commercial, which cannot be severed in the immediate future or till the conditions which make for union or separation are clearer than they are now. There is nothing in the present circumstances of Burma which necessitates an early decision and much which suggests the desirability of keeping an open mind in regard to a problem whose solution may depend so largely on future and unforeseeable developments. We may add that whilst the Lieutenant-Governor would still prefer that Burma should not be represented on the Legislative Assembly he does not now press strongly for its exclusion.

8. As regards the provincial constitution, we are in full agreement with the Lieutenant-Governor as to the impossibility of imposing on Burma a constitution on the Indian model. In our judgment the fact set out in the resolution and the letters of the local Government place this conclusion beyond reasonable doubt. In political development Burma is at least a generation behind India. Broadly speaking, the people of Burma have had no electoral experience whatever. Local Self-Government hitherto has been confined to a few municipalities and little advantage has been taken of even the limited facilities thus afforded; while the Burma Legislative Council has never up to the present time included a single elected Burman. In other spheres of national life the backwardness of the Burmans is no less marked. In commerce and in administration all the prominent positions are filled by Europeans and Indians. The total number of Burman graduates has not yet reached 400; not a single Burman has passed the examination for the Indian Civil Service; whilst even at the Bar Burmans have

been easily out-distanced by their Indian competitors. To impose on such a people a system of government in which persons without requisite training or capacity would be called on to assume unaided the highest responsibilities would be an experiment too rash for statesmanship to contemplate. We must take the facts as they are ; we must build on such foundation as actually exists and there are at present no foundations on which the elaborate structure of the Indian system could be superimposed. The new constitution should be framed on as generous lines as possible and should admit of progressive liberalisation with the growth of experience and capacity amongst the people. But it is equally essential that in framing it due account be taken of the political immaturity of the people. We are anxious that the advance towards responsible government should be as rapid as we can make it, but nothing will be gained in attempting to force the peace to an extent which ignores the governing conditions of the problem. India has had to pass through a long course of political training before it was found possible to confer on her the reforms which have now been embodied in the Government of India Act ; and though we hope and believe that in Burma this stage can be curtailed considerably, we do not think that it can be dispensed with entirely. We aim at giving the Burmans a control over the administration far larger than they have hitherto enjoyed, but before we can concede to them the same measure of responsible Government as we are about to confer on the Indian provinces, there must be an intermediate period of preparation and training. This conclusion appears to us to be entirely consistent with the recommendation of the Joint Committee. The term "analogous" employed by the Committee is doubtless in itself susceptible of more than one interpretation ; but the Committee have explicitly recognised the differences between India and Burma and we read it, therefore, not as connoting identity or even close similarity, but, rather, as indicating that in their opinion the Burmans should receive a constitution as liberal having regard to the relative political development of the province as that which has been granted to their Indian fellow subjects. We are confident that the proposals which we shall now proceed to describe will satisfy this condition.

9. We contemplate first a wide extension of local self-government on the lines proposed by the Lieutenant-Governor. We attach importance to this part of our programme of reforms, not only as a means of conferring control over local affairs, but also because it is on the local bodies that we must primarily rely for the development of administrative capacity and electoral experience amongst the people. The Municipal Act will now be extended to all urban

areas of any size and importance ; all municipal committees will be mainly elective and all almost entirely non-official ; and all municipal officials will be appointed by the Committees themselves. Such control, as it will still be necessary to retain, will thus be exercised in future from without and not from within. In rural areas much of the powers in local affairs hitherto exercised by the Deputy Commissioner will be entrusted to Circle Boards and District Councils. Circle Boards will be constituted from members elected by groups of village tracts and the electorate will comprise all residents in each group who are assessed to capitation tax or *thathameda* or income-tax or who have been exempted from such taxation on grounds other than poverty. The District Council will consist of representatives elected by the Circle Boards and members returned by each Municipal area in the district. It will supervise and be responsible for the working of the Circle Boards, whose functions in the main will be those delegated to them by the Council ; and it will administer such local matters as vernacular education, sanitation, roads, etc. These measures will give Burma a system of local self-government as extensive and as liberal as that of any province in India.

10. The Burma Legislative Council was created in 1897. As first constituted, it consisted of 9 nominated members, 4 of whom were officials. In 1909 the membership of the Council was increased to 17 and in 1915 to 19. As late, however, as 1916 the only elected members of the Council were two Europeans, and the sole representative of the indigenous races were two Burmans, one Karen and a Shan Chief. Burma has thus never had a Council of the kind which was established in India by the Morley-Minto Reforms. In substance its Legislative Council has conformed to the pre-1909 type. It might therefore appear that the most natural line of advance would convert the existing Council into a Legislature in which the elected element would be about as large as in the present Legislative Councils of Bombay and Bengal. We have considered, but have rejected, a suggestion to this effect. We think that Burma has deserved and should receive a Legislature in which the elected members will have a substantial majority. Nothing less will satisfy the legitimate sentiment of the Burma people or provide that measure of popular control to which, despite their political immaturity, they can fairly lay claim. The proposals of the local Government fulfil this condition. They have been worked out with great care and we think they may be accepted as suitable and satisfactory. In their latest form they provide for a Council of 92 composed as follows :—

A. Elected Members.

1.	One district representative from every district that has a District Council	...	...	...	...	31
2.	Urban representatives	...	...	...	...	19
3.	Two elected members of the Burma Chamber of Commerce	...	...	...	...	2
4.	One elected member of the Rangoon Trades Association	...	...	...	...	1
5.	One representative of the Burma Educational Syndicate, and later of the University when established	...	...	...	...	1
6.	(a) One elected member of the European community, a European being defined as a person of European parentage on both sides	...	...	...	...	1
	(b) One elected member of the Anglo-Indian community	...	...	...	...	1
Total elected members						56

B. Nominated Members.

7.	(a) Twelve non-officials nominated by the local Government for races or interests inadequately represented by the elected members	...	...	...	...	12
	(b) One European member to represent one branch of commerce not represented by the elected commercial members	...	...	...	...	1
	(c) Three members (one Burmese, one Indian and one Chinese) to represent branches of commerce in which the Burmese, Indian and Chinese communities are specially interested	...	...	...	...	3
8.	Two experts, official or non-official	...	...	...	...	2
9.	Twelve Officials	...	...	...	...	12
Total nominated members						30

C. Ex-officio members.

Six members of executive council	...	...	...	...	6
GRAND TOTAL					92
or including the Governor					93

The elected members will thus form 60 per cent. of the Council, a proportion not far short of that prescribed by the Government of India Act for the Provincial Legislative Councils. We recognize the objections to the election of the rural representatives by the District Councils. As you are aware, we have never favoured the method of indirect election and have opposed its application to the Indian Legislative Assembly and to the Council of State. But in the case of Burma we see no alternative to its adoption. It is not possible, for the reasons explained in paragraph 24 of the local Government's letter of January 22, to base the electoral rolls on the assessments of land revenue and on the other hand the *thathameda* or capitation-tax rolls, which are the only materials available for the purpose, would yield a rural electorate of about 2,000,000,

The largest rural electorate proposed for any Indian province does not include more than 1, 300,000 voters in a population of 45, 000, 000. We could not recommend for a province which has as yet had no experience of elections even to a District Council, an electorate based on household suffrage; nor has the province the administrative machinery which would be required for the conduct of election in which the average number of voters in each constituency would be 64, 000.

11. We propose that the control of the Legislature over legislation should be the same as that exercisable by the Indian Provincial Legislative Councils. The power of the Government to ensure the passing of legislation regarded by it as essential should be secured by a provision on the lines of section 13 of the Government of India Act. Provision should also be made for optional and compulsory reservation of Bills as in section 12 of that Act. We consider, however, that the resolutions of the Council regarding the budget should have the effect only of recommendations to the local Government. We should not expect the Government to disregard, save for strong reasons, the clearly expressed wishes of the Council; but the function of giving or withholding the supplies necessary for the carrying on of Government is not one that can at the outset be entrusted to inexperienced hands and we think that for the present at any rate statutory control over the proceeds of taxation should not be conceded to the new Council.

12. We pass now to the structure of the Executive Government. The system of Boards, even in the modified form proposed in the local Government's letter of January 22, seems to us open to two criticisms. In the 1st place, the position of the Presidents would still be merely that of Secretaries to a local Government, entitled to refer matters to the head of the Province, but not authorised to over-rule the heads of departments with whom they were to be associated. Secondly, it fails to satisfy the demand for a Governor-in-Council for which Burman opinion would certainly, and, we think, rightly press. On the other hand we are anxious to retain what we regard as the valuable feature in the system, *viz.*, the association with each non-official member of an official colleague. If there were men available amongst the Burmans capable of assuming unaided the duties of Executive Councillors, we should have had no hesitation in recommending the appointment of an Executive Council of the ordinary type and indeed in all probability of Ministers too. But there are in fact no such Burmans at present, nor are they likely to be forthcoming for a number of years yet; and it is not possible therefore to set up an Executive Council in which the

non-official members would be in sole charge of their departments. The solution is to be found in the division of the Executive Council into departmental committees. Our proposal is that the Government of Burma should in future consist of a Governor and an Executive Council and that the Executive Council should be divided into committees each of which would contain one official and one non-official member. The Lieutenant-Governor agrees that a Council of six members (which would absorb certain departmental offices, such as those of the Development and Financial commissioners) would be adequate, and we propose therefore that the strength of the Council should be fixed at this number, and that there should be three committees, one for home affairs and local self-Government, one for revenue and finance and one for development. As in the normal form of Council Government the Governor himself would administer certain subjects such as the Shan States, Frontier and Hill Tracts and the Army and Marine. The members of each committee would have equal powers; but the non-official member would be the senior member. In the event of any difference of opinion between the members of the committee, either member would be entitled to refer the question in issue to the Governor but—and here our scheme differs radically from that originally proposed by the Lieutenant-Governor—he would also, if not willing to differ to the views of the Governor, have the right to demand that the matter should be taken in full Council. Decisions in Council would be those of the majority but the Governor would have the emergency power conferred by section 50 (2) of the Government of India Act. For the present, at any rate, we recommend that one non-official be a European and that two should be Burmans. All members of the Council should be appointed by the Crown on the advice of the Governor and should receive the same pay which might suitably be fixed at Rs. 4,000 per mensem.

13. In the selection of non-official members we would not restrict the field of choice to the elected members of the Legislature. It should be open to the Governor to recommend for appointment any suitable person, whether an elected member of the Legislature or not. But we would further lay down that an elected member of the Legislative Council should, if appointed to be a member of the Executive Council, resign his elective seat on the Legislative Council. Parliament has already accepted our view that it is impossible to reconcile amenability to the Legislature with the position of a member of an Executive Council. The attempt to combine responsibilities so incompatible could only lead to that particular type of dead-lock which was the cardinal weakness of the scheme of the five Governors. A dualism would at once be established, but of a parti-

cularly unsatisfactory type, since the two elements in the Government would have no separate spheres of work and would be liable to come into conflict over the whole range of their duties. When a stage has been reached in the political development of Burma at which the non-official members of the Council can be relieved of their official colleagues, the way will lie open for the appointment of full-blown ministers. Our scheme is designed only to meet the requirements of period of transition and training which still lies before us, and is consistent with whatever line of advance may be found to be the most promising. But it is none the less important that the Government to be set up in Burma should not prove unequal to the tasks which will confront it, and we can conceive of nothing more likely to imperil its chances of success than a form of dualism which would reduce the Executive to importance.

14. This concludes our proposals for the new constitution. They differ in many respects, the importance of which we do not seek to minimise, from the scheme of reforms which has been approved for India. But we hold that the differences are no greater than the disparity in political conditions warrants. Relatively to these conditions the advance will be at least as great in the case of Burma as in that of the Indian provinces. Burma will secure at one stroke a wide extension of local Government, a Legislature in which the elected element will have a substantial majority and the control of legislation, and an Executive Government in which the official element will have only a bare preponderance. We believe that these reforms will be recognized as adequate and indeed generous by all moderate Burman opinion and we trust that they will commend themselves to your judgment.

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